

**CENTRAL SHENANDOAH
PLANNING DISTRICT COMMISSION**

FINANCIAL REPORT

June 30, 2020

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

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INTRODUCTORY SECTION

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

DIRECTORY OF COMMISSIONERS

June 30, 2020

COMMISSIONERS

Frank Friedman, Chairperson, Lexington
Carolyn Dull, Vice Chair, Staunton
Butch Wells, Augusta County
Leslie Tate, Augusta County
Edward Hicklin, Bath County
Sal Romero, Harrisonburg
George Hirschmann, Harrisonburg
Sharon Angle, Staunton
Jay Lewis, Rockbridge County
Kim Sandum, Rockingham County
Warren Johnson, Waynesboro

Rhonda Cooper, Rockingham County
Terry Short, Treasurer, Waynesboro
Veronica Moran, Augusta County
Pam Carter, Augusta County
Bill Fitzgerald, Buena Vista
Adam Fletcher, Harrisonburg
David Blanchard, Highland County
Steve Schofield, Rockingham County
Chris Slaydon, Rockbridge County
Brent Trumbo, Rockingham County

APPOINTED OFFICIALS

Bonnie Riedesel Executive Director
Lee Bell Finance Director

INDEPENDENT AUDITORS

Brown, Edwards & Company, L.L.P.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Central Shenandoah Planning District Commission (the "Commission") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Central Shenandoah Planning District Commission, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Shenandoah Planning District Commission's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 Information (Continued)

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 on our consideration of the Central Shenandoah 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 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 Central Shenandoah Planning District Commission's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 13, 2020

BASIC FINANCIAL STATEMENTS

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF NET POSITION

June 30, 2020

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents (Note 2)	\$ 236,558
Investments (Note 2)	1,717,134
Cash and cash equivalents restricted (Notes 1 and 2)	42,284
Receivables (Note 3)	612,064
Prepays	15,328
Capital assets: (Note 5)	
Nondepreciable	528,600
Depreciable, net	<u>2,934,296</u>
Total assets	<u>6,086,264</u>
LIABILITIES	
Accounts payable and accrued liabilities	191,338
Accrued payroll and related liabilities	47,313
Unearned revenues	1,049,245
Noncurrent liabilities: (Note 6)	
Due within one year	26,864
Due in more than one year	<u>368,779</u>
Total liabilities	<u>1,683,539</u>
NET POSITION	
Net investment in capital assets	3,169,615
Restricted for debt service (Notes 1 and 2)	40,201
Restricted for Central Shenandoah Development Corporation (Notes 1 and 2)	2,083
Unrestricted	<u>1,190,826</u>
Total net position	<u><u>\$ 4,402,725</u></u>

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions/Programs	Primary Government - Governmental Activities				
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating	Capital	
			Grants and Contributions	Grants and Contributions	
Governmental activities					
Economic and community development	\$ 3,753,498	\$ 61,587	\$ 3,587,525	\$ 12,312	\$ (92,074)
Interest on long-term debt	14,593	-	-	-	(14,593)
Total governmental activities	\$ 3,768,091	\$ 61,587	\$ 3,587,525	\$ 12,312	\$ (106,667)

General revenues:

Unrestricted revenue from the use of money and property	\$ 65,912
Other	2,083
Total general revenues	<u>67,995</u>
Change in net position	(38,672)
NET POSITION AT JULY 1	<u>4,441,397</u>
NET POSITION AT JUNE 30	<u>\$ 4,402,725</u>

