

COMMONWEALTH REGIONAL COUNCIL

AUDIT REPORT

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Council Members
Commonwealth Regional Council
Farmville, Virginia 23901

We have audited the accompanying financial statements of the governmental activities of Commonwealth Regional Council (the "Council"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council'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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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.

-MEMBERS-
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Commonwealth Regional Council as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate 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 other supplementary schedules as listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.


Certified Public Accountants

South Boston, Virginia
November 12, 2019

Within this section of the Council's annual financial report, the Council's management provides narrative discussion and analysis of the financial activities of the Council for the fiscal year ended June 30, 2019. The Council's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

- The Council's assets exceeded its liabilities by \$136,846.30 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets of \$3,529.25 include property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$133,317.05 represent the portion available to maintain the continuing obligations to citizens and represented localities.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Council's basic financial statements. The basic financial statements include: Council-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Council also includes in this report additional information to supplement the basic financial statements.

Council-Wide Financial Statements

The Council's annual report includes two Council-wide financial statements. These statements provide both long-term and short-term information about the Council's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these Council-wide statements is the Statement of Net Assets. This is the Council-wide statement of financial position presenting information that includes all of the Council's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council as a whole is improving or deteriorating. Evaluation of the overall economic health of the Council would extend to the financial information provided in this report.

The second Council-wide statement is the Statement of Activities which reports how the Council's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Council's distinct activities or functions on revenues provided by the various governmental agencies and represented localities.

Both Council-wide financial statements distinguish activities of the Council that are principally supported by intergovernmental revenues, such as grants and dues.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Council uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the Council-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis of the Council as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Council as a whole. Comparative data can be accumulated and presented to assist in this analysis.

General Fund Budgetary Highlights

The Council's budget for total expenditures for fiscal year 2019 was approximately \$392,008 and \$434,871 for total revenues. Pages 7 through 9 of Management's Discussion and Analysis provide a schedule of actual versus budget for fiscal year 2019. One variance of note is the difference between actual and budgeted salaries. This variance does not reflect a difference in the actual salaries paid; rather it represents a difference between accrued employee benefits such as vacation, sick and compensatory time from year to year.

Capital Assets

During the year ended June 30, 2017 the Council expended \$1,536.00 for new computers. This expenditure was capitalized and will be depreciated over a period of seven years beginning the year ended June 30, 2017 and continuing through the year ended June 30, 2023. The Council's investment in capital assets, net of accumulated depreciation, as of June 30, 2019 was \$3,529.25.

Deferred Outflows and Inflows of Resources and Net Pension Liability

For the year ended June 30, 2019 the Council complied with GASB Statement No. 68, *Accounting and Financial Reporting For Pensions – An Amendment of GASB Statement No. 27*. Deferred outflows of resources represent the actual pension expense incurred by the Council for June 30, 2019. Deferred inflows of resources represent the net difference between projected and actual earnings on plan investments calculated by Cavanaugh Macdonald Consulting, LLC for their Report on the Actuarial Valuation for Commonwealth Regional Council prepared as of June 30, 2018. Net Pension Liability was also calculated by Cavanaugh Macdonald Consulting, LLC for their Report on the Actuarial Valuation for Commonwealth Regional Council prepared as June 30, 2018.

Financial Analysis of the Council as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Council as a whole.

The Council's net assets at fiscal year-end are \$136,846.30. This is a \$88,121.63 increase from last year's net assets of \$48,724.67. The following table provides a summary of the Council's net assets at June 30:

Summary of Net Assets (dollars are in thousands)

	ACTIVITIES			
	<u>2019</u>	<u>2018</u>	<u>Amount Change</u>	<u>Percent Change</u>
Current and other assets	\$ 607,690.62	\$ 543,691.99	\$ 63,998.63	10.53%
Capital assets	<u>3,529.25</u>	<u>4,602.25</u>	<u>(1,073.00)</u>	-30.40%
Total Assets	<u>611,219.87</u>	<u>548,294.24</u>	<u>62,925.63</u>	10.30%
Other liabilities				
Total Liabilities	<u>474,373.57</u>	<u>499,569.57</u>	<u>(25,196.00)</u>	-5.31%
Net assets:				
Invested in capital assets, net of related debt	<u>3,529.25</u>	<u>4,602.25</u>	<u>(1,073.00)</u>	-30.40%
Unrestricted	<u>133,317.05</u>	<u>44,122.42</u>	<u>89,194.63</u>	66.90%
Total Net Assets	<u>\$ 136,846.30</u>	<u>\$ 48,724.67</u>	<u>\$ 88,121.63</u>	64.39%

The Council reported a positive balance in net assets for Council activities. Net assets increased \$88,121.63 for Council activities. The Council's overall financial position improved during fiscal year 2019.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the Council's changes in net assets for the year ended June 30.

