

NORTHERN SHENANDOAH VALLEY  
REGIONAL COMMISSION

AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

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

## **OFFICERS**

Dennis M. Morris, Chairman  
Eric Lawrence, Vice Chairman  
Nora Belle Comer, Secretary/Treasurer

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June 30, 2021

Berryville	Mayor Jay Arnold	
Clarke County	Bev McKay	Brandon Stidham
Frederick County	Blaine Dunn Shawn Graber	Eric R. Lawrence Jay Tibbs
Front Royal	Letasha Thompson	Chris Brock
Luray	Ron Vickers	
Middletown	Carolyn Aliff	
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Shenandoah County	Dennis M. Morris Richard Neese	Conrad A. Helsley Joe Lehn
Stephens City	Linden Fravel	
Strasburg	Jocelyn Vena	
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Woodstock	Jacqueline Lambert	

## **EXECUTIVE DIRECTOR**

Brandon Davis

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

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**Dunham, Aukamp & Rhodes, PLC**  
*Certified Public Accountants*

4437 Brookfield Corporate Dr., Suite 205-D  
Chantilly, VA 20151

**INDEPENDENT AUDITOR'S REPORT**

To the Commissioners  
Northern Shenandoah Valley Regional Commission

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, fiduciary activities, and the aggregate remaining fund information of the Northern Shenandoah Valley Regional Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Northern Shenandoah Valley Regional 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, business-type activities, fiduciary activities and the aggregate remaining fund information of the Northern Shenandoah Valley Regional Commission as of June 30, 2021 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the Commission's net pension liability and related ratios, and the schedule of employer contributions on pages 4 through 7 and pages 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

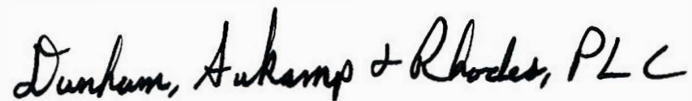
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Shenandoah Valley Regional Commission's basic financial statements. The schedules of revenues and expenses by project and the schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the schedule of revenues and expenses by project are the responsibility of management and were 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 and the schedule of revenues and expenses by project are 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 November 18, 2021, on our consideration of the Northern Shenandoah Valley Regional 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 Northern Shenandoah Valley Regional 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 Northern Shenandoah Valley Regional Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dunham, Aukamp & Rhodes, PLLC". The signature is written in a cursive, flowing style.

Certified Public Accountants  
Chantilly, Virginia

November 18, 2021

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL STATEMENTS  
FISCAL YEAR ENDING JUNE 30, 2021**

This section of the Northern Shenandoah Valley Regional Commission's (Commission) annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

**Overview of the Financial Statements**

In addition to this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, proprietary fund statements, fiduciary fund statements and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the Commission's finances. Within this view, Commission operations are categorized and reported as either governmental or business-type activities. Governmental activities include typical planning services and administration. The Commission's business-type activities include operation of the Regional Tire Operations Program, a regional tire shredding program. The Commission's fiduciary fund activities include capacity building and per capita allocation funding from the Department of Housing and Community Development Growth and Opportunity Initiative Program (GO Virginia). These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Commission.

**Required Financial Statements**

The Statement of Net Position (Page 8) focuses on resources available for future operations. In simple terms, this statement presents a snap shot view of the Commission's assets, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Government activities are reported on the accrual basis of accounting. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The net position for governmental activities from July 2020 to June 2021 increased by \$17,015. Of this amount, \$57,210 reflects a surplus of revenues over expenses with the balance being due to changes in VRS pension benefits reported per GASB 68 requirements. The GASB 68 adjustment of (\$40,195) was deducted from operational net income of \$57,210 resulting in the increase in net position of \$17,015 as of June 30, 2021.

The Statement of Activities (Page 9) focuses on gross and net costs of the Commission's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues. The Commission received unrestricted general revenues in the amount of \$75,971 from the Department of Housing and Community Development for annual planning district support in the fiscal year. Member jurisdiction contributions are the only other source of unrestricted funding available to the Commission. In fiscal year 2021 member contributions through a \$0.93 per capita assessment totaled \$217,740. The Commission incurred project expenses totaling \$1,445,734 and billed for services in the amount of \$1,310,369. The difference between these totals of (\$135,365) represents grant matching funds required and the support of indirect costs not covered by specific grants.

The Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 11) shows total fiscal year governmental expenses of \$1,547,913. Fiscal year 2020 showed expenditures of \$2,047,309 which shows a decrease of \$511,901 in fiscal year 2021. Revenues derived from charges for services in 2021 decreased in the amount of \$434,334. These changes can be largely attributed to reductions in pass through expenditures due to the timing of payment for WinFred MPO consulting contracts, local government on-call consulting contracts (regional procurement), and HOME distributions.

The total change in net position of (\$1,858) (Page 9) ties to the Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 11) and consists of a net change in the fund balance of \$67,422, less internal service funds reported with governmental activities on the Statement of Activities of (\$15,157), less a change in net annual leave of (\$10,577), plus \$4,500 shown as debt payments in excess of debt issued, less the amount by which capital outlays exceed depreciation of (\$4,135).

The \$4,500 represents the \$375/month no interest loan payments to the EDA for office renovations. The remaining (\$40,195) represents a fiscal year end GASB 68 adjustment to agree net pension assets, deferred outflows and inflows to the Virginia Retirement System (VRS). The Commission's VRS investments showed a net gain on investments this year. GASB 68 laws require disclosure of this within internal financial statements. This is a book entry and does not reflect a cash gain or affect the Commission's operational revenues and expenditures. It is not accessible for programmatic operations.

Fund financial statements (Pages 12–16) focus separately on proprietary funds generated through the Regional Tire Operations Program (RTOP). Governmental and Fiduciary fund statements follow the more traditional presentation of financial statements. Statements for the Commission's proprietary fund RTOP follow the governmental funds and include statements of net position; revenue, expenditures and changes in net position; and cash flow. Net cash provided by operating activities in fiscal year 2021 total \$17,549 (Page 14). Statements for the Commission's fiduciary fund follow the proprietary funds and include statements of net position and changes in net position.

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Commission's financial condition. The MD&A is intended to explain the significant changes in financial position and the differences in operation between the current year and prior year.