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue Funds						Total
	General	Appalachian Regional Commission	Economic Development Administration	Harrisonburg- Rockingham Metropolitan Planning Organization	Staunton-Augusta- Waynesboro Metropolitan Planning Organization	Public Transit	
ASSETS							
Cash and cash equivalents (Note 2)	\$ 141,727	\$ 20,860	\$ 304	\$ -	\$ -	\$ 73,667	\$ 236,558
Investments (Note 2)	893,752	-	-	-	-	823,382	1,717,134
Cash and cash equivalents restricted (Notes 1 and 2)	42,284	-	-	-	-	-	42,284
Receivables (Note 3)	205,315	23,240	23,736	56,313	38,212	265,248	612,064
Prepaid items	14,666	-	-	-	-	662	15,328
Due from other funds (Note 4)	84,869	-	-	-	-	-	84,869
Total assets	<u>\$ 1,382,613</u>	<u>\$ 44,100</u>	<u>\$ 24,040</u>	<u>\$ 56,313</u>	<u>\$ 38,212</u>	<u>\$ 1,162,959</u>	<u>\$ 2,708,237</u>
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 5,812	\$ -	\$ -	\$ 3,131	\$ -	\$ 182,395	\$ 191,338
Accrued payroll and related liabilities	24,759	2,467	3,927	4,746	3,731	7,683	47,313
Unearned revenues	40,924	26,550	303	30,196	20,943	930,329	1,049,245
Due to other funds (Note 4)	-	15,083	19,810	18,240	13,538	18,198	84,869
Total liabilities	<u>71,495</u>	<u>44,100</u>	<u>24,040</u>	<u>56,313</u>	<u>38,212</u>	<u>1,138,605</u>	<u>1,372,765</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	<u>43,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,115</u>
Fund balances:							
Nonspendable:							
Prepays	14,666	-	-	-	-	662	15,328
Restricted:							
Debt service (Notes 1 and 2)	40,201	-	-	-	-	-	40,201
Central Shenandoah Development Corporation (Notes 1 and 2)	2,083	-	-	-	-	-	2,083
Transit facility future capital	-	-	-	-	-	23,692	23,692
Committed:							
Capital improvement	255,091	-	-	-	-	-	255,091
Development	136,608	-	-	-	-	-	136,608
Paid time off	120,708	-	-	-	-	-	120,708
Assigned:							
Transportation consulting	14,046	-	-	-	-	-	14,046
Unassigned	<u>684,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684,600</u>
Total fund balances	<u>1,268,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,354</u>	<u>1,292,357</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,382,613</u>	<u>\$ 44,100</u>	<u>\$ 24,040</u>	<u>\$ 56,313</u>	<u>\$ 38,212</u>	<u>\$ 1,162,959</u>	<u>\$ 2,708,237</u>

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020**

Ending fund balances – governmental funds \$ 1,292,357

Amounts reported for governmental activities in the statement of net position are different because:

Certain revenues are not available to pay for current period expenditures and therefore are deferred in the funds. 43,115

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.

Nondepreciable capital assets	\$ 528,600	
Depreciable capital assets, net	<u>2,934,296</u>	
		3,462,896

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(102,362)	
Long-term debt	<u>(293,281)</u>	
		<u>(395,643)</u>

Total net position – governmental activities \$ 4,402,725

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Special Revenue Funds						Total
	General	Appalachian Regional Commission	Economic Development Administration	Harrisonburg- Rockingham Metropolitan Planning Organization	Staunton-Augusta- Waynesboro Metropolitan Planning Organization	Public Transit	
REVENUES							
Assessments	\$ 225,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,485
Charges for services	9,695	-	-	-	-	52,624	62,319
Intergovernmental - State and Local	332,040	40,256	77,675	54,362	36,815	852,973	1,394,121
Intergovernmental - Federal	139,230	40,256	77,675	217,448	147,261	1,358,361	1,980,231
Revenues from the use of money and property	28,480	-	-	-	-	37,432	65,912
Other	2,083	-	-	-	-	-	2,083
Total revenues	737,013	80,512	155,350	271,810	184,076	2,301,390	3,730,151
EXPENDITURES							
Current:							
Economic and community development	668,810	80,512	155,350	271,810	184,076	2,301,505	3,662,063
Debt service:							
Principal retirement	25,607	-	-	-	-	-	25,607
Interest and other fiscal charges	14,593	-	-	-	-	-	14,593
Total expenditures	709,010	80,512	155,350	271,810	184,076	2,301,505	3,702,263
Excess (deficiency) of revenues over expenditures	28,003	-	-	-	-	(115)	27,888
Net change in fund balances	28,003	-	-	-	-	(115)	27,888
FUND BALANCES AT JULY 1	1,240,000	-	-	-	-	24,469	1,264,469
FUND BALANCES AT JUNE 30	<u>\$ 1,268,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,354</u>	<u>\$ 1,292,357</u>