Summary of Changes in Net Assets

	<u>Council Activities</u>		<u>Amount</u>	<u>Percent</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Change</u>
Revenues:				
Program revenues:				
State and local				
Contribution	\$ 435,325.88	\$ 318,876.41	\$ 116,449.47	26.75%
TOTAL REVENUES	435,325.88	318,876.41	116,449.47	26.75%
Expenses:				
Program expenses:				
Personnel compensation	149,740.58	122,678.85	27,061.73	18.07%
Direct fringe benefits	73,071.14	60,680.72	12,390.42	16.96%
Other direct expenses	60,786.51	-	60,786.51	100.00%
Indirect costs	63,606.02	49,807.07	13,798.95	21.69%
TOTAL EXPENSES	347,204.25	233,166.64	114,037.61	32.84%
Increase (Decrease)				
In net assets	88,121.63	85,709.77	2,411.86	2.74%
Beginning net assets	48,724.67	(36,985.10)	85,709.77	175.91%
ENDING NET ASSETS	<u>\$ 136,846.30</u>	<u>\$ 48,724.67</u>	<u>\$ 88,121.63</u>	64.39%

Capital Assets

The Council's investment in capital assets, net of accumulated depreciation, as of June 30, 2019 was \$3,529.25. The total decrease in this net investment was \$1,073.

General Fund Budgetary Highlights

The Council's budget for fiscal year 2019 was approximately \$392,008. This was an increase of \$82,993 from the previous year Council budget. Pages 7 through 9 of Managements' Discussion and Analysis provides a schedule of actual versus budget for fiscal year 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Commonwealth Regional Council

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Local Member Investment			
Amelia Local Member Investment	\$ 19,000.00	\$ 19,000.00	\$ -
Buckingham Local Member Investment	19,000.00	19,000.00	-
Charlotte Local Member Investment	19,000.00	19,000.00	-
Prince Edward Local Member Investment	19,000.00	19,000.00	-
Lunenburg Local Member Investment	19,000.00	19,000.00	-
Total Local Member Investment	<u>95,000.00</u>	<u>95,000.00</u>	<u>-</u>
Project Funding			
VA Regional Cooperation	75,971.00	75,971.00	-
Lun/Kenbr/Vict Comprehensive Plan Update	24,000.00	24,000.00	-
CCH Evergreen VDOT Sidewalk Project	12,000.00	12,000.00	-
Drakes Branch CDBG Economic Assessment PG	-	800.00	(800.00)
Dillwyn CDBG Housing Rehab Project	7,100.00	18,500.00	(11,400.00)
Phenix VDH-ODW Water System Project	4,400.00	9,000.00	(4,600.00)
VDEM Regional Emergency Plan	30,723.82	30,000.00	723.82
EDA CEDS Grant	59,900.01	60,000.00	(99.99)
Drakes Branch DCR Technical Assistance	800.00	800.00	-
DEQ WIP Assistance	50,000.00	50,000.00	-
Amelia County VDH-ODW Water System	702.00	-	702.00
Keysville Comprehensive Plan	12,500.00	-	12,500.00
Farmville VDOT Admin Assistance	1,701.00	-	1,701.00
Total Project Funding	<u>279,797.83</u>	<u>281,071.00</u>	<u>(1,273.17)</u>
Other Funding			
VDOT Rural Transportation Planning	57,999.99	58,000.00	(0.01)
Interest Income	2,528.06	800.00	1,728.06
Total Other Funding	<u>60,528.05</u>	<u>58,800.00</u>	<u>1,728.05</u>
Total Revenues	<u>\$ 435,325.88</u>	<u>\$ 434,871.00</u>	<u>\$ 454.88</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenses			
Office Operations			
Cleaning & Maint.-Bldg	\$ 1,530.00	\$ 1,600.00	\$ (70.00)
Lease Costs	10,800.00	10,800.00	-
Utilities	1,421.86	2,520.00	(1,098.14)
Telephone/Internet Costs	3,692.06	3,400.00	292.06
Postage and Freight	1,401.49	1,600.00	(198.51)
Express Mail	81.34	100.00	(18.66)
Consumable Supplies	3,937.98	4,000.00	(62.02)
Dues and Subscriptions	336.75	325.00	11.75
Office Insurance	100.00	100.00	-
Administrative Costs	7,450.36	6,826.00	624.36
Office Costs - Other	61.17	50.00	11.17
Total Office Operations	<u>30,813.01</u>	<u>31,321.00</u>	<u>(507.99)</u>
Office Equipment			
Office Equipment	2,581.09	4,850.00	(2,268.91)
Equipment Maintenance	2,294.00	2,400.00	(106.00)
Equipment Repair	50.00	500.00	(450.00)
Equipment - Other	561.72	350.00	211.72
Total Office Equipment	<u>5,486.81</u>	<u>8,100.00</u>	<u>(2,613.19)</u>
Auto/Staff Travel			
Staff Mileage	5,258.25	4,500.00	758.25
Total Auto/Staff Travel	<u>5,258.25</u>	<u>4,500.00</u>	<u>758.25</u>
Meetings/Membership			
Council Meetings	2,240.54	3,200.00	(959.46)
Committee Meetings	-	400.00	(400.00)
Staff Meetings	401.69	200.00	201.69
Council Memberships	3,250.00	3,250.00	-
Public Official Insurance Coverage	275.00	275.00	-
Total Meetings/Membership	<u>6,167.23</u>	<u>7,325.00</u>	<u>(1,157.77)</u>
Collateral Materials			
Web Page Costs	355.45	336.00	19.45
Total Collateral Materials	<u>355.45</u>	<u>336.00</u>	<u>19.45</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Commonwealth Regional Council