## Financial Analysis

	Summary Statements of Net Position					
	Governmental Activities		Business-Type Activities		Fiduciary Activities	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 741,724	\$ 740,320	\$ 648,692	\$ 613,210	\$162,244	\$ 58,730
Capital Assets (net)	60,976	65,112	410,253	478,735	-	-
Net Pension Asset	<u>62,844</u>	<u>199,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>865,544</u>	<u>1,004,700</u>	<u>1,058,945</u>	<u>1,091,945</u>	<u>165,244</u>	<u>58,730</u>
Deferred Outflows of Resources	<u>120,118</u>	<u>51,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities	265,799	321,241	5,209	23,052	162,244	58,730
Long-Term Liabilities	<u>19,371</u>	<u>23,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>285,170</u>	<u>345,112</u>	<u>5,209</u>	<u>23,052</u>	<u>162,244</u>	<u>58,730</u>
Deferred Inflows of Resources	<u>-</u>	<u>27,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Invested in Capital Assets	41,605	41,241	410,253	478,735	-	-
Unrestricted	<u>658,887</u>	<u>642,236</u>	<u>643,483</u>	<u>590,158</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 700,492</u>	<u>\$ 683,477</u>	<u>\$1,053,736</u>	<u>\$1,068,893</u>	<u>\$ -</u>	<u>\$ -</u>



The above Summary Statement of Net Position shows a change in net position from 2020 to 2021 based on three different types of activities. Governmental activities show an increase in net position of \$17,015, business-type activities (RTOP) show a decrease in net position of (\$15,157) and fiduciary activities, Growth and Opportunity funds for Virginia (GO Virginia) net to a zero-net position.

	Summary Statements of Activities					
	Governmental Activities		Business-Type Activities		Fiduciary Activities	
	2021	2020	2021	2020	2021	2020
Revenue						
Operating grants and contributions	\$ 293,711	\$ 290,657	\$ -	\$ -	\$693,761	\$451,577
Charges for services	1,310,369	1,760,725	116,154	125,260	-	-
GASB 68 adjustment	(40,195)	(6,441)	-	-	-	-
Interest income	531	4,192	1,012	8,713	-	-
Transfer of funds	<u>10,724</u>	<u>4,819</u>	<u>-</u>	<u>-</u>	<u>10,724</u>	<u>4,819</u>
Total Revenue	<u>1,575,140</u>	<u>2,053,952</u>	<u>117,166</u>	<u>133,973</u>	<u>704,485</u>	<u>456,396</u>
Expenses						
General and administrative	112,391	134,013	132,323	193,518	217,934	115,679
Project costs	<u>1,445,734</u>	<u>1,925,801</u>	<u>-</u>	<u>-</u>	<u>486,551</u>	<u>340,717</u>
Total Expenses	<u>1,558,125</u>	<u>2,059,814</u>	<u>132,323</u>	<u>193,518</u>	<u>704,485</u>	<u>456,396</u>
Change in net position	17,015	(5,862)	(15,157)	(59,545)	-	-
Net position, beginning of year	<u>683,477</u>	<u>689,339</u>	<u>1,068,893</u>	<u>1,128,438</u>	<u>-</u>	<u>-</u>
Net position, end of year	\$ <u>700,492</u>	\$ <u>683,477</u>	\$ <u>1,053,736</u>	\$ <u>1,068,893</u>	\$ <u>-</u>	\$ <u>-</u>

Charges for services under governmental activities decreased in Fiscal Year 2021 primarily due to the timing of disbursement for programmatic pass-through funding. Charges for services under business-type activities decreased by \$9,106 from last year as a result of decreased waste-tire processing through RTOP, largely attributable to workforce shortages.

## Capital Assets

Capital assets in the governmental funds consist of building renovations, furniture and equipment used in the governmental activities of the Commission. Currently, the Commission leases office space so capital assets are limited to office furniture and fixtures, computer and other equipment.

Included in proprietary fund fixed assets are the tire grinder and related electrical installation expenses.

## Debt

The cost associated with preparing the office location on Kendrick Lane for occupancy included construction and buildout which is secured by a loan with the property owner at no interest and payable at a fixed monthly amount of \$375 over the life of the lease period. This amount is paid with each lease payment. As of 6/30/2021 the outstanding balance of this loan was \$19,371.

### **Utilization of Local Member Jurisdiction per capita assessments:**

Each budget cycle, Commission staff allocates local member contributions to fund specific regional projects with no funding source and to provide local match obligations for grants such as the Transportation Demand Management (TDM) and the Rural Transportation Program. This budgeting process anticipates investments during the budget process and reserves the actual total investment (grant and matching funds) for a project at the beginning of the year. This is necessary to assure that the Commission does not over obligate its unrestricted funding and invests local funding in programs and projects that are pre-determined regional and local priorities. This process allows for increased transparency in tracking the final destination of local investments in the Commission.

In fiscal year 2021, the per capita assessments received from the Commission member jurisdictions were applied to the following programs in order to support Commission staff hours to administer them and to provide matching funds. The Commission utilized \$217,740 in local funds collected in addition to \$75,971 in unrestricted Planning District Commission support from the Department of Housing and Community Development funds to provide budgeted mandatory grant matching dollars and to provide support for the following programs and projects:

General Administration and Indirect Charges (Lease, Electric, etc.)	\$120,424
Economic Development Projects – Unfunded:	75,000
Community Development Projects – Unfunded:	30,000
Transportation Demand Management (Ridesmart) matching funds 20%:	28,287
Rural Transportation Program – 20% grant match:	14,500
Watershed Implementation Plan Phase III:	13,000
Shenandoah Valley Tourism Partnership:	5,000
Natural Resources Projects – Unfunded:	2,500
Hazard Mitigation Projects – Unfunded:	2,500
Regional Procurement (On-call Consultant Program) – Unfunded:	<u>2,500</u>
Total:	<u>\$293,711</u>

### **Contacting the Commission's Financial Management Staff**

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

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 509,353	\$ 621,831	\$ 1,131,184
Accounts receivable	129,113	26,861	155,974
Due from fiduciary fund	80,002	-	80,002
Prepaid expenses	23,256	-	23,256
Net pension asset	62,844	-	62,844
Capital assets, net	60,976	410,253	471,229
	<hr/>	<hr/>	<hr/>
Total Assets	865,544	1,058,945	1,924,489
	<hr/>	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions after the measurement date	18,753	-	18,753
Difference between expected and actual experience	49,570	-	49,570
Changes of assumptions	9,995	-	9,995
Net difference between projected and actual earnings on plan investments	41,800	-	41,800
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	120,118	-	120,118
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts payable	90,647	5,209	95,856
Accrued leave	54,100	-	54,100
Deferred revenue	121,052	-	121,052
Loan payable	19,371	-	19,371
	<hr/>	<hr/>	<hr/>
Total Liabilities	285,170	5,209	290,379
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	41,605	410,253	451,858
Unrestricted	658,887	643,483	1,302,370
	<hr/>	<hr/>	<hr/>
Total Net Position	<u>\$ 700,492</u>	<u>\$ 1,053,736</u>	<u>\$ 1,754,228</u>

See accompanying notes.