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020**

Net change in fund balances – total governmental funds	\$ 27,888
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(732)
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 and reported as depreciation expense.	
Capital outlays	27,521
Depreciation expense	(112,422)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has an effect on net position.	
Principal repayments	25,607
Long-term compensated absences are reported in the statement of activities but they do not require the use of current financial resources and, therefore are not recorded as expenditures in governmental funds.	(6,534)
Change in net position of governmental activities	\$ (38,672)

The Notes to Financial Statements are an integral part of this statement.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The Central Shenandoah Planning District Commission (the “Commission”) operates as an agent for the Counties of Augusta, Bath, Highland, Rockbridge, and Rockingham; the Towns of Bridgewater, Broadway, Craigsville, Dayton, Elkton, Glasgow, Goshen, Grottoes, Monterey, Mt. Crawford, and Timberville; and the Cities of Buena Vista, Harrisonburg, Lexington, Staunton, and Waynesboro in the establishment and operation of Community Improvement Projects, Local Planning Assistance, and Public Transit Systems all activities that improve the economic and community development goals of each participating locality

B. Government-Wide and Fund Financial Statements

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Revenues from local sources consist primarily of assessments and grants. Assessments are recognized when susceptible to accrual. Federal, state, and local grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from grants are considered to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Commission reports the following major governmental funds:

The *general fund* is the Commission's primary operating fund. It accounts for and reports all financial resources of the commission, except those required to be accounted for and reported in another fund.

Special revenue funds account and report for the proceeds of the specific revenue sources that are legally restricted to expenditures. The special revenue funds are the Appalachian Regional Commission Fund, the Economic Development Administration Fund, the Harrisonburg-Rockingham Metropolitan Planning Organization Fund, the Staunton-Augusta-Waynesboro Metropolitan Planning Organization Fund, and the Public Transit Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments with an original maturity of three months or less when purchased. All certificates of deposit, regardless of maturity, are considered to be cash and cash equivalents.

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include intergovernmental grants.

The Commission does not have an allowance for uncollectible accounts as historically there has not been difficulty in collecting payments. Management believes any allowance would be immaterial.

F. Restricted Cash and Cash Equivalents

Amounts held for debt service reserves are reported as restricted investments. Restricted investments at June 30, 2020 was \$40,201 as required by Rural Development, the lender.

Additionally, \$2,083 is reported as restricted cash which is held by a 501(c)3 not-for-profit entity called Central Shenandoah Development Corporation. This not-for-profit was created solely to apply for various federal grants and is included as part of the general fund.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$2,500 and a useful life of more than one year. The Public Transit Fund capitalizes assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over an estimated useful life of five to seven years for equipment and thirty-nine years for buildings.

H. Unearned Revenues

The Commission receives matching amounts from member localities. These funds are based on budgets and grant matching requirements and were not earned as of year-end.

I. Deferred Inflows of Resources

Governmental funds report revenues that are unavailable as deferred inflows of resources. Availability of revenues is defined at Note 1C. These amounts are deferred and recognized as revenue in the period that the amounts become available.

J. Compensated Absences

The Commission has policies which allow for the accumulation and vesting of limited amounts of annual leave, sick time, and holidays until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds when the leave is due and payable.

K. Long-Term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt generally consists of a note payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as an expenditure.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

L. Net Position/Fund Balance

Net position in government-wide statements are classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through state statute.

Fund balance is divided into five classifications based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the governmental fund.

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Commission, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Commission intends to use for a specified purpose; intent can be expressed by the governing body.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation of commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commission through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

M. Restricted Resources

When resources are available for a specific purpose in more than one classification, it is the Commission’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

N. Minimum Fund Balance Policy

Governmental funds of the Commission do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Commission.