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Personnel Costs			
Salaries	\$ 170,337.64 *	\$ 196,259.00	\$ (25,921.36)
Payroll Taxes (SS/FICA)	14,803.93	15,014.00	(210.07)
State Unemployment	1,772.04	1,200.00	572.04
VRS Contribution**	16,526.08 **	28,753.00	(12,226.92)
Staff Memberships	-	35.00	(35.00)
Staff Training/Conferences	4,968.63	2,700.00	2,268.63
Workmen's Compensation Insurance	500.00	515.00	(15.00)
Group Health Insurance	27,896.97	33,050.00	(5,153.03)
Life Insurance	458.70	500.00	(41.30)
Total Personnel Costs	<u>237,263.99</u>	<u>278,026.00</u>	<u>(40,762.01)</u>
Local Relations			
Newsletter/Annual Report	-	600.00	(600.00)
Total Local Relations	<u>-</u>	<u>600.00</u>	<u>(600.00)</u>
Other Program Costs			
Other Programs	60,402.51	60,000.00	402.51
Planning Project Costs	384.00	1,800.00	(1,416.00)
Total Other Program Costs	<u>60,786.51</u>	<u>61,800.00</u>	<u>(1,013.49)</u>
Depreciation	<u>1,073.00</u>	<u>-</u>	<u>1,073.00</u>
Total Expenses	<u>\$ 347,204.25</u>	<u>\$ 392,008.00</u>	<u>\$ (44,803.75)</u>

** - The actual expense for VRS was \$27,635.08 for the year ended June 30, 2019. The adjustment arose from the requirements of GASB Statement No. 68. The \$16,526.08 was calculated by Cavanaugh Macdonald Consulting, LLC in their Report on the Actuarial Valuation prepared as of June 30, 2018. This calculated pension expense includes changes in the total pension liability resulting from current-period service cost, interest on the total pension liability, and changes of benefit terms.

* - This variance does not reflect a difference in the actual salaries paid; rather it represents a difference between accrued employee benefits such as vacation, sick and compensatory time from year to year.

