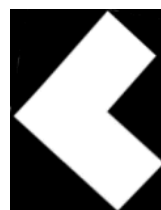


Southside Planning District Commission
Annual Comprehensive Financial Report
Year Ended June 30, 2025



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

Southside Planning District Commission

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Southside Planning District Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and fiduciary fund of the Southside Planning District Commission as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Southside Planning District Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fiduciary fund of the Southside Planning District Commission, as of June 30, 2025, 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.

Basis for Opinion

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. Our responsibilities under those standards and specifications 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 Southside Planning District Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements of Southside Planning District Commission as of June 30, 2024 were audited by other auditors whose report dated March 25, 2025 expressed an unmodified opinion on those statements.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the Commission adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, GASB Statement No. 102, *Certain Risk Disclosures*, and GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension funding on pages 1-5, 35, and 36-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it

to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southside Planning District Commission's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the Southside Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southside Planning District Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southside Planning District Commission's internal control over financial reporting and compliance.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
March 31, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Southside Planning District Commission presents the following discussion and analysis as an overview of the Southside Planning District Commission's financial activities for the fiscal year ending June 30, 2025. We encourage readers to read this discussion and analysis in conjunction with the Commission's basic financial statements.

Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources by \$1,366,795.
- For the fiscal year, revenues of the Commission's governmental activities were \$27,580,244 and expenses amounted to \$26,742,810. The Commission's total net position increased \$837,434.
- As of June 30, 2025, the Commission's Governmental Fund reported an ending fund balance of \$1,998,846, an increase of \$476,093 in comparison with the prior year. The entire amount is available for spending at the Commission's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report consists of two sections: financial and compliance.

- The **financial section** has three component parts - management's discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements, and required and other supplementary information.
- The **compliance section** is required for *Government Auditing Standards*.

Government-Wide Financial Statements

The government-wide financial statements report information about the Commission as a whole using accounting methods similar to those found in the private sector. They also report the Commission's net position and how they have changed during the fiscal year.

The first government-wide statement - the Statement of Net Position - presents information on all of the Commission's assets and liabilities. The difference between assets and liabilities, net position, can be used as one way to measure the Commission's financial health, or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the Commission's financial condition is improving or deteriorating.

The second statement - the Statement of Activities - presents information using the accrual basis accounting method and shows how the Commission's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide statements are divided into the following category:

Governmental Activities: The Commission's basic services are reported here, including planning and community development. These activities are financed primarily by Federal and State grants. Governmental Funds are included in the governmental activities.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statements more familiar. These statements provide more detailed information about the Commission's most significant funds. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenue and expenses for particular purposes. The Commission has two kinds of funds:

Governmental Funds - The Commission's basic services are included in the Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences).

Fiduciary Funds –Custodial funds utilize the accrual basis of accounting described in the Governmental Fund presentation. Since by definition, these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Commission serves as the fiscal agent for the GO Virginia Regional Council 3. The fiduciary fund accounts for the funds held for the operation of the program.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2025 and 2024

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Assets		
Current and other assets	\$ 2,496,058	\$ 1,761,468
Net capital assets	<u>551,434</u>	<u>88,851</u>
Total Assets	3,047,492	1,850,319
Deferred Outflows of Resources	<u>242,364</u>	<u>162,703</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,289,856</u>	<u>\$ 2,013,022</u>
Liabilities		
Other liabilities	\$ 497,212	\$ 299,670
Long-term liabilities	<u>1,331,486</u>	<u>1,134,827</u>
Total Liabilities	1,828,698	1,434,497
Deferred Inflows of Resources	94,363	49,164
Net Position		
Net investment in capital assets	551,434	88,851
Unrestricted	<u>815,361</u>	<u>440,510</u>
Total Net Position (Restated)	<u>1,366,795</u>	<u>529,361</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 3,289,856</u>	<u>\$ 2,013,022</u>

The net position of the total financial reporting entity best represents the entity's financial position. In the case of the Commission's reporting entity, the net position was \$1,366,795 at June 30, 2025. The largest portion of the reporting entity's assets, \$2,231,385, reflects cash and cash equivalents. The next largest portion of the reporting entity's net assets, \$551,434, reflects net capital assets. The largest portion of the Commission's liabilities is \$1,275,871 for the net pension liability.