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds.

P. Post-Retirement Health Benefits

The Commission allows retirees to participate in the Commission's medical insurance plan through the Local Choice. Since employees must be 65 in order to retire from the Commission, they are eligible to participate in the Medicare supplement plan. The Commission does not participate in the cost of premiums for retiree and there is no impact on the cost of premiums for current employees.

Q. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Restricted cash consists of debt service held in a reserve account as well as cash held by a not-for-profit that was created to apply to various federal grants.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 2. Deposits and Investments (Continued)

Investments:

Statutes authorize the Commission to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). The Commission has no investment policies that would further limit its investment choices.

Pursuant to Section 2.1-234.7 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share and is reported based on guidance in GASB 79). The investment policy specifies that no investment may have a maturity greater than one year from the date of purchase. The carrying amount of investments in LGIP at June 30 approximates fair value.

At June 30, 2020 all investments were held in LGIP. LGIP was rated by Standard and Poor’s and has been assigned an AAAm rating.

As of June 30, the Commission had the following deposits and investments:

	<u>2020</u>
Investments: VIP	\$ 1,717,134
Deposits	<u>278,842</u>
Total deposits and investments	<u><u>\$ 1,995,976</u></u>
Statement of Net Position:	
Cash and cash equivalents	\$ 236,558
Investments	1,717,134
Cash and cash equivalents, restricted	<u>42,284</u>
Total statement of net position	<u><u>\$ 1,995,976</u></u>

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 3. Receivables

Receivables are as follows:

Federal grants	\$ 372,595
State grants	165,456
Local grants	19,918
Other	<u>54,095</u>
Total receivables	<u>\$ 612,064</u>

Note 4. Due To/From

Interfund balances are the result of short term cash flows needs or services provided by the general fund that have not been reimbursed by special revenue funds. Due to/from balances between the funds consisted of the following:

	<u>Due To</u>	<u>Due From</u>
General	\$ 84,869	\$ -
Appalachian Regional Commission	-	15,083
Economic Development Administration	-	19,810
HRMPO	-	18,240
SAWMPO	-	13,538
Public Transit	-	18,198
	<u>\$ 84,869</u>	<u>\$ 84,869</u>

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5. Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 528,600	\$ -	\$ -	\$ 528,600
Capital assets, depreciated:				
Buildings	3,443,596	12,131	-	3,455,727
Furniture and equipment	142,314	15,390	(3,825)	153,879
Total capital assets, depreciated	3,585,910	27,521	(3,825)	3,609,606
Less accumulated depreciation:				
Buildings	478,921	98,886	-	577,807
Furniture and equipment	87,792	13,536	(3,825)	97,503
Total accumulated depreciation	566,713	112,422	(3,825)	675,310
Total capital assets, depreciated, net	3,019,197	(84,901)	-	2,934,296
Governmental activities capital assets, net	\$ 3,547,797	\$ (84,901)	\$ -	\$ 3,462,896

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable:					
Rural Housing Service	\$ 318,888	\$ -	\$ (25,607)	\$ 293,281	\$ 26,864
Compensated absences	95,828	6,534	-	102,362	-
Total governmental activities	<u>\$ 414,716</u>	<u>\$ 6,534</u>	<u>\$ (25,607)</u>	<u>\$ 395,643</u>	<u>\$ 26,864</u>

Details of outstanding long-term debt are as follows:

On June 28, 1999, the Commission issued a note payable secured by a deed of trust. The note is being repaid in monthly installments of \$3,350, including interest at 4.75 percent. The note matures May 2029.