COMMONWEALTH REGIONAL COUNCIL
STATEMENT OF NET ASSETS
June 30, 2019

Exhibit A

ASSETS

Current assets:		
Cash in banks		\$ 527,153.13
Accounts receivable		48,768.13
Prepaid expenses		2,719.36
Deferred outflows of resources		29,050.00

TOTAL CURRENT ASSETS		<u>607,690.62</u>
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Non-current assets:

Capital assets:

Furniture and fixtures	\$ 27,926.07	
Equipment and software	70,520.39	
	<u>98,446.46</u>	
Less: accumulated depreciation	94,917.21	<u>3,529.25</u>

TOTAL ASSETS		<u>\$ 611,219.87</u>
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LIABILITIES

Current liabilities:

Accounts payable		\$ 3,721.84
Payroll taxes withheld and accrued		116.16
Deferred inflows of resources		20,013.00
Accrued employees' fringe benefits		<u>53,227.57</u>

TOTAL CURRENT LIABILITIES		<u>77,078.57</u>
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Long term liabilities:

Net pension liability		<u>397,295.00</u>
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TOTAL LONG TERM LIABILITIES		<u>397,295.00</u>
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NET ASSETS

Investment in capital assets, net of depreciation		3,529.25
Unrestricted		<u>133,317.05</u>

TOTAL NET ASSETS		<u>\$ 136,846.30</u>
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See accompanying notes to financial statements.

COMMONWEALTH REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit B

Activities:

Personnel compensation	\$ 149,740.58
Direct fringe benefits	73,071.14
Other direct expenses	60,786.51
Indirect cost	<u>63,606.02</u>
Total Activities	<u>347,204.25</u>

General Revenues:

State and local cash contributions	<u>435,325.88</u>
Total General Revenues	<u>435,325.88</u>
Change in Net Assets	<u>88,121.63</u>

Net Assets - Beginning	<u>48,724.67</u>
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Net Assets - Ending	<u><u>\$ 136,846.30</u></u>
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See accompanying notes to financial statements.

COMMONWEALTH REGIONAL COUNCIL
BALANCE SHEET
June 30, 2019

Exhibit C

ASSETS

Current assets:		
Cash in banks	\$	527,153.13
Accounts receivable		48,768.13
Prepaid expenses		2,719.36
Deferred outflows of resources		<u>29,050.00</u>

TOTAL CURRENT ASSETS		<u>607,690.62</u>
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Fixed assets:		
Furniture and fixtures	\$	27,926.07
Equipment and software		<u>70,520.39</u>
		98,446.46
Less: accumulated depreciation		<u>94,917.21</u>
		<u>3,529.25</u>
	\$	<u>611,219.87</u>

LIABILITIES

Current liabilities:		
Accounts payable	\$	3,721.84
Payroll taxes withheld and accrued		116.16
Deferred inflows of resources		20,013.00
Accrued employees' fringe benefits		<u>53,227.57</u>

TOTAL CURRENT LIABILITIES		<u>77,078.57</u>
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Long term liabilities:		
Net pension liability		<u>397,295.00</u>

TOTAL LONG TERM LIABILITIES		<u>397,295.00</u>
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RESERVES AND FUND BALANCE

Investment in fixed assets		3,529.25
Fund balance (deficit):		
State and local - completed projects	\$	57,674.35
Continuing projects		<u>75,642.70</u>
		133,317.05

TOTAL RESERVES AND FUND BALANCE		<u>136,846.30</u>
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\$	<u>611,219.87</u>
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See accompanying notes to financial statements.

COMMONWEALTH REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For The Year Ended June 30, 2019