Statement of Activities

The following table summarizes revenues and expenses for the primary government as of June 30, 2025 and 2024:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2025 and 2024

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Revenues		
Program Revenues		
Operating grants and contributions	\$ 27,004,860	\$ 7,719,607
Miscellaneous	497,749	51,678
Investment earnings	<u>77,635</u>	<u>57,888</u>
Total Revenues	<u>27,580,244</u>	7,829,173
Expenses		
Planning and community development	<u>26,742,810</u>	<u>7,373,154</u>
Total Expenses	<u>26,742,810</u>	<u>7,373,154</u>
Increase in Net Position	837,434	456,019
Beginning Net Position (Restated)	<u>529,361</u>	<u>73,342</u>
Ending Net Position	<u>\$ 1,366,795</u>	<u>\$ 529,361</u>

Governmental activities increased the Commission's net position by \$837,434. Revenues from governmental activities totaled \$27,580,244. Operating grants and contributions comprise the largest source of these revenues, totaling \$27,004,860 or 97.91% of all governmental activities revenue.

Planning and community development expenses total \$26,742,810 for the fiscal year.

For the Commission's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2025 and 2024

	<u>2025</u>		<u>2024</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Planning and community development	<u>\$ 26,742,810</u>	<u>\$ 262,050</u>	\$ 7,373,154	\$ 346,453
Total	<u>\$ 26,742,810</u>	<u>\$ 262,050</u>	<u>\$ 7,373,154</u>	<u>\$ 346,453</u>

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

As previously stated, as of June 30, 2025, the Commission's Governmental Fund reported an ending fund balance of \$1,998,846 an increase of \$476,093 in comparison with the prior year. The entire amount is available for spending at the Commission's discretion (unassigned fund balance).

The General Fund is the main operating fund of the Commission. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$1,998,846, an increase of \$476,093 in comparison with the prior year. The General Fund's liquidity can be measured by comparing total fund balance to total fund expenditures. Total fund balance represents 7.37% of fund expenditures.

BUDGETARY HIGHLIGHTS – GENERAL FUND

In fiscal year 2025, intergovernmental revenues were under budget by \$25,913,691 due to federal funding received in the current fiscal year.

The 2025 General Fund expenditures were over budget by \$25,907,285 due to grant funding received and expended during the fiscal year.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2025, the Commission's net capital assets total \$551,434, which represents a net increase of \$462,583 or 520.63% over the previous fiscal year-end balance. The Lake Country Development Corporation donated the land and building the Commission operates out of to the Commission in fiscal year 2025.

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Land and improvements	\$ -	\$ 60,000	\$ 60,000
Buildings and improvements	-	504,964	504,964
Equipment and vehicles	110,103	3,027	113,130
Furniture and fixtures	5,433	6,508	11,941
Leasehold improvements	92,264	(92,264)	-
Total Capital Assets	207,800	482,235	690,035
Less: Accumulated depreciation	118,949	(19,652)	138,601
Net Capital Assets	<u>\$ 88,851</u>	<u>\$ 462,583</u>	<u>\$ 551,434</u>

Long-Term Debt

As of June 30, 2025, the Commission's long-term obligations total \$55,615.

	<u>Balance</u> <u>July 1, 2024</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>
Primary Government			
Governmental Activities			
Compensated absences	<u>\$ 54,980</u>	<u>\$ 635</u>	<u>\$ 55,615</u>

More detailed information on the Commission's long-term obligations is presented in Note 5 to the financial statements.

NEXT YEAR'S BUDGET AND RATES

The fiscal year 2026 proposed budget anticipates revenues and expenditures to be \$1,506,805, a 25.89% increase over the final fiscal year 2025 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Executive Director, Southside Planning District Commission, 200 South Mecklenburg Avenue, South Hill, Virginia 23970, telephone (434) 447-7101.

BASIC FINANCIAL STATEMENTS

Southside Planning District Commission

Statement of Net Position

At June 30, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 2,231,385
Grants and contracts receivable	<u>264,673</u>
Total Current Assets	2,496,058

Noncurrent Assets

Capital assets, net	<u>551,434</u>
Total Assets	3,047,492

Deferred Outflows of Resources

Pension	<u>242,364</u>
Total Deferred Outflows of Resources	<u>242,364</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 3,289,856</u></u>

Liabilities

Accounts payable and accrued liabilities	\$ 6,085
Unearned revenue	491,127

Long-Term Liabilities

<i>Due within one year</i>	
Compensated absences	5,562
<i>Due in more than one year</i>	
Net pension liability	1,275,871
Compensated absences	<u>50,053</u>

Total Liabilities	1,828,698
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Deferred Inflows of Resources

Pension	<u>94,363</u>
Total Deferred Inflows of Resources	94,363

Net Position

Net investment in capital assets	551,434
Unrestricted	<u>815,361</u>

Total Net Position	<u>1,366,795</u>
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Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 3,289,856</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