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities						
General government and administration	\$ 112,392	\$ -	\$ 293,711	\$ 181,319	\$ -	\$ 181,319
Projects	<u>1,445,733</u>	<u>1,310,369</u>	<u>-</u>	<u>(135,364)</u>	<u>-</u>	<u>(135,364)</u>
Total Governmental Activities	<u>1,558,125</u>	<u>1,310,369</u>	<u>293,711</u>	<u>45,955</u>	<u>-</u>	<u>45,955</u>
Business-Type Activities						
Regional Tire Operations Program	<u>132,323</u>	<u>116,154</u>	<u>-</u>	<u>-</u>	<u>(16,169)</u>	<u>(16,169)</u>
Total Business-Type Activities	<u>132,323</u>	<u>116,154</u>	<u>-</u>	<u>-</u>	<u>(16,169)</u>	<u>(16,169)</u>
Total Government	<u>\$ 1,690,448</u>	<u>\$ 1,426,523</u>	<u>\$ 293,711</u>	<u>45,955</u>	<u>(16,169)</u>	<u>29,786</u>
General revenues, special items and transfers:						
Investment earnings				531	1,012	1,543
GASB 68 pension expense				(40,195)	-	-
Transfer to fiduciary fund				<u>10,724</u>	<u>-</u>	<u>-</u>
Change in net position				17,015	(15,157)	1,858
Net position at beginning of year				<u>683,477</u>	<u>1,068,893</u>	<u>1,752,370</u>
Net position at end of year				<u>\$ 700,492</u>	<u>\$ 1,053,736</u>	<u>\$ 1,754,228</u>

See accompanying notes.

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2021**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 509,353
Accounts receivable	129,113
Due from fiduciary fund	80,002
Prepaid expenses	23,256
	<hr/>
Total Assets	\$ 741,724
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 90,647
Deferred revenue	121,052
	<hr/>
Total Liabilities	211,699
	<hr/>
<b>FUND BALANCE</b>	
Nonspendable	23,256
Unassigned	506,769
	<hr/>
Total Fund Balance	530,025
	<hr/>
Total Liabilities and Fund Balance	\$ 741,724
	<hr/>
Reconciliation of fund balances on the balance sheet for governmental funds to net position of governmental activities on the statement of net position:	
Fund balance - total governmental funds	\$ 530,025
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	60,976
Long-term liabilities and related deferred items are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet but are reported on the government-wide statement of net position	
Pension contributions	18,753
Difference between expected and actual experience	41,800
Net pension asset	62,844
Difference between expected and actual experience	49,570
Changes of assumptions	9,995
Compensated absences	(54,100)
Note payable	(19,371)
	<hr/>
Net Position of Governmental Activities	\$ 700,492
	<hr/>

See accompanying notes.

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

REVENUES

Grants and appropriations:	
Federal grants	\$ 885,351
State grants and appropriations	222,443
Local grants and appropriations	511,734
Other revenue:	
Interest	531
Miscellaneous	6,000
TOTAL REVENUES	<u>1,626,059</u>

EXPENDITURES

Current Operating:	
Contract services	767,841
Salaries	532,767
Employee benefits and payroll taxes	193,801
Rent	27,000
Computer costs	13,660
Dues and memberships	10,761
Professional fees	8,283
Communications	7,941
Equipment rental	5,218
Utilities	4,371
Insurance	4,671
Office supplies and expense	4,515
Other costs	4,514
Advertising	3,723
Office equipment and repair	3,039
Conferences and trainings	1,492
Meeting expenses	1,400
Travel	594
Less indirect expenses applied to fiduciary fund	(52,178)
Debt Service	
Principal	4,500
TOTAL EXPENDITURES	<u>1,547,913</u>

EXCESS OF REVENUES OVER EXPENDITURES 78,146

OTHER FINANCING SOURCES (USES)

Transfers (out) to fiduciary fund	<u>(10,724)</u>
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NET CHANGE IN FUND BALANCE 67,422

FUND BALANCE - Beginning of year 462,603

FUND BALANCE - End of year \$ 530,025

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

Net Change in Fund Balances - Total Government Funds \$ 67,422

The net revenue of internal service funds is reported with governmental activities on the statement of activities. (15,157)

Some expenses and benefits reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in GASB 68 pension benefit calculation	(40,195)
Change in long-term annual leave payable	(10,577)

Loan proceeds provide current financial resources to governmental funds, while the repayment of principal on debt is an expenditure in the governmental funds. Neither transaction, however, has an effect on net position. This is the amount by which debt payments exceeds debt issued. 4,500

All capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, for governmental activities those outlays are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceed depreciation in the period. (4,135)

Change in net position reported on the Statement of Activities \$ 1,858

See accompanying notes.

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2021**

	<u><b>Business Type Activities - Enterprise Fund</b></u>
	<b>Regional Tire Operations Program</b>
<b>ASSETS</b>	
Cash and investments	\$ 621,831
Accounts receivable	26,861
Capital assets, net	<u>410,253</u>
Total Assets	<u>1,058,945</u>
<b>LIABILITIES</b>	
Accounts payable	<u>5,209</u>
Total Liabilities	<u>5,209</u>
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	410,253
Unrestricted	<u>643,483</u>
Total Net Position	<u><u>\$ 1,053,736</u></u>
Total Liabilities and Net Position	<u><u>\$ 1,058,945</u></u>

See accompanying notes.

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		<u><b>Business Type Activities - Enterprise Fund</b></u>
		<b>Regional Tire Operations Program</b>
Operating Revenue		
Charges for service		\$ 116,154
Total Operating Revenue		<u>116,154</u>
Operating Expenses		
Operating costs		63,841
Depreciation		<u>68,482</u>
Total Operating Expenses		<u>132,323</u>
	Operating (Loss )	<u>(16,169)</u>
Non-Operating Revenues		
Interest income		<u>1,012</u>
	Total Non-Operating Revenues	<u>1,012</u>
	Change in Net Position	(15,157)
	Net Position - Beginning of Year	<u>1,068,893</u>
	Net Position - End of Year	<u><u>\$ 1,053,736</u></u>



**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Business Type Activities - Enterprise Fund**

	<b>Regional Tire Operations Program</b>
Cash flows from operating activities:	
Cash received from customers	\$ 99,233
Cash payments to suppliers	<u>(81,684)</u>
Net Cash Provided by Operating Activities	<u>17,549</u>
Cash flows from investing activities	
Interest income	<u>1,012</u>
Net Cash Used in Investing Activities	<u>1,012</u>
Change in Cash and Cash Equivalents	<u>18,561</u>
Cash and Cash Equivalents - Beginning of Year	<u>603,270</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 621,831</u></u>
Reconciliation of Operating (Loss)	
to Net Cash Provided by Operating Activities	
Operating (loss)	\$ (16,169)
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities:	
Depreciation	68,482
Change in accounts receivable	(16,921)
Change in accounts payable	<u>(17,843)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 17,549</u></u>

See accompanying notes.

**NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**JUNE 30, 2021**

	<b>Go Virginia</b>
	<b>Fund</b>
<b>ASSETS</b>	
Accounts receivable	\$ 162,244
Total assets	162,244
<b>LIABILITIES</b>	
Accounts payable	82,242
Due to general fund	80,002
Total liabilities	162,244
<b>NET POSITION</b>	\$ -

See accompanying notes.

**NORTHERN SHENENDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Go Virginia Fund</b>
ADDITIONS	
Contributions	\$ 693,761
Transfer from general fund	10,724
	<hr/>
Total Additions	704,485
	<hr/>
DEDUCTIONS	
Contractor services	486,551
Salaries	119,902
Employee benefits and payroll taxes	43,848
Professional fees	1,000
Computer software	365
Postage	293
Equipment rental	274
Conferences and meetings	74
Indirect expenses	52,178
	<hr/>
Total Deductions	704,485
	<hr/>
Change in Net Position	-
Net Position, Beginning of Year	-
	<hr/>
Net Position, End of Year	\$ -
	<hr/> <hr/>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - Organization and Summary of Accounting Policies

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

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

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

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

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

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

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

Fiduciary Funds account for operations of Region 8 of the Virginia Growth and Opportunity Regional Council (Council) that the Commission administers as a separate entity. This fund is accounted for in essentially the same manner as a proprietary fund type. The Council manages the GO Virginia initiative, which is an initiative by Virginia's senior business leaders to foster private-sector growth and job creation through state incentives for regional collaboration by business, education, and government.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

The accounting and reporting policies of the Commission relating to the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) the American Institute of Certified Public Accountants in the Publication entitled Audits of State and Local Government Units and by the Financial Accounting Standards Board (when applicable).

- (c) Revenue Recognition - Intergovernmental revenues, consisting primarily of Federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. The Commission considers grant revenue as earned when the grant expenditure is incurred. Contributions of the member governments are based on population and are assessed annually. There is also provision for special assessments when warranted. Funding received prior to expenditures being incurred are recognized as a deferred revenue liability.
- (d) Cash and Cash Equivalents - The Commission follows a deposit and investment policy in accordance with statutes of the Commonwealth of Virginia. Accordingly, the Commission is authorized to hold cash, checking accounts and certain investments. In addition to cash on deposit with private bank accounts, petty cash, and undeposited receipts, all of which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act, cash and cash equivalents includes cash on deposit with fiscal agents and short-term investments with the State Treasurer's Cash and Investment Pool (a governmental external investment pool). For purposes of the statement of cash flows, all highly liquid debt investments with a maturity of three months or less when purchased are considered to be cash equivalents. All other short-term investments are reported as investments.
- (e) Accounts Receivable - Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivables collectible at June 30, 2021, and no allowance for doubtful accounts has been provided.
- (f) Capital Assets - Property and equipment are recorded at cost for items exceeding \$1,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from five to thirty-nine years. Normal repairs and maintenance are expensed as incurred. Assets that have been purchased with grantor funds may revert to the grantor in the event the program is discontinued.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

- (g) Accrued Leave - Commission employees are granted vacation and sick leave in varying amounts. In the event of termination, the employee is reimbursed for accumulated vacation leave. Sick leave and vacation expenditures are recognized in the governmental fund to the extent it is paid during the year.
- (h) Deferred Revenue - The deferred revenue balance represents funds for local grants received in the current fiscal year and expected to be expended in the fiscal year ending June 30, 2021.
- (i) Use of Estimates - The presentation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (j) Deferred Outflows/Inflows of Resources - The Commission reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Per the actuarial report dated of June 30, 2020, the Commission has four items that qualify for reporting in this category. They are: the employer pension contributions made after the actuarial measurement date; the difference between expected and actual experience; changes of assumptions; and net differences between projected and actual earnings on plan investments. These items are reported as deferred outflows of resources at June 30, 2021.

The Commission reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period. The Commission had no items that qualify for reporting in this category. Deferred inflows of resources at June 30, 2021 was \$-0-.

- (k) Pension - 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 Commission's Retirement Plan and additions to/deductions from the Commission's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by 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.
- (l) Concentration of Credit Risk - Financial instruments that potentially expose the Commission to concentration of credit risk consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited to any one institution. The Commission maintains its cash in various bank deposits accounts which, at times, may exceed federally insured limits. The Commission has not experienced any losses in such accounts.
- (m) Advertising Costs - Advertising costs are expensed as incurred.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - Cash and Equivalents

State statute authorizes the Commission to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Cash and cash equivalents include amounts in demand deposits as well as short-term, highly liquid investments with a maturity date within three months of the date acquired by the Commission. Deposits are carried at cost, which approximates fair value. At year end, the carrying value of the governmental activities' money market account balance was \$25, the carrying value of the combined governmental activities' and fiduciary activities checking account balance was \$285,547, and the business-type activities checking account balance was \$95,338. The carrying value of the governmental activities' and business-type activities' Virginia Investment Pool account balances was \$750,274.

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

### NOTE 3 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental Activities:				
Building	\$ 93,510	\$ -	\$ -	\$ 93,510
Furniture and Equipment	59,081	-	-	59,081
Less: Accumulated Depreciation	<u>(87,480)</u>	<u>(4,135)</u>	<u>-</u>	<u>(91,615)</u>
Governmental Activities Capital Assets, net	<u>\$ 65,111</u>	<u>\$ (4,135)</u>	<u>\$ -</u>	<u>\$ 60,976</u>
Business-Type Activities:				
Vehicles and Equipment	\$677,152	\$ -	\$ -	\$677,152
Less: Accumulated Depreciation	<u>(198,417)</u>	<u>(68,482)</u>	<u>-</u>	<u>(266,899)</u>
Business-Type Activities Capital Assets, net	<u>\$478,735</u>	<u>\$ (72,617)</u>	<u>\$ -</u>	<u>\$410,253</u>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4 - Long-Term Obligations

The Commission leases office space in Front Royal, Virginia, under a fifteen-year lease agreement, which expires September 30, 2026. The lease calls for periodic rent increases over the lease term. Rental expense for all operating leases for the year ended June 30, 2021, was \$27,000.