Exhibit D

	<u>Completed Projects</u>			
	<u>State and Local</u>	<u>Virginia Department of Transportation</u>	<u>Amelia County VDH-ODW Water System Improv Project</u>	<u>Lunenburg/ Kenbridge/ Victoria Comprehensive Plan Update</u>
Revenues:				
State and Local Cash				
Contributions:	\$ 173,499.06	\$ 57,999.99	\$ 702.00	\$ 24,000.00
Total Revenue	<u>173,499.06</u>	<u>57,999.99</u>	<u>702.00</u>	<u>24,000.00</u>
Expenses:				
Direct Personnel Compensation	14,651.34	40,781.41	295.67	11,987.21
Fringe Benefits	<u>7,146.36</u>	<u>19,897.27</u>	<u>146.14</u>	<u>5,853.00</u>
Total Personnel Cost	21,797.70	60,678.68	441.81	17,840.21
Other Direct Expenses	384.00	-	-	-
Indirect Cost	<u>6,220.67</u>	<u>17,319.92</u>	<u>127.21</u>	<u>5,094.84</u>
Total Expenses	<u>28,402.37</u>	<u>77,998.60</u>	<u>569.02</u>	<u>22,935.05</u>
Excess (Deficiency) of Revenues Over Expenses	145,096.69	(19,998.61)	132.98	1,064.95
Fund Balance Transferred (Deficit) July 1, 2018	<u>122,664.25</u>	<u>-</u>	<u>-</u>	<u>(23,795.99)</u>
Fund Balance (Deficit) June 30, 2019	<u>\$ 267,760.94</u>	<u>\$ (19,998.61)</u>	<u>\$ 132.98</u>	<u>\$ (22,731.04)</u>

See accompanying notes to financial statements.

COMMONWEALTH REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For The Year Ended June 30, 2019

Exhibit D

<u>Completed Projects</u>				
DEQ/CRC Phase 3 WIP Assistance	Town of Drakes Branch DCR Technical Assistance	CRC/EDA Grant Agreement CRC CEDS	Town of Farmville VDOT Admin Assistance	VDEM Regional Emergency Plan
<u>\$ 50,000.00</u>	<u>\$ 800.00</u>	<u>\$ 59,900.01</u>	<u>\$ 1,701.00</u>	<u>\$ 30,723.82</u>
50,000.00	800.00	59,900.01	1,701.00	30,723.82
6,669.47	1,647.84	26,497.82	313.70	12,552.39
3,251.67	803.78	12,933.59	153.45	6,123.36
9,921.14	2,451.62	39,431.41	467.15	18,675.75
-	-	60,402.51	-	-
2,830.47	699.67	11,258.27	133.57	5,330.18
12,751.61	3,151.29	111,092.19	600.72	24,005.93
37,248.39	(2,351.29)	(51,192.18)	1,100.28	6,717.89
(395.70)	(1,634.31)	(13,636.01)	(948.98)	511.23
<u>\$ 36,852.69</u>	<u>\$ (3,985.60)</u>	<u>\$ (64,828.19)</u>	<u>\$ 151.30</u>	<u>\$ 7,229.12</u>

COMMONWEALTH REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For The Year Ended June 30, 2019

Exhibit D

Continuing Projects

	Town of Dillwyn Transportation Enhancement Project	Charlotte Court House VDOT Evergreen Road Sidewalk	STEPS VHDA CIG	DEQ/CRC Phase 3 WIP Assistance II	Town of Dillwyn CDBG Housing Rehab Project
Revenues:					
State and Local Cash					
Contributions:	\$ -	\$ 12,000.00	\$ -	\$ -	\$ 7,100.00
Total Revenue	<u>-</u>	<u>12,000.00</u>	<u>-</u>	<u>-</u>	<u>7,100.00</u>
Expenses:					
Direct Personnel Compensation	3,108.65	7,122.08	221.63	2,376.56	11,771.51
Fringe Benefits	<u>1,519.88</u>	<u>3,478.19</u>	<u>102.30</u>	<u>1,161.83</u>	<u>5,743.39</u>
Total Personnel Cost	4,628.53	10,600.27	323.93	3,538.39	17,514.90
Other Direct Expenses	-	-	-	-	-
Indirect Cost	<u>1,323.01</u>	<u>3,027.65</u>	<u>89.03</u>	<u>1,011.34</u>	<u>4,999.43</u>
Total Expenses	<u>5,951.54</u>	<u>13,627.92</u>	<u>412.96</u>	<u>4,549.73</u>	<u>22,514.33</u>
Excess (Deficiency) of Revenues Over Expenses	(5,951.54)	(1,627.92)	(412.96)	(4,549.73)	(15,414.33)
Fund Balance Transferred (Deficit) July 1, 2018	<u>(18,884.63)</u>	<u>(8,726.85)</u>	<u>-</u>	<u>-</u>	<u>(1,277.73)</u>
Fund Balance (Deficit) June 30, 2019	<u>\$ (24,836.17)</u>	<u>\$ (10,354.77)</u>	<u>\$ (412.96)</u>	<u>\$ (4,549.73)</u>	<u>\$ (16,692.06)</u>

See accompanying notes to financial statements.