The annual requirements to amortize long-term debt and related interest are as follows:

Fiscal Year	Principal	Interest
2021	\$ 26,864	\$ 13,336
2022	28,168	12,032
2023	29,536	10,664
2024	30,970	9,230
2025	32,473	7,727
2026-2029	<u>145,270</u>	<u>14,351</u>
	<u>\$ 293,281</u>	<u>\$ 67,340</u>

Note 7. Retirement Plans

Defined Contribution Pension Plan

The Commission provides a defined contribution plan for all full-time employees administered by Mass Mutual. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Plan payments are based on basic annual compensation with contributions by the Commission and employees. The Commission matched 13.85% for the year ended June 30, 2020. Commission contributions for each employee are fully vested after three years of continuous service. Contributions for, and investment income forfeited by, employees who leave employment before three years of service are allocated to plan participants. Employer contributions for the year ended June 30, 2020 were \$129,272 and employee contributions for the year ended June 30, 2020 were \$71,344.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 7. Retirement Plans (Continued)

457 Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible Commission employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Commission matched 1% for the year ended June, 30 2020 given the condition of at least 2% employee deferral. Employer contributions for the year ended June 30, 2020 were \$8,231 and employee contributions for the year ended June 30, 2020 were \$64,858.

Note 8. Federal Transit Administration

The Commission was approved to oversee the Federal Transit Administration funds for Staunton-Augusta-Waynesboro MPO member localities beginning January 2014. The Commission has contracted with Virginia Regional Transit (VRT) to provide public transit service. A contract was signed on July 1, 2017 through June 2022 for a total of \$7,552,510. The total paid to VRT during fiscal year 2020 is \$1,644,650 and is recorded in the Public Transit Fund.

Note 9. Short-Term Operating Lease

The Commission contracted to purchase from Virginia Regional Transit (VRT) the transit facility located at 51 Ivy Ridge Lane, Fishersville, Virginia during fiscal year 2017. At the time of purchase the tax-assessed value of the facility was \$3,168,366. Prior to the sale, Augusta Health Care, Inc. had entered into a five year commercial lease agreement with VRT from November 1, 2014 to October 31, 2019 to use the second floor space of the facility. This agreement was re-assigned to the Commission effective June 30, 2017 and rental income in the amount of \$72,000 was received by the Commission for fiscal year ending June 30, 2019. Augusta Health opted out of the renewal option and the Commission collected \$24,000 in rental income for the fiscal year ending June 30, 2020.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To reduce insurance costs and the need for self-insurance, the Commission has joined with other Commissions and municipalities in the Commonwealth of Virginia in a public entity risk pool that operates as common risk management and insurance program for member municipalities. The Commission is not self-insured.

The Commission has insurance coverage with VML Insurance Programs. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Commission pays contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion that the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Commission's settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Note 11. Indirect Cost Allocation

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 year ended June 30, 2020 was 46.07%.

The rate was calculated as follows:

Indirect costs/	\$	464,124	
Direct chargeable salary & benefits	\$	1,007,322	= 46.07%

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11. Indirect Cost Allocation (Continued)

The following indirect costs have been used in the above calculations:

Salaries and benefits	\$ 305,583
Auditing services	17,666
Legal services	3,248
Repairs and maintenance	30,489
Printing	1,787
Advertising	584
Utilities	6,383
Telecommunications	12,758
Insurance (property, liability, etc.)	4,806
Travel, training, and meetings	12,674
Administrative costs	23,134
Dues and association memberships	4,816
Office supplies	12,971
Books and subscriptions	5,161
Other program costs	244
Depreciation expense	13,918
Interest payments on debt service	11,675
Income received against administrative costs	<u>(3,773)</u>
Total indirect costs	<u><u>\$ 464,124</u></u>

Note 12. Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total chargeable salaries. The fringe benefit rate for the fiscal year ending June 30, 2020 was calculated as follows:

Fringe benefit expense/	\$ 475,217	
Total chargeable salaries	\$ 833,678	= 57.00%

Components of fringe benefit expense are:

Health, disability, and life insurance	\$ 167,389
Medicare, social security, retirement	154,743
Unemployment tax, worker's comp. insurance	5,369
Value of release time including vac., sick, holiday	<u>147,716</u>
Total fringe benefit expense	<u><u>\$ 475,217</u></u>

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 13. Commitments and Contingencies

Contractual commitments:

At June 30, the Commission had outstanding contractual commitments for grant funded transit consulting projects totaling \$3,049,648. These commitments, where they do not create negative unassigned fund balance, are included in assigned fund balance in the governmental funds balance sheet.