Southside Planning District Commission

Statement of Activities

For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government				
Governmental Activities				
Planning and community development	\$ 26,742,810	\$ -	\$ 27,004,860	\$ 262,050
Total Governmental Activities	<u>\$ 26,742,810</u>	<u>\$ -</u>	<u>\$ 27,004,860</u>	262,050
General Revenues				
Miscellaneous				497,749
Investment earnings				<u>77,635</u>
Total General Revenues				<u>575,384</u>
Change in Net Position				837,434
Net Position - Beginning of Year (Restated)				<u>529,361</u>
Net Position - End of Year				<u>\$ 1,366,795</u>

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

Southside Planning District Commission

Balance Sheet

As of June 30, 2025

Assets	
Cash and cash equivalents	\$ 2,231,385
Grants and contracts receivable	<u>264,673</u>
Total Assets	<u>\$ 2,496,058</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 6,085
Unearned revenue	<u>491,127</u>
Total Liabilities	497,212
Fund Balance	
Unassigned	<u>1,998,846</u>
Total Fund Balance	<u>1,998,846</u>
Total Liabilities and Fund Balance	<u>\$ 2,496,058</u>

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

Southside Planning District Commission

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2025

Total Fund Balances for Governmental Funds		\$ 1,998,846
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Equipment and leasehold improvements, net of accumulated depreciation	<u>551,434</u>	
Total Capital Assets		551,434
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	242,364	
Deferred inflows of resources related to pensions	<u>(94,363)</u>	
Total Deferred Outflows and Inflows of Resources		148,001
Liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Balances of long-term liabilities affecting net position are as follows:		
Net pension (liability) asset	(1,275,871)	
Compensated absences	<u>(55,615)</u>	
Total		<u>(1,331,486)</u>
Total Net Position of Governmental Activities		<u>\$ 1,366,795</u>

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

Southside Planning District Commission

Statement of Revenues, Expenditures, and Changes in Fund Balance

As of June 30, 2025

Revenues

Local government contributions	\$ 943,690
Miscellaneous	497,749
Revenue from use of money and property	77,635
<i>Intergovernmental</i>	
Revenue from the Commonwealth of Virginia	3,682,080
Revenue from the Federal Government	<u>22,379,090</u>
 Total Revenues	 27,580,244

Expenditures

Planning and community development	<u>27,104,151</u>
 Total Expenditures	 <u>27,104,151</u>
 Net Change in Fund Balance	 476,093
 Fund Balance - Beginning of Year (Restated)	 <u>1,522,753</u>
 Fund Balance - End of Year	 <u><u>\$ 1,998,846</u></u>

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

Southside Planning District Commission

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 476,093

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capitalized assets	\$ 482,235	
Depreciation	<u>(19,652)</u>	
		462,583

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in the following accounts are as follows:

Deferred inflows - pension	(45,199)	
Deferred outflows - pension	79,661	
Net pension liability	(135,069)	
Compensated absences	<u>(635)</u>	
Net Adjustment		<u>(101,242)</u>

Change in Net Position of Governmental Activities \$ 837,434

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

Southside Planning District Commission

Statement of Fiduciary Net Position

Year Ended June 30, 2025

	<u>Custodial Fund</u>	
	<u>Go Virginia Regional Council 3</u>	
Assets		
Cash	\$	<u>13,440</u>
Total Assets	\$	<u><u>13,440</u></u>
Liabilities		
Accounts payable	\$	168
Amounts held for others		<u>13,272</u>
Total Liabilities	\$	<u><u>13,440</u></u>

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

Southside Planning District Commission

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2025

	<u>Custodial Fund</u>
	<u>Go Virginia Regional Council 3</u>
Additions	
Interest	\$ 23
Miscellaneous	<u>755,038</u>
Total Additions	755,061
Deductions	
Program and administrative expenses	<u>808,352</u>
Total Deductions	<u>808,352</u>
Net Increase (Decrease) in Fiduciary Net Position	(53,291)
Net Position - Beginning	<u>66,563</u>
Net Position - Ending	<u><u>\$ 13,272</u></u>

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

Southside Planning District Commission

Notes to the Financial Statements

Year Ended June 30, 2025

1 Organization and Summary of Significant Accounting Policies

Narrative Profile

The Southside Planning District Commission (the "Commission") operates as an agent for the Counties of Mecklenburg, Brunswick, and Halifax and the Towns of South Hill and South Boston for improving public safety, health and welfare, articulating community needs and developmental planning, and creating a unit of government to provide functions and services on a regional basis as provided for in Title 15.1, Chapter 34, Sections 15.1-1400 to 15.1-1452 of the Code of Virginia (1950), as amended.

The Commission has been officially designated by the U.S. Department of Commerce, Economic Development Administration, as the grantee of a revolving loan fund. The Commission has officially designated the Lake Country Development Corporation with the institutional and legal capacity to make and administer the revolving loans. The Commission and Lake Country Development Corporation maintain separate Boards of Directors and identities.