Future minimum rental payments under these leases are as follows:

Years ending June 30,	
2022	\$ 27,000
2023	27,000
2024	29,250
2025	30,000
2026	30,000
Thereafter	<u>7,500</u>
Total minimum lease payments	<u>\$150,750</u>

The Commission's office lease included a provision whereby the landlord financed certain improvements to the office to be paid back in monthly installments of \$375 over the life of the lease. The note is non-interest bearing. The future scheduled maturities of the note payable are as follows:

Years ending June 30,	
2022	\$ 4,500
2023	4,500
2024	4,500
2025	4,500
2026	<u>1,371</u>
Total minimum payments	<u>\$ 19,371</u>

### NOTE 5 - Compliance with Grant Provisions

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



# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan

#### 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 Commission's Retirement Plan and the additions to/deductions from the Commission'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. Investment are reported at fair value.

#### Plan Description

All full-time, salaried permanent employees of the Commission are automatically covered by 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 a 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	PLAN 2	HYBRID RETIREMENT PLAN
<b>About Plan 1</b> 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.	<b>About Plan 2</b> Plan 2 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.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li><li>• 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.</li></ul>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

<p><b>Eligible Members</b> 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.</p> <p><b>Hybrid Opt-In Election</b> 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.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><b>Eligible Members</b> 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.</p> <p><b>Hybrid Opt-In Election</b> 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.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><b>About the Hybrid Retirement Plan (continued)</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• 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</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>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.</p>
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# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pretax 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.</p>	<p><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> 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</p>
<p><b>Service Credit</b> 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.</p>	<p><b>Service Credit</b> Same as Plan 1.</p>	<p><b>Service Credit</b> <u><b>Defined Benefit Component:</b></u> 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.</p> <p><u><b>Defined Contributions Component:</b></u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> 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.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u><b>Defined Benefit Component:</b></u> 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.</p>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

<p><b>Vesting (continued)</b> Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p><b>Vesting (continued)</b> <b><u>Defined Contributions Component:</u></b> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required, except as governed by law.</p>
<p><b>Calculating the Benefit</b> 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</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component:</u></b> See definition under Plan 1</p> <p><b><u>Defined Contribution Component:</u></b> 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.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

<p><b>Service Retirement Multiplier VRS:</b> 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%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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.</p>	<p><b>Service Retirement Multiplier VRS:</b> 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.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier Defined Benefit Component:</b> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>
<p><b>Normal Retirement Age VRS:</b> Age 65.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age Defined Benefit Component:</b> <b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility VRS:</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility Defined Benefit Component:</b> <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>Defined Benefit Component:</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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%.</p> <p><b>Eligibility:</b>  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.</p> <p>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.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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%.</p> <p><b>Eligibility:</b>  Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <b>Defined Benefit Component:</b>  Same as Plan 2.</p> <p><b>Defined Contribution Component:</b>  Not applicable.</p> <p><b>Eligibility:</b>  Same as Plan 1 and Plan 2.</p>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

<p><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• 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.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> <li>• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage</b> 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.</p>	<p><b>Disability Coverage</b> 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.</p>	<p><b>Disability Coverage</b> 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.</p> <p>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.</p>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

<p><b>Purchase of Prior Service</b> 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 toward 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.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>
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### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS VAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

### ***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	2
Inactive Members	
Vested	2
Non-vested	5
LTD	-
Active elsewhere in VRS	<u>7</u>
Total Inactive Members	14
Active Members	<u>9</u>
Total covered employees	<u>25</u>



# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

#### *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.

The Commission's contractually required employer contribution rate for the year ended June 30, 2021 was 4.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$18,573 and \$10,214 for the years ended June 30, 2021 and June 30, 2020, respectively.

#### *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. The Commission's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

#### *Actuarial Assumptions – General Employees*

The total pension liability for General Employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

- \* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2021; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2021; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to a more current mortality table – RP-2014 projected to 2021
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to a more current mortality table – RP-2014 projected to 2021
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

### *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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS – Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP – Private Investment Partnership	<u>3.00%</u>	6.49%	<u>0.19%</u>
Total	<u>100.00%</u>		<u>4.64%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.14%</u>

\* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 6 - Retirement Plan (Continued)

#### *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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial variations, whichever was greater. From July 1, 2020, 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.

#### **Change in the Net Pension Asset:**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances at June 30, 2019	\$1,184,752	\$1,384,020	\$(199,268)
Changes for the year:			
Service cost	58,178	-	58,178
Interest	78,193	-	78,193
Differences between expected and actual experience	65,451	-	65,451
Contributions – employer	-	10,214	(10,214)
Contributions – employee	-	29,653	(29,653)
Net investment income	-	26,453	(26,453)
Benefit payments, including refunds of employee contributions	(52,662)	(52,662)	-
Administrative expense	-	( 891)	891
Other changes	-	(31)	31
Net changes	149,160	12,736	136,424
Balances at June 30, 2020	<u>\$1,333,912</u>	<u>\$1,396,756</u>	<u>\$( 62,844)</u>

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

The following presents the net pension liability of the Commission using the discount rate of 6.75%, as well as what the 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% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Commission's Net Pension Liability	\$122,408	\$(62,844)	\$(211,849)

### *Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2021, the Commission recognized pension expense of \$60,512. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$49,570	\$ -
Changes of assumptions	9,995	-
Net difference between projected and actual earnings on plan investments	41,800	-
Employer contributions subsequent to the Measurement Date	<u>18,753</u>	<u>-</u>
Total	\$ <u>120,118</u>	\$ <u>-</u>

\$18,753 reported as deferred outflows of resources related to pensions resulting from 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future reporting periods as follows:

Year ending June 30,	
2022	\$41,452
2023	32,549
2024	14,063
2025	13,301
2026	-
Thereafter	-

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS (Concluded)

### NOTE 7 - Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total salaries. The fringe benefit rate for the fiscal year ended June 30, 2021 is calculated as follows:

Fringe benefit expense	<u>\$237,073</u>	
Total salaries	\$663,245	= 35.74%

Components of fringe benefit expense for the year ended June 30, 2021 are shown below:

Health, disability and life insurance	\$159,947
Payroll taxes	49,049
Retirement	<u>28,077</u>
Total Fringe Benefits	<u>\$237,073</u>

### NOTE 8 - 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, 2021 was calculated as follows:

Indirect costs	<u>\$240,632</u>	
Total direct salaries and fringe benefits	\$745,034	= 32.30%