Note 14. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Commission’s operations are dependent on locality’s ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may increase, decrease, or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the Commission received revenue during fiscal year 2020. As such, the Commission’s financial condition and liquidity may be negatively impacted for the fiscal year 2021.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Commission’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Commission is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Subsequent to year-end, the Commission received notice of funding from the EDA CARES Act program in the amount of \$400,000. Funds are planned to be invested into the community in fiscal years 2021 and 2022.

Note 15. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

The GASB issued **Statement No. 84, *Fiduciary Activities*** in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 87, *Leases*** in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 15. New Accounting Standards (Continued)

The GASB issued **Statement No. 90**, *Majority Equity Interests*, an amendment of *GASB Statements No. 14 and No. 61* in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91**, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 15. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 253,661	\$ 244,485	\$ 225,485	\$ (19,000)
Charges for services	4,500	1,500	9,695	8,195
Intergovernmental - State and Local	223,584	327,714	332,040	4,326
Intergovernmental - Federal	172,726	200,200	139,230	(60,970)
Revenues from the use of money and property	21,750	24,300	28,480	4,180
Other	-	-	2,083	2,083
Total revenues	676,221	798,199	737,013	(61,186)
EXPENDITURES				
Current:				
Economic and community development	621,357	743,185	668,810	74,375
Debt service:				
Principal retirement	25,620	25,620	25,607	13
Interest and other fiscal charges	14,580	14,580	14,593	(13)
Total expenditures	661,557	783,385	709,010	74,375
Net change in fund balance	\$ 14,664	\$ 14,814	\$ 28,003	\$ 13,189

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – APPALACHIAN REGIONAL COMMISSION FUND

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and local	\$ 40,000	\$ 40,150	\$ 40,256	\$ 106
Intergovernmental - Federal	40,000	40,150	40,256	106
Total revenues	80,000	80,300	80,512	212
EXPENDITURES				
Current:				
Economic and community development	80,000	80,300	80,512	(212)
Total expenditures	80,000	80,300	80,512	(212)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT ADMINISTRATION FUND
Year Ended June 30, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental - State and Local	\$ 70,000	\$ 75,000	\$ 77,675	\$ 2,675
Intergovernmental - Federal	70,000	75,000	77,675	2,675
Total revenues	140,000	150,000	155,350	5,350
EXPENDITURES				
Current:				
Economic and community development	140,000	150,000	155,350	(5,350)
Total expenditures	140,000	150,000	155,350	(5,350)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – HARRISONBURG-ROCKINGHAM MPO FUND
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and Local	\$ 73,324	\$ 70,000	\$ 54,362	\$ (15,638)
Intergovernmental - Federal	293,298	280,000	217,448	(62,552)
Total revenues	366,622	350,000	271,810	(78,190)
EXPENDITURES				
Current:				
Economic and community development	366,622	350,000	271,810	78,190
Total expenditures	366,622	350,000	271,810	78,190
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – STAUNTON-AUGUSTA-WAYNESBORO MPO FUND
Year Ended June 30, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental - State and Local	\$ 51,624	\$ 48,750	\$ 36,815	\$ (11,935)
Intergovernmental - Federal	206,494	195,000	147,261	(47,739)
Total revenues	258,118	243,750	184,076	(59,674)
EXPENDITURES				
Current:				
Economic and community development	258,118	243,750	184,076	59,674
Total expenditures	258,118	243,750	184,076	59,674
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PUBLIC TRANSIT FUND

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 77,041	\$ 72,500	\$ 52,624	\$ (19,876)
Intergovernmental - State and Local	841,872	842,000	852,973	10,973
Intergovernmental - Federal	1,325,314	1,325,000	1,358,361	33,361
Revenues from the use of money and property	34,100	36,500	37,432	932
Total revenues	2,278,327	2,276,000	2,301,390	25,390
EXPENDITURES				
Current:				
Economic and community development	2,278,327	2,276,000	2,301,505	(25,505)
Total expenditures	2,278,327	2,276,000	2,301,505	(25,505)
Net change in fund balance	\$ -	\$ -	\$ (115)	\$ (115)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2020

Note 1. Budgets and Budgetary Accounting

The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements:

- 1) Prior to June 30th, the budget is approved by the Commission through passage of a resolution. The Commission may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
- 2) Formal budgetary integration is employed as a management control device during the year.
- 3) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- 4) All budget data presented in the accompanying financial statements includes the original and revised budgets as of June 30th.