The financial statements of the Commission have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Government Accounting Standards Board (GASB). The following is a summary of significant accounting policies followed in the preparation of these financial statements:

A. Financial Reporting Entity

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement, known as the “Reporting Model” statement, affects the way the Commission prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private sector financial reports.

GASB Statement No. 34 established requirements and a reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

—Management’s Discussion and Analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of “management’s discussion and analysis” (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

—Government-wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

- Statement of Net Position: The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.
- Statement of Program Activities: The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the Commission’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).
- Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The Commission and many other governments revise their original budgets over the course of the year for a variety of reasons.
- GASB-Required Supplementary Pension: GASB issued Statement No. 68–*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.
- GASB-Required Supplementary OPEB: GASB issued Statement No. 75–*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government, entities for which the Commission is considered to be financially accountable. The Commission only reports activities for itself. It has no component units.

B. *Government-Wide and Fund Financial Statements*

The basic financial statements include both government-wide (based on the Commission as a whole) and fund financial statements. The focus is on both the Commission as a whole and the fund financial statements, including the major individual funds of the governmental category. Both the government-wide and fund financial statements categorize primary activities as governmental. In the government-wide Statement of Net Position, the governmental activities columns are presented on a consolidated basis, and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long- term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The Commission generally first uses with donor restricted assets for expenses incurred for which both with donor restrictions and without donor restrictions assets are available. The Commission may defer the use of with donor restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category that are otherwise supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (general government administration, health and welfare, etc.) or a business-type activity. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Interest revenue and other items not properly included among program revenues are reported as general revenues.

In the fund financial statements, financial transactions and accounts of the Commission are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting.

This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The Commission applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements. The following is a brief description of the specific funds used by the Commission:

Governmental Funds – Governmental funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The individual Governmental Fund is:

General Fund - The General Fund is the primary operating fund of the Commission and accounts for all revenues and expenditures applicable to the general operations of the Commission which are not accounted for in other funds. Revenues are derived primarily from state and member dues. The General Fund is considered a major fund for financial reporting purposes.

Fiduciary Funds (Custodial Funds) – Fiduciary funds account for assets held by the Commission in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Commission's Fiduciary Fund is the Go Virginia Regional Council 3 which accounts for funds held for the operation of the program.

C. Basis of Accounting

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The fund financial statements of the General Fund are maintained and reported on the accrual basis of accounting using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the fund statements. Under the accrual method of accounting, revenues are recognized in the period in which they become measurable and available. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures are recorded when the fund liability is incurred.

D. Budgets and Budgetary Accounting

The Commission's Board annually adopts budgets for the various funds of the primary government. The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits to the Executive Committee a proposed operating budget commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the Executive Committee adopts the budget.
3. Only the Executive Committee can revise the budget for each department or category.
4. Formal budgetary integration is employed as a management device during the year.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Appropriations lapse on June 30. Contracts that carry over more than one year can be re-budgeted.
7. Budget data presented in the accompanying financial statements consists of the original budget and the revised budget as of June 30, 2024, as adopted, appropriated, and legally amended.

E. Revenue Recognition

Intergovernmental revenues, consisting primarily of federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. Contributions of the member governments are based on population and are assessed annually. The Commission recognizes a liability for funds received in excess of project expenditures.

F. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by the Commission's Board designation or other arrangements under trust agreements with third-party payers.

G. Investments

Investments with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss is included in the statement of activities unless the income or loss is restricted by donor or law.

H. Accounts Receivable

Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables related to non-exchange transactions are recognized when their eligibility requirements have been met. Receivables are reduced by the estimated portion that is expected to be uncollectible 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, 2025, and no allowance for doubtful accounts has been provided.

I. Capital Assets

Capital outlays are recorded as expenditures of the Governmental Funds and as assets in the government-wide financial statements to the extent the Commission's capitalization threshold of \$2,000 is met. All capital assets are valued at historical cost.

Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	7-39 years
Equipment	3-5 years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of furniture, vehicles, or equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

J. Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Deferred Outflows/Inflows of Resources

The Statement of Financial Position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions for certain actuarially determined differences projected and actual investment earnings.

The Statement of Financial Position also includes a separate section for deferred inflows of resources. This represents an acquisition of net position applicable to future periods and will not be recognized as revenue in the future period to which it applies. Currently, this category includes amounts related to pensions for certain actuarially determined differences between projected and actual experience.

L. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M. Net Position Flow Assumptions

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

N. Fund Balance Flow Assumptions

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Advertising

Advertising costs are expenses as incurred.

P. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Commission will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements.

Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

R. Adoption of New GASB Statements

The Commission adopted the following GASB statements during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the Commission.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the Commission.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the fiscal year ending June 30, 2025 for the Commission.

2 Cash and Investments
Deposits

All cash of the Commission is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et seq. of the Code of Virginia or covered by Federal Depository Insurance. Under the Act, banks holding public deposits in excess of the amounts insured by 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 FDIC

limits. The State Treasury Board of responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If any member financial institution fails, the entire collateral becomes available to satisfy the claims of the Commission. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro-rata basis to the members of the pool. Therefore, these deposits are considered collateralized, and, as a result, are considered insured.

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).

At June 30, 2025, cash and cash equivalents include the following:

Deposit accounts	\$ 289,160
Virginia investment pool - Stable NAV Liquidity Pool	<u>1,942,225</u>
Total	<u>\$ 2,231,385</u>

3 Capital Assets

A summary of property and equipment as of June 30, 2025 is as follows:

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Land and improvements	\$ -	\$ 60,000	\$ -	\$ 60,000
Buildings and improvements	-	504,964	-	504,964
Equipment and vehicles	110,103	3,027	-	113,130
Furniture and fixtures	5,433	7,579	1,071	11,941
Leasehold improvements	<u>92,264</u>	<u>-</u>	<u>92,264</u>	<u>-</u>
Total Capital Assets	207,800	575,570	93,335	690,035
Less: Accumulated depreciation	<u>118,949</u>	<u>20,723</u>	<u>1,071</u>	<u>138,601</u>
Net Capital Assets	<u>\$ 88,851</u>	<u>\$ 554,847</u>	<u>\$ 92,264</u>	<u>\$ 551,434</u>

4 Compensated Absences

Each Commission employee earns vacation under a formula approved by its Board of Directors as described in the employee handbook. Sick leave is earned at the rate often hours per completed month of service. A maximum of 42 accumulated days of vacation may be carried from one year to the next, depending upon years of service. A maximum of 120 accumulated days of sick leave may be carried from one year to the next for employees with one to twenty years of service, and 150 accumulated days of sick leave may be carried from one year to the next for employees with over twenty years of service. Accrued vacation may be paid if not used prior to termination up to a maximum of 36 days. Accrued sick leave is not paid upon termination. The Commission has outstanding compensated absences totaling \$55,615 in the governmental activities.

5 Long-Term Debt

Changes in Long-Term Debt

The following is a summary of changes in long-term obligations of the Commission:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
Compensated absences	\$ 54,980	\$ 635	\$ -	\$ 55,615	\$ 5,562

6 Pension Plan

Plan Description

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

PLAN 2

About Plan 2

Same as Plan 1.

Eligible Members

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

**HYBRID
RETIREMENT PLAN**

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Defined Benefit Component:

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

PLAN 1

Calculating the Benefit

The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

**HYBRID
RETIREMENT PLAN**

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution not required, except as governed by law until age 73.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

PLAN 1

Normal Retirement Age

VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.

Earliest Unreduced Retirement Eligibility

VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

Political subdivisions hazardous duty employees:
Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

Earliest Reduced Retirement Eligibility

VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

Political subdivisions hazardous duty employees:
Age 50 with at least five years of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

PLAN 2

Normal Retirement Age

VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Unreduced Retirement Eligibility

VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Reduced Retirement Eligibility

VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility:

Same as Plan 1

**HYBRID
RETIREMENT PLAN**
Normal Retirement Age

Defined Benefit Component:

VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Not applicable

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2

Defined Contribution Component:

Not applicable

Eligibility:

Same as Plan 1

PLAN 1

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	9
Inactive members:	
Vested inactive members	5
Non-vested inactive members	7
LTD	-
Inactive members active elsewhere in VRS	5
Active members	<u>8</u>
Total covered employees	<u><u>34</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

If the employer used the certified rate: Southside Planning District Commission's contractually required contribution rate for the year ended June 30, 2025 was 20.59% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Southside Planning District Commission were \$123,039 and \$128,705 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$1,108 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$1,688 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$110,800 for the year ended June 30, 2025.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Southside Planning District Commission, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rate for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	<u>-3.00%</u>	3.50%	<u>-0.11%</u>
Total	<u>100.00%</u>		<u>7.07%</u>