COMMONWEALTH REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For The Year Ended June 30, 2019

Exhibit D

Continuing Projects

<u>VDEM Regional Emergency Plan 2</u>	<u>Town of Drakes Branch Economic Assessment PG</u>	<u>Town of Keysville Comprehensive Plan</u>	<u>Town of Phenix VDH-ODW Water System Improvements</u>	<u>Total</u>
\$ -	\$ -	\$ 12,500.00	\$ 4,400.00	\$ 435,325.88
-	-	12,500.00	4,400.00	435,325.88
2,440.14	-	5,384.89	1,918.27	149,740.58
1,191.06	-	2,630.56	935.31	73,071.14
3,631.20	-	8,015.45	2,853.58	222,811.72
-	-	-	-	60,786.51
1,036.78	-	2,289.82	814.16	63,606.02
4,667.98	-	10,305.27	3,667.74	347,204.25
(4,667.98)	-	2,194.73	732.26	88,121.63
-	(4,608.24)	-	(542.37)	48,724.67
<u>\$ (4,667.98)</u>	<u>\$ (4,608.24)</u>	<u>\$ 2,194.73</u>	<u>\$ 189.89</u>	<u>\$ 136,846.30</u>

COMMONWEALTH REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2019

Exhibit E

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Receipts	\$ 451,813.02
Payments to Suppliers	(188,072.64)
Payments to Employees	<u>(189,272.69)</u>

Net Cash Provided (Used) by Operating Activities	<u>74,467.69</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	<u>-</u>
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Net Cash Provided (Used) by Investing Activities	<u>-</u>
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Net Increase (Decrease) in Cash	74,467.69
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Cash at July 1, 2018	<u>449,685.44</u>
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Cash at June 30, 2019	<u><u>\$ 524,153.13</u></u>
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RECONCILIATION OF OPERATING INCOME

(LOSS) TO NET CASH PROVIDED (USED)

BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 85,121.63
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Adjustments to Reconcile Operating Income (Loss) to Net Cash
Provided by Operating Activities:

Depreciation	1,073.00
Deferred pension costs	(11,109.00)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	15,487.14
(Increase) decrease in prepaid expenses	1,713.92
Increase (decrease) in accounts payable	1,244.76
Increase (decrease) in payroll taxes withheld and accrued	(128.71)
Increase (decrease) in accrued vacation, sick and compensatory time	<u>(18,935.05)</u>

NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 74,467.69</u></u>
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See accompanying notes to financial statements.

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. ACCOUNTING POLICIES:

The records of the Commonwealth Regional Council are maintained on an accrual basis and designed to record revenues and expenses by grant or project. The Council also has an indirect cost allocation plan that enables the Council to charge indirect costs to the various grants and projects during the year. The indirect cost allocation is computed based upon the actual labor cost which is charged to a particular grant or project. Direct costs are charged to particular grants or projects as they are incurred. See Schedule 3 in the Supplementary Information for a breakdown of indirect cost allocation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and depreciated over their estimated useful life.

Cash

For the Statement of Cash Flows, cash consists of checking and savings account balances.

2. SAVINGS:

Three money market accounts and three certificates of deposit were maintained during the year. Interest of \$2,528.06 was earned on the accounts during the year ended June 30, 2019, and is included in the \$173,499.06 of state and local cash contributions.

3. COMPLETED PROJECTS:

Completed projects with the total contract amount as shown on Exhibit D:

- A. Virginia Department of Transportation-\$58,000
- B. Amelia County VDH-ODW Water System Improvement Project-\$702
- C. Lunenburg/Kenbridge/Victoria Comprehensive Plan Update-\$48,000
- D. DEQ/CRC Phase 3 WIP Assistance-\$50,000
- E. Town of Drakes Branch DCR Technical Assistance-\$2,500
- F. CRC/EDA Grant Agreement CRC CEDS-\$60,000
- G. Town of Farmville VDOT Admin Assistance-Hourly Rate
- H. VDEM Regional Emergency Plan-\$50,000

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4. CONTINUING PROJECTS:

Continuing projects with the total contract amount as shown on Exhibit D:

- A. Town of Dillwyn Transportation Enhancement Project-\$32,000
- B. Charlotte Court House VDOT Evergreen Road Sidewalk-\$24,000
- C. STEPS VHDA CIG-\$2,000
- D. DEQ/CRC Phase 3 WIP Assistance II-\$21,500
- E. Town of Dillwyn CDBG Housing Rehab Project-\$39,500
- F. VDEM Regional Emergency Plan 2-\$19,475
- G. Town of Drakes Branch Economic Assessment PG-\$15,000
- H. Town of Keysville Comprehensive Plan-\$25,000
- I. Town of Phenix VDH-ODW Water System Improvements-\$20,000

5. PENSION PLAN

Plan Description

Commonwealth Regional Council contributes to the Virginia Retirement System (VRS), an agent and cost-sharing, multiple-employer pension plan administered by the Virginia Retirement System (System). All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees-Plan 1, Plan 2, and Hybrid. Each plan has a different eligibility and benefit structure as described below:

VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS 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.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. PENSION PLAN: (Continued)

Plan Description (Continued)

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.

Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Employees are in VRS 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.

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: state employees, school division employees, political subdivision employees, judges appointed or elected to an original term on or after January 1, 2014, and members in VRS Plan 1 or VRS 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.

VRS non-hazardous duty covered Plan 1 and 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 VRS Plan 1 and Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 or VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or VRS Plan 2 or ORP.

VRS Plan 1 and VRS Plan 2 members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. 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.

A Hybrid Retirement Plan 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 according to specified percentages.

Creditable service includes active service for VRS Plan 1 and VRS Plan 2. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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 health insurance credit in retirement, if the employer offers the health insurance credit.

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. PENSION PLAN: (Continued)

Plan Description (Continued)

Under the defined benefit component of the Hybrid Retirement Plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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 health insurance credit in retirement, if the employer offers the health insurance credit. Under the defined benefit contribution component of the Hybrid Retirement Plan, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. VRS Plan 1 and VRS Plan 2 members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Hybrid Retirement Plan vesting is divided into two components; defined benefit and defined contribution. 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 creditable service. VRS Plan 1 and VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100 % vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of the employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70 ½.

The Basic Benefit for VRS Plan 1 and VRS Plan 2 is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

The Basic Benefit for Hybrid Retirement Plan defined benefit component is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit. The Basic Benefit for Hybrid Retirement Plan defined contribution component is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. PENSION PLAN: (Continued)

Plan Description (Continued)

A VRS Plan 1 member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

A VRS Plan 2 member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

A Hybrid Retirement Plan member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. It is used in the retirement formula for the defined benefit component of the plan.

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for VRS Plan 1 non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

The retirement multiplier for VRS Plan 2 is the same as VRS 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 creditable service earned, purchased or granted on or after January 1, 2013.

The retirement multiplier for Hybrid Retirement Plan is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Normal retirement age for VRS Plan 1 is age 65.

Normal retirement age for VRS Plan 2 is normal Social Security retirement age.

Normal retirement age for Hybrid Retirement Plan defined benefit component is normal Social Security retirement age. Members are eligible to receive distributions upon leaving employment, subject to restrictions under the defined contribution component.

VRS Plan 1 members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

VRS Plan 2 members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. PENSION PLAN: (Continued)

Plan Description (Continued)

Hybrid Retirement Plan members under defined benefit component are eligible for an unreduced retirement benefit when they reach normal Social Security age and have at least five years (60 months) of creditable service or when their age and service equal 90. Under defined contribution component members are eligible to receive distributions upon leaving employment, subject to restrictions.

VRS Plan 1 members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

VRS Plan 2 members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Hybrid Retirement Plan members under defined benefit component may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Under defined contribution component members are eligible to receive distributions upon leaving employment, subject to restrictions.

The Cost-of-Living Adjustment (COLA) for VRS Plan 1 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%.

The Cost-of-Living Adjustment (COLA) for VRS Plan 2 matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.

The Cost-of-Living Adjustment (COLA) for Hybrid Retirement Plan defined benefit component matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%. The COLA for Hybrid Retirement Plan defined contribution component is not applicable.