The following indirect costs have been allocated to projects:

Salaries and fringe benefits	\$155,860
Rent	27,000
Computer services	11,300
Communications	7,282
Dues and subscriptions	7,271
Insurance	4,671
Utilities	4,371
Depreciation	4,135
Copier lease	3,695
COVID-19 expenses	3,421
Repairs and maintenance	3,007
Office supplies and expense	2,927
Bank fees	1,520
Meetings and conferences	1,400
Miscellaneous	1,082
Professional fees	850
Conferences and training	820
Travel	<u>20</u>
Total Indirect Costs	<u>\$240,632</u>

### NOTE 9 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 18, 2021, the date which the financial statements were available to be issued.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## Schedule of Revenues and Expenses by Project For the Year Ended June 30, 2021

	Commission Activities	Total Local Technical Assistance	Page County Broadband	Shenandoah County Transit System	Worlds of Work	HOME Program	Shenandoah Valley Tourism	VDRPT Ridesmart TDM Grant	VDOT Rural Trans- portation Planning Grant	MPO Highway and Transportation Planning	WIP Phase III FY21-22
REVENUES											
Federal grants	\$ -	\$ -	\$ -	\$ 4,475	\$ -	\$483,416	\$ -	\$ -	\$ 58,000	\$ 287,460	\$ -
State grants	75,971	-	-	-	-	-	-	110,537	-	35,935	-
Local governments	44,453	163,372	12,615	-	2,080	-	129,346	28,287	14,500	35,932	-
Other income	531	-	-	-	-	-	-	-	-	-	-
Total revenues	120,955	163,372	12,615	4,475	2,080	483,416	129,346	138,824	72,500	359,327	-
EXPENSES											
Salaries	62,563	69,416	6,193	-	202	32,286	3,085	74,650	39,932	86,661	3,209
Payroll taxes and benefits	20,887	24,752	2,199	-	72	11,465	1,095	26,508	14,179	30,773	1,140
Advertising	-	-	-	-	-	651	20	451	-	2,612	-
Computer software	-	753	235	-	-	-	-	-	260	938	-
Communications	-	-	-	-	-	-	-	659	-	-	-
Conferences and trainings	-	30	-	-	-	-	-	362	280	-	-
Contract services	-	19,229	167	4,475	-	424,009	118,927	1,375	-	199,660	-
Copier lease expense	295	805	125	-	-	36	6	33	15	166	-
Dues and memberships	-	-	-	-	-	-	-	3,403	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	31	-
Postage	-	12	56	-	-	-	-	-	-	-	-
Professional fees	-	925	33	-	-	925	-	925	925	925	-
Subscriptions and newspapers	-	-	-	-	-	-	-	-	-	-	29
Travel	-	239	-	-	-	-	-	-	30	-	-
Overhead and indirect costs	28,647	30,341	2,703	-	88	14,092	1,346	32,583	17,429	37,825	1,401
Total expenses	112,392	146,502	11,711	4,475	362	483,464	124,479	140,949	73,050	359,591	5,779
GASB 68 pension expense	(40,195)	-	-	-	-	-	-	-	-	-	-
Transfer to/from general funds	(10,724)	-	-	-	-	-	-	-	-	-	-
Revenues over (under) expenses	\$ (42,356)	\$ 16,870	\$ 904	\$ -	\$ 1,718	\$ (48)	\$ 4,867	\$ (2,125)	\$ (550)	\$ (264)	\$ (5,779)

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

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## Schedule of Revenues and Expenses by Project For the Year Ended June 30, 2021

	Watershed Implementation Plan Phase III	Water Planning	Solid Waste Manage- ment	RTOP	Total Governmental Projects	GO VA FY20 ERR Funds	FIDUCIARY GO VA Capacity Building	FIDUCIARY GO VA Per Capita Allocation	Total Fiduciary Projects	Totals
<b>REVENUES</b>										
Federal grants	\$ 52,000	\$ -	\$ -	\$ -	\$ 885,351	\$ -	\$ -	\$ -	\$ -	\$ 885,351
State grants	-	-	-	-	222,443	69,822	288,370	335,569	693,761	916,204
Local governments	13,000	35,868	32,281	-	511,734	-	-	-	-	511,734
Other income	-	-	-	6,000	6,531	-	-	-	-	6,531
Total revenues	<u>65,000</u>	<u>35,868</u>	<u>32,281</u>	<u>6,000</u>	<u>1,626,059</u>	<u>69,822</u>	<u>288,370</u>	<u>335,569</u>	<u>693,761</u>	<u>2,319,820</u>
<b>EXPENSES</b>										
Salaries	27,308	12,948	8,264	2,232	428,949	7,873	99,526	12,503	119,902	548,851
Payroll taxes and benefits	10,939	4,598	2,935	793	152,335	2,795	36,611	4,442	43,848	196,183
Advertising	-	-	-	-	3,734	-	-	-	-	3,734
Computer software	-	174	-	-	2,360	70	295	-	365	2,725
Communications	-	-	-	-	659	-	-	-	-	659
Conferences and trainings	-	-	-	-	672	-	74	-	74	746
Contract services	-	-	-	-	767,842	55,592	107,319	323,640	486,551	1,254,393
Copier lease expense	-	3	19	21	1,524	14	260	-	274	1,798
Dues and memberships	-	-	-	-	3,403	-	-	-	-	3,403
Maintenance	-	-	-	-	31	-	-	-	-	31
Postage	-	-	-	-	68	258	-	35	293	361
Professional fees	-	925	925	925	7,433	-	1,000	-	1,000	8,433
Subscriptions and newspapers	58	-	-	-	87	-	-	-	-	87
Travel	305	-	-	-	574	-	-	-	-	574
Overhead and indirect costs	11,767	5,651	3,607	974	188,454	3,436	43,285	5,457	52,178	240,632
Total expenses	<u>50,377</u>	<u>24,299</u>	<u>15,750</u>	<u>4,945</u>	<u>1,558,125</u>	<u>70,038</u>	<u>288,370</u>	<u>346,077</u>	<u>704,485</u>	<u>2,262,610</u>
GASB 68 pension expense	-	-	-	-	(40,195)	-	-	-	-	(40,195)
Transfer to/from general funds	-	-	-	-	(10,724)	216	-	10,508	10,724	-
Revenues over (under) expenses	<u>\$ 14,623</u>	<u>\$ 11,569</u>	<u>\$ 16,531</u>	<u>\$ 1,055</u>	<u>\$ 17,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,015</u>