Expected arithmetic nominal return* **7.07%**

**The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.*

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 4,515,178	\$ 3,374,376	\$ 1,140,802
Changes for the Year			
Service cost	52,083	-	52,083
Interest	301,141	-	301,141
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	256,480	-	256,480
Contributions - employer	-	121,652	(121,652)
Contributions - employee	-	29,312	(29,312)
Net investment income	-	325,772	(325,772)
Benefit payments, including refunds	(211,830)	(211,830)	-
Administrative expenses	-	(2,168)	2,168
Other changes	-	67	(67)
Net Changes	<u>397,874</u>	<u>262,805</u>	<u>135,069</u>
Balances at June 30, 2024	<u>\$ 4,913,052</u>	<u>\$ 3,637,181</u>	<u>\$ 1,275,871</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Southside Planning District Commission using the discount rate of 6.75%, as well as what the Southside Planning District Commission's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Commission's Net Pension Liability (Asset)	\$ 1,927,704	\$ 1,275,871	\$ 742,878

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Southside Planning District Commission recognized pension expense of \$216,593. At June 30, 2025, the Southside Planning District Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 119,325	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	94,363
Employer contributions subsequent to the measurement date	<u>123,039</u>	<u>-</u>
Total	<u>\$ 242,364</u>	<u>\$ 94,363</u>

\$123,039 reported as deferred outflows of resources related to pensions resulting from the Southside Planning District Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

**Year Ended
June 30,**

2026	\$ 37,211
2027	26,208
2028	(18,430)
2029	(20,027)
2030	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

7 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, 2025 was calculated as follows:

Total Indirect Costs	<u>\$ 310,935</u>		
Total Direct Labor and Fringes	\$ 747,045	=	41.62%

The following indirect costs have been allocated to projects:

Salaries	\$	98,766
Fringe benefits		51,925
Office expense		63,521
Space and occupancy costs		47,675
Public relations		469
Publications and subscriptions		620
Professional fees		16,676
Insurance and bonding		6,495
Meetings		9,158
Membership fees and dues		5,625
Auto and travel		<u>10,005</u>
Total Indirect Costs	\$	<u>310,935</u>

8 Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total non-leave salaries. The fringe benefit cost rate for the fiscal year ending June 30, 2025 was calculated as follows:

Fringe Benefit Expenses	\$	<u>372,995</u>	
Total Non-Leave Salaries	\$	524,741	= 71.08%

Components of fringe benefit expense for the year ended June 30, 2025 are shown below:

Retirement	\$	146,020
Employee leave		92,335
Health, disability and life insurance		92,094
Payroll taxes		<u>42,546</u>
Total Fringe Benefits	\$	<u>372,995</u>

9 Lease Commitments

The Commission had a lease for its facilities at 200 South Mecklenburg Avenue, South Hill, Virginia. The premises were leased until Lake Country Development Corporation donated the building to the Commission during fiscal year 2025. No rent was charged for the year ended June 30, 2025.

10 Litigation

At June 30, 2025, there were no matters of litigation involving the Commission which would materially affect the Commission's financial position should any court decision or pending matter not be favorable to the Commission.

11 Commitments and Contingencies

Federal programs in which the Commission and all discretely presented component units participate were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

12 Risk Management

A public employee blanket bond through Virginia Risk Sharing Association amounting to \$60,000 was in force and expires June 30, 2025.

13 Restatement

Beginning balances were restated due to the following:

	Governmental Activities
Balance July 1, 2024	\$ 562,639
To properly record escrow funds held by the Commission	(39,253)
To properly record compensated absences in the financials	<u>5,975</u>
Restated July 1, 2024	<u>\$ 529,361</u>
	General Fund
Balance July 1, 2024	\$ 1,562,006
To properly record escrow funds held by the Commission	<u>(39,253)</u>
Restated July 1, 2024	<u>\$ 1,522,753</u>

14 Upcoming Pronouncements

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

15 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2025 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2025. Management has performed their analysis through March 31, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