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**

Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the Central Shenandoah Planning District Commission (the "Commission"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 13, 2020.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 13, 2020

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

To the Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Central Shenandoah Planning District Commission's (the "Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2020. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Report on Compliance for Each Major Federal Program (Continued)

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 13, 2020

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Granting Agency/Recipient State Agency	Federal CFDA Number	Cluster	Pass-through Identification Number	Federal Expenditures
U.S. Environmental Protection Agency				
Pass-through payments:				
Chesapeake Bay Program	66.466	N/A	16647	\$ 25,371
Total U.S. Department of Agriculture				<u>25,371</u>
U.S. Department of Commerce Economic Development Administration				
Direct payments:				
Economic Development Administration:				
Economic Development Support for Planning Organizations	11.302	N/A	N/A	<u>77,675</u>
Total U.S. Department of Commerce Economic Development Administration				<u>77,675</u>
U.S. Department of Transportation				
Direct payments:				
Federal Transit Formula Grants	50.507	Federal Transit Cluster	VA90X557-300	20,938
Federal Transit Formula Grants	50.507	Federal Transit Cluster	VA90X570-300	427,421
Federal Transit Formula Grants	50.507	Federal Transit Cluster	VA90X570-117	<u>447,282</u>
				895,641
Pass-through payments:				
Virginia Department of Transportation				
Highway Planning and Construction	20.205	Highway Planning and Construction Cluster	UPC 0000113098	57,998
Highway Planning and Construction	20.205	Highway Planning and Construction Cluster	UPC 0000113090	95,868
Highway Planning and Construction	20.205	Highway Planning and Construction Cluster	UPC 0000113082	<u>167,401</u>
Department of Rail & Public Transportation				
Highway Planning and Construction				
Highway Planning and Construction	20.205	Highway Planning and Construction Cluster	VA-2019-026-00	50,047
Highway Planning and Construction	20.205	Highway Planning and Construction Cluster	VA-2019-026-00	<u>51,393</u>
Formula Grants for Rural Areas	20.509	N/A	VA-2018-034	
Capital Purchases			VA-2017-026-01	12,312
Capital Cost of Contracting			VA-2018-034-01	205,022
Operating			VA-2019-023-01	<u>245,386</u>
				564,160
Total U.S. Department of Transportation				<u>1,781,068</u>
Appalachian Regional Commission				
Direct payments:				
Appalachian Local Development District Assistance	23.009	N/A	N/A	<u>40,256</u>
Total Appalachian Regional Commission				<u>40,256</u>
U.S. Department of Homeland Security				
Pass-through payments:				
Hazard Mitigation Grant	97.039	N/A	FEMA-DR-4291-VA-001	53,333
Hazard Mitigation Grant	97.047	N/A	PDM-2016-001	<u>2,528</u>
Total U.S. Department of Homeland Security				<u>55,861</u>
Total Expenditures of Federal Awards				<u>\$ 1,980,231</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting as contemplated by generally accepted accounting principles.

Note 2: Indirect Cost Rate

The entity did not elect to use the 10% de minimis indirect cost rate.

Note 3: Outstanding Loan Balances

At June 30, 2020, the Commission had no outstanding loan balances requiring disclosure.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SUMMARY OF COMPLIANCE MATTERS

June 30, 2020

As more fully described in the 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*, we performed tests of the Commission's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no findings relating to the major program tested**.
7. The program tested as major was:

<u>Name of Program</u>	<u>CFDA #</u>
Federal Transit Formula Grants	20.507

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The Commission was determined to be a **low-risk auditee**.

(Continued)

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None