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



# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## Schedule of Revenues and Expenses by Project (Local Technical Assistance Projects) For the Year Ended June 30, 2021

	<u>Strasburg STR Project</u>	<u>Regional Procurement</u>	<u>Tomsbrook Planning</u>	<u>Luray CDBG 2020</u>	<u>Boyce Website</u>	<u>Economic Develop Base Funding</u>	<u>Community Develop Base Funding</u>	<u>Hazard Mitigation Base Funding</u>	<u>Natural Resources Base Funding</u>	<u>Total Local Technical Assistance</u>
<b>REVENUES</b>										
Local governments	\$ 8,000	\$ 22,691	\$ 15,500	\$ 7,000	\$ 181	\$ 75,000	\$ 30,000	\$ 2,500	\$ 2,500	\$ 163,372
Total revenues	<u>8,000</u>	<u>22,691</u>	<u>15,500</u>	<u>7,000</u>	<u>181</u>	<u>75,000</u>	<u>30,000</u>	<u>2,500</u>	<u>2,500</u>	<u>163,372</u>
<b>EXPENSES</b>										
Salaries	4,190	1,779	9,913	10,139	-	24,613	17,103	124	1,555	69,416
Payroll taxes and benefits	1,488	632	3,520	3,600	-	8,798	6,114	44	556	24,752
Computer software	-	-	378	-	181	-	194	-	-	753
Conferences and training	30	-	-	-	-	-	-	-	-	30
Contract services	-	19,229	-	-	-	-	-	-	-	19,229
Copier lease expense	-	9	796	-	-	-	-	-	-	805
Postage	-	-	12	-	-	-	-	-	-	12
Professional fees	-	925	-	-	-	-	-	-	-	925
Travel	39	-	128	-	-	-	72	-	-	239
Overhead and indirect costs	1,829	777	4,327	4,425	-	10,767	7,482	54	680	30,341
	<u>7,576</u>	<u>23,351</u>	<u>19,074</u>	<u>18,164</u>	<u>181</u>	<u>44,178</u>	<u>30,965</u>	<u>222</u>	<u>2,791</u>	<u>146,502</u>
Revenues over (under) expenses	<u>\$ 424</u>	<u>\$ (660)</u>	<u>\$ (3,574)</u>	<u>\$ (11,164)</u>	<u>\$ -</u>	<u>\$ 30,822</u>	<u>\$ (965)</u>	<u>\$ 2,278</u>	<u>\$ (291)</u>	<u>\$ 16,870</u>

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

**Dunham, Aukamp & Rhodes, PLC**  
*Certified Public Accountants*

4437 Brookfield Corporate Dr., Suite 205-D  
Chantilly, VA 20151

**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  
Northern Shenandoah Valley Regional Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 governmental activities, the business-type activities, fiduciary activities and the aggregate remaining fund information of the Northern Shenandoah Valley Regional Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Northern Shenandoah Valley Regional Commission's basic financial statements, and have issued our report thereon dated November 18, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northern Shenandoah Valley Regional 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 Northern Shenandoah Valley Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Shenandoah Valley Regional 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

A handwritten signature in black ink that reads "Dunham, Aukamp & Rhodes, PLLC". The signature is written in a cursive, flowing style.

Certified Public Accountants  
Chantilly, Virginia

November 18, 2021

**Dunham, Aukamp & Rhodes, PLC**  
*Certified Public Accountants*

4437 Brookfield Corporate Dr., Suite 205-D  
Chantilly, VA 20151

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

To the Commissioners  
Northern Shenandoah Valley Regional Commission

**Report on Compliance for Each Major Federal Program**

We have audited Northern Shenandoah Valley Regional Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Shenandoah Valley Regional Commission's major federal programs for the year ended June 30, 2021. Northern Shenandoah Valley Regional Commission's major federal programs are 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 each of Northern Shenandoah Valley Regional Commission's major federal programs 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; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; 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 Northern Shenandoah Valley Regional Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In our opinion, Northern Shenandoah Valley Regional 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, 2021.

## Report on Internal Control over Compliance

Management of Northern Shenandoah Valley Regional 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 Northern Shenandoah Valley Regional Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Northern Shenandoah Valley Regional Commission's internal control over compliance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing 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



Certified Public Accountants  
Chantilly, Virginia

November 18, 2021

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>Major Program</b>					
Department of Housing and Urban Development					
Pass through payment - City of Winchester					
HOME Program		14.239		\$ 424,009	\$ 483,416
<b>Other Federal Awards</b>					
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction		20.205		-	193,621
Department of Transportation - Rural Transportation Funding					
Pass through payment - Virginia Department of Transportation (VDOT)					
Highway Planning and Construction - SPR Highway Administration Funds		20.205		-	58,000
Department of Transportation - MPO Funding					
Pass through payment - Virginia Department of Rail and Public Transportation (VDRPT)					
Federal Transit Authority Funds	46021-14	20.505		-	78,495
Federal Transit Authority Funds	46020-14	20.505		-	15,344
Department of Rail and Public Transportation -					
Review of Service Policies for Shenandoah County	VA-2019-023-03	20.509		-	4,475
Department of Environmental Quality					
Chesapeake Bay Regulatory and					
Accountability Program (CBRAP)	DEQ Contract 17029	66.466		-	52,000
Total Expenditures of Federal Awards				<u>\$ -</u>	<u>\$ 885,351</u>

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Northern Shenandoah Valley Regional Commission (the Commission) for the year ended June 30, 2020. 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 operation of the Commission, it is not intended to and does not present the financial position, change in net position, or cash flows of the Commission. The Commission's fiscal year does not parallel the federal government's fiscal year. This should be considered when reconciling amounts reported on this schedule.

**NOTE 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.

**NOTE 3 - Subrecipients**

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

		<u>Subrecipient Name</u>	<u>Amount Provided</u>
HOME Program	14.239	Habitat for Humanity	\$ 185,000
		Blue Ridge Housing Network	87,112
		Faithworks, Inc.	86,062
		AIDS Response Effort	58,685
		Shenandoah Alliance	7,150
			<u>\$ 424,009</u>

**NOTE 4 - Indirect Cost Rate**

The Commission has elected not to use the 10% de minimus indirect cost rate.