Southside Planning District Commission

Budgetary Comparison Schedule

As of June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Original Budget Over (Under) Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under) Actual Amounts</u>
Revenues					
Local and program income	\$ 1,045,725	\$ 1,045,725	\$ -	\$ 943,690	\$ (102,035)
Intergovernmental					
Revenue from the Commonwealth of Virginia	337,508	337,508	-	3,682,080	3,344,572
Revenue from the Federal Government	<u>229,452</u>	<u>229,452</u>	<u>-</u>	<u>22,379,090</u>	<u>22,149,638</u>
Total Intergovernmental Revenues	566,960	566,960	-	26,061,170	25,494,210
Revenue from Use of Money and Property					
Investment earnings	53,868	53,868	-	77,635	23,767
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,749</u>	<u>497,749</u>
Total Revenues	1,666,553	1,666,553	-	27,580,244	25,913,691
Expenditures					
Planning and Community Development					
Salaries	94,767	111,821	17,054	617,076	505,255
Employee benefits and payroll taxes	64,286	57,873	(6,413)	280,660	222,787
Direct grant expenses	847,343	891,122	43,779	25,562,865	24,671,743
Capital outlay	-	-	-	483,306	483,306
Travel	1,000	1,000	-	6,909	5,909
Auto operations and maintenance	5,000	5,000	-	3,096	(1,904)
Public relations	1,000	1,000	-	469	(531)
Professional fees	13,000	13,000	-	16,676	3,676
Membership fees and dues	5,000	5,000	-	5,625	625
Insurance and bonding	7,000	7,000	-	6,495	(505)
Meetings	12,500	12,500	-	9,158	(3,342)
Office expense	63,500	63,500	-	63,521	21
Publications and subscriptions	550	550	-	620	70
Space, utilities and occupancy costs	<u>27,500</u>	<u>27,500</u>	<u>-</u>	<u>47,675</u>	<u>20,175</u>
Total Expenditures	<u>1,142,446</u>	<u>1,196,866</u>	<u>54,420</u>	<u>27,104,151</u>	<u>25,907,285</u>
Excess (Deficiency) of Revenues Over Expenditures	524,107	469,687	(54,420)	476,093	6,406
Other Financing Sources (Uses)					
Contingency/surplus	<u>(524,107)</u>	<u>(469,687)</u>	<u>54,420</u>	<u>-</u>	<u>469,687</u>
Total Other Financing Sources (Uses)	<u>(524,107)</u>	<u>(469,687)</u>	<u>54,420</u>	<u>-</u>	<u>469,687</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	476,093	<u>\$ 476,093</u>
Fund Balance - Beginning of Year (Restated)				<u>1,522,753</u>	
Fund Balance - End of Year				<u>\$ 1,998,846</u>	

Southside Planning District Commission

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30 (in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability										
Service cost	\$ 52,083	\$ 49,044	\$ 46,151	\$ 47,090	\$ 48,044	\$ 45,896	\$ 38,098	\$ 45,474	\$ 42,499	\$ 46,077
Interest	301,141	286,931	279,745	249,096	248,533	243,679	234,461	228,653	221,928	212,995
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	256,480	69,412	(41,313)	144,187	(10,650)	46,850	(8,475)	(63,621)	(57,581)	(24,561)
Assumption changes	-	-	-	144,382	-	115,212	-	752	-	-
Benefit payments	<u>(211,830)</u>	<u>(183,981)</u>	<u>(178,047)</u>	<u>(175,661)</u>	<u>(379,519)</u>	<u>(122,059)</u>	<u>(142,751)</u>	<u>(113,803)</u>	<u>(107,753)</u>	<u>(106,035)</u>
Net change in total pension liability	397,874	221,406	106,536	409,094	(93,592)	329,578	121,333	97,455	99,093	128,476
Total pension liability - beginning	<u>4,515,178</u>	<u>4,293,772</u>	<u>4,187,236</u>	<u>3,778,142</u>	<u>3,871,734</u>	<u>3,542,156</u>	<u>3,420,823</u>	<u>3,323,368</u>	<u>3,224,275</u>	<u>3,095,799</u>
Total pension liability - ending (a)	<u>\$ 4,913,052</u>	<u>\$ 4,515,178</u>	<u>\$ 4,293,772</u>	<u>\$ 4,187,236</u>	<u>\$ 3,778,142</u>	<u>\$ 3,871,734</u>	<u>\$ 3,542,156</u>	<u>\$ 3,420,823</u>	<u>\$ 3,323,368</u>	<u>\$ 3,224,275</u>
Plan fiduciary net position										
Contributions - employer	\$ 121,652	\$ 111,160	\$ 79,461	\$ 74,506	\$ 70,141	\$ 81,938	\$ 74,691	\$ 73,194	\$ 74,782	\$ 77,575
Contributions - employee	29,312	26,845	25,643	24,015	22,727	26,322	24,463	24,077	23,986	24,867
Net investment income	325,772	207,417	(3,432)	718,109	49,606	183,322	189,197	282,851	40,085	100,931
Benefit payments	(211,830)	(183,981)	(178,047)	(175,661)	(379,519)	(122,059)	(142,751)	(113,803)	(107,753)	(106,035)
Refunds of contributions	-	-	-	-	-	-	-	-	-	-
Administrator charges	(2,168)	(2,060)	(2,060)	(1,811)	(1,959)	(1,775)	(1,635)	(1,617)	(1,411)	(1,364)
Other	<u>67</u>	<u>84</u>	<u>76</u>	<u>68</u>	<u>(60)</u>	<u>(115)</u>	<u>(388)</u>	<u>(529)</u>	<u>(17)</u>	<u>(21)</u>
Net change in plan fiduciary net position	262,805	159,465	(78,359)	639,226	(239,064)	167,633	143,577	264,173	29,672	95,953
Plan fiduciary net position - beginning	<u>3,374,376</u>	<u>3,214,911</u>	<u>3,293,270</u>	<u>2,654,044</u>	<u>2,893,108</u>	<u>2,725,475</u>	<u>2,581,898</u>	<u>2,317,725</u>	<u>2,288,053</u>	<u>2,192,100</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,637,181</u>	<u>\$ 3,374,376</u>	<u>\$ 3,214,911</u>	<u>\$ 3,293,270</u>	<u>\$ 2,654,044</u>	<u>\$ 2,893,108</u>	<u>\$ 2,725,475</u>	<u>\$ 2,581,898</u>	<u>\$ 2,317,725</u>	<u>\$ 2,288,053</u>
Political subdivision's net pension liability (asset) - ending (a - b)	<u>\$ 1,275,871</u>	<u>\$ 1,140,802</u>	<u>\$ 1,078,861</u>	<u>\$ 893,966</u>	<u>\$ 1,124,098</u>	<u>\$ 978,626</u>	<u>\$ 816,681</u>	<u>\$ 838,925</u>	<u>\$ 1,005,643</u>	<u>\$ 936,222</u>
Plan fiduciary net position as a percentage of the total Pension liability	74.03%	74.73%	74.87%	78.65%	70.25%	74.72%	76.94%	75.48%	69.74%	70.96%
Covered payroll	\$ 513,769	\$ 527,606	\$ 445,937	\$ 410,693	\$ 443,000	\$ 501,800	\$ 521,305	\$ 452,931	\$ 476,610	\$ 468,800
Political subdivision's net pension liability as a percentage of covered payroll	248.34%	216.22%	241.93%	217.67%	253.75%	195.02%	156.66%	185.22%	211.00%	199.71%

Southside Planning District Commission

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2016 through 2025

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)		
2025	\$ 130,782	\$ 130,782	\$ -	\$ 635,172	20.59%
2024	105,374	128,705	(23,331)	513,769	25.05%
2023	108,212	110,810	(2,598)	527,606	21.00%
2022	68,228	79,461	(11,233)	445,937	17.82%
2021	62,836	74,506	(11,670)	410,693	18.14%
2020	64,944	70,141	(5,197)	443,000	15.83%
2019	75,722	81,938	(6,216)	501,800	16.33%
2018	79,238	74,691	4,547	521,305	14.33%
2017	68,846	73,194	(4,348)	452,931	16.16%
2016	74,589	74,782	(193)	476,610	15.69%

* Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

Southside Planning District Commission

Notes to Required Supplemental Information

For the Year Ended June 30, 2025

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COMPLIANCE SECTION



**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 Commissioners
Southside Planning District Commission

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 the governmental activities and fiduciary fund of Southside Planning District Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Southside Planning District Commission's basic financial statements and have issued our report thereon dated March 31, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Credle, Jones & Associates, P.C.

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

South Hill, Virginia
March 31, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Commissioners
Southside Planning District Commission

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southside Planning District Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southside Planning District Commission's major federal programs for the year ended June 30, 2025. Southside Planning District Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southside Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
March 31, 2026

Southside Planning District Commission

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass- through Entity Identifying Number	Total Federal Expenditures
PRIMARY GOVERNMENT			
U. S. Department of Homeland Security			
Pass-Through Payments			
<i>Department of Emergency Management</i>			
Hazard Mitigation Grant	97.039	127	\$ 21,499
Subtotal - U. S. Department of Homeland Security			21,499
 Southeast Crescent Regional Commission			
Direct Payments			
Economic and Infrastructure Development Grant	90.705	N/A	41,228
Subtotal - Southeast Crescent Regional Commission			41,228
 U. S. Department of Commerce			
Direct Payments			
Economic Development Support for Planning Organizations	11.302	N/A	70,000
Subtotal - U. S. Department of Commerce			70,000
 U. S. Department of Transportation			
Pass-Through Payments			
<i>Department of Transportation</i>			
Highway Planning and Construction	20.205	501	28,161
Subtotal - U. S. Department of Transportation			28,161
 U. S. Department of Treasury			
Pass-Through Payments			
<i>Department of Housing and Community Development</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	165	22,218,202
Subtotal - U. S. Department of Treasury			22,218,202
Totals			\$ 22,379,090

See accompanying notes to schedule of expenditures of federal awards.

Southside Planning District Commission

Notes to Schedule of Expenditures of Federal Awards

for the Year Ended June 30, 2025

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Southside Planning District Commission under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of Southside Planning District Commission.

2. **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Indirect Cost Rate**

Southside Planning District Commission has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. **Subrecipients**

No awards passed through to subrecipients.

Southside Planning District Commission

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings to report.