**Northern Shenandoah Valley Regional Commission**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified \_\_\_\_\_ Yes   X   No

- Significant deficiency(ies) identified \_\_\_\_\_ Yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified \_\_\_\_\_ Yes   X   No

- Significant deficiency(ies) identified \_\_\_\_\_ Yes   X   none reported

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

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

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Program

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GOVERNMENTAL AND FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grants and appropriations:				
Federal grants	\$838,000	\$838,000	\$ 885,351	\$ 47,351
State grants and appropriations	284,627	284,627	222,443	(62,184)
Fiduciary grants	675,924	675,924	693,761	17,837
Local grants and appropriations	390,388	390,388	511,734	121,346
Private grants	110,000	110,000	-	(110,000)
Other revenue:				
Interest	-	-	531	531
Miscellaneous	-	-	6,000	6,000
TOTAL REVENUES	<u>2,298,939</u>	<u>2,298,939</u>	<u>2,319,820</u>	<u>20,881</u>
EXPENDITURES				
Current Operating:				
Contract services	1,255,372	1,255,372	1,254,392	(980)
Salaries	655,443	655,443	652,669	(2,774)
Employee benefits and payroll taxes	237,073	237,073	237,649	576
Rent	27,000	27,000	27,000	-
Computer costs	19,150	19,150	14,025	(5,125)
Dues and memberships	11,400	11,400	10,761	(639)
Professional fees	11,125	11,125	9,283	(1,842)
Communications	8,580	8,580	7,941	(639)
Equipment rental	6,000	6,000	5,492	(508)
Office supplies and expense	5,330	5,330	4,808	(522)
Insurance	4,671	4,671	4,671	-
Other costs	4,500	4,500	4,514	14
Utilities	7,000	7,000	4,371	(2,629)
Advertising	3,550	3,550	3,723	173
Office equipment and repair	2,300	2,300	2,160	(140)
Conferences and trainings	1,700	1,700	1,566	(134)
Meetings	1,500	1,500	1,400	(100)
Information technology services	5,000	5,000	879	(4,121)
Travel	350	350	594	244
Debt Service	-	-	4,500	4,500
TOTAL EXPENDITURES	<u>2,267,044</u>	<u>2,267,044</u>	<u>2,252,398</u>	<u>(14,646)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 31,895</u>	<u>\$ 31,895</u>	<u>\$ 67,422</u>	<u>\$ 6,235</u>
FUND BALANCE - Beginning of year			462,603	
FUND BALANCE - End of year			<u>\$ 530,025</u>	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities				
Net Change in Fund Balance - Total Government Funds			\$ 67,422	
Effect of GASB 68 pension benefit not budgeted			(40,195)	
Debt payments in excess of debt issued			4,500	
Change in long-term annual leave payable			(10,577)	
The amount by which capital outlays exceed depreciation in the period			<u>(4,135)</u>	
Change in net position reported on the Statement of Activity			<u>\$ 17,015</u>	

See accompanying notes.



**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**FOR THE PLAN YEARS ENDED JUNE 30,**

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 58,178	\$ 51,298	\$ 49,236	\$ 56,358	\$ 48,105	\$ 45,118	\$ 49,766
Interest on total pension liability	78,193	71,839	66,516	67,540	62,560	62,958	58,757
Differences between expected and actual experience	65,451	24,396	11,173	(69,580)	10,160	(64,505)	-
Changes in assumptions	-	36,645	-	(18,931)	-	-	-
Benefit payments	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
<b>Net change in total pension liability</b>	<b>149,160</b>	<b>132,770</b>	<b>76,589</b>	<b>(14,322)</b>	<b>71,175</b>	<b>(5,287)</b>	<b>60,357</b>
<b>Total pension liability - beginning</b>	<b>1,184,752</b>	<b>1,051,982</b>	<b>975,393</b>	<b>989,715</b>	<b>918,540</b>	<b>923,827</b>	<b>863,470</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 1,333,912</b>	<b>\$ 1,184,752</b>	<b>\$ 1,051,982</b>	<b>\$ 975,393</b>	<b>\$ 989,715</b>	<b>\$ 918,540</b>	<b>\$ 923,827</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 10,214	\$ 9,583	\$ 13,396	\$ 12,923	\$ 29,407	\$ 27,344	\$ 40,387
Contributions - employee	29,653	26,337	24,189	23,570	24,451	22,803	23,594
Net investment income	26,453	87,515	91,178	135,578	19,297	47,970	141,207
Benefits payments	(52,662)	(51,408)	(50,336)	(49,709)	(49,650)	(48,858)	(48,166)
Administrative expense	(891)	(859)	(781)	(781)	(669)	(647)	(741)
Other	(31)	(55)	(81)	(121)	(8)	(10)	7
<b>Net change in plan fiduciary net position</b>	<b>12,736</b>	<b>71,113</b>	<b>77,565</b>	<b>121,460</b>	<b>22,828</b>	<b>48,602</b>	<b>156,288</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,384,020</b>	<b>1,312,907</b>	<b>1,235,342</b>	<b>1,113,882</b>	<b>1,091,054</b>	<b>1,042,452</b>	<b>886,164</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,396,756</b>	<b>\$ 1,384,020</b>	<b>\$ 1,312,907</b>	<b>\$ 1,235,342</b>	<b>\$ 1,113,882</b>	<b>\$ 1,091,054</b>	<b>\$ 1,042,452</b>
Commission's Net Pension Asset - ending (a)-(b)	\$ (62,844)	\$ (199,268)	\$ (260,925)	\$ (259,949)	\$ (124,167)	\$ (172,514)	\$ (118,625)
Plan fiduciary net position as a percentage of the total pension asset	104.71%	116.82%	124.80%	126.65%	112.55%	118.78%	112.84%
Covered - employee payroll	\$ 634,023	\$ 580,502	\$ 516,833	\$ 489,432	\$ 542,277	\$ 483,500	\$ 400,449
Commission's net pension asset as percentage of covered payroll	-9.91%	-34.33%	-50.49%	-53.11%	-22.90%	-35.68%	-24.53%

See accompanying notes

**NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEARS ENDED JUNE 30, 2012 THROUGH 2021**

Date	Contractually Required Contributions (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 29,647	\$ 18,753	\$ 10,894	\$ 663,245	2.83%
2020	14,075	10,214	3,861	634,023	1.61%
2019	12,887	10,031	2,856	580,502	1.73%
2018	14,988	13,396	1,592	516,833	2.59%
2017	14,194	12,923	1,271	489,432	2.64%
2016	32,374	29,407	2,967	542,277	5.42%
2015	28,865	27,344	1,521	483,500	5.66%
2014	33,878	39,567	(5,689)	400,449	9.88%
2013	36,749	38,205	(1,456)	434,387	8.80%
2012	44,259	49,415	(5,156)	402,718	12.27%

See accompanying notes.

# NORTHERN SHENANDOAH VALLEY REGIONAL COMMISSION

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### NOTE 1 - Change of Benefit Terms

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

### NOTE 2 - Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%