Eligibility for COLA in retirement is the same for VRS Plan 1, VRS Plan 2 and Hybrid Retirement Plan members. For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Exceptions to COLA effective dates are the same for VRS Plan 1, VRS Plan 2 and Hybrid Retirement Plan members. The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

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

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. PENSION PLAN: (Continued)

Plan Description (Continued)

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% for VRS Plan 1 and 1.65% for VRS Plan 2 on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

The Hybrid Retirement Plan does not have a retirement multiplier. Eligible political subdivisions and school divisions (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VDLP) unless their local governing body provides an employer-paid comparable program for its members. State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Members under VRS Plan 1, VRS Plan 2 and Hybrid Retirement Plan defined benefit component may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay. Purchase of prior service is not applicable for Hybrid Retirement Plan defined contribution component.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% employee contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Council is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Council's contribution rate for the fiscal year ended June 30, 2019 was 15.69% of annual covered payroll.

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. PENSION PLAN: (Continued)

Annual Pension Cost

For the fiscal year ended June 30, 2019, Commonwealth Regional Council's annual pension cost of \$16,526.08 for VRS was equal to the required and actual contributions. The FY 2019 required contribution was determined as part of the June 30, 2017 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2016 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local general government employees, 3.50% to 5.35% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of the Council's assets is equal to the five-year smoothed market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Council's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Funded Status and Funding Progress

As of June 30, 2018, the most recent actuarial valuation date, the plan was 81.63% funded. The actuarial accrued liability for benefits was \$1,469,416, and the actuarial value of assets was \$1,199,481, resulting in an unfunded (overfunded) actuarial accrued liability (UAAL) of \$269,935. The covered payroll (annual payroll of active employees covered by the plan) was \$139,822 and the ratio of the UAAL to the covered payroll was 193.06%.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

6. DEFERRED COMPENSATION PLAN

The employees of the Council also participate in a totally voluntary deferred compensation plan, through Nationwide Retirement Solutions Deferred Compensation Program. The Council's only function is to withhold the amount designated from the employee and remit to Nationwide Retirement Solutions.

7. CONCENTRATIONS OF CREDIT RISK

The Council maintains cash balances at several financial institutions located in Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, the Council had uninsured cash balances of \$0.

COMMONWEALTH REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

8. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 consisted of the following:

CRC/EDA Grant Agreement	11,281.25
Charlotte Court House VDOT Evergreen Road Sidewalk	3,000.00
Virginia Department of Transportation	<u>34,486.88</u>
Total	<u>\$48,768.13</u>

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2019, the date which the financial statements were available for use.

SUPPLEMENTARY INFORMATION

COMMONWEALTH REGIONAL COUNCIL
SCHEDULE OF INDIRECT EXPENSE
For The Year Ended June 30, 2019

Schedule 1

Indirect Expenses:

Personnel Costs:

Salaries	\$ 9,713.66	
Fringe benefits	<u>4,738.61</u>	\$ 14,452.27

Office Operations:

Office space rental	10,800.00	
Cleaning and maintenance	1,530.00	
Utilities	1,421.86	
Telephone/Internet Costs	3,692.06	
Postage and freight	1,401.49	
Express mail	81.34	
Consumable supplies	3,937.98	
Dues and subscriptions	336.75	
Office insurance	100.00	
Administrative costs	7,450.36	
Office costs - other	<u>61.17</u>	30,813.01

Office Equipment:

Office Equipment	2,581.09	
Equipment maintenance	2,294.00	
Equipment repair	50.00	
Equipment-other	<u>561.72</u>	5,486.81

Auto/Staff Travel:

Staff mileage		5,258.25
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Meetings/Memberships:

Council meetings	2,240.54	
Staff meetings	401.69	
Council memberships	3,250.00	
Public official insurance	<u>275.00</u>	6,167.23

Collateral Materials:

Web page costs		355.45
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Depreciation		<u>1,073.00</u>
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Total Indirect Expenses		<u><u>\$ 63,606.02</u></u>
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Calculation of Indirect Cost Allocation Rate

Total indirect costs	<u>\$ 63,606.02</u>	28.55%
Total chargeable direct personnel costs	\$ 222,811.72	

COMMONWEALTH REGIONAL COUNCIL
SCHEDULE OF FRINGE BENEFITS
For The Year Ended June 30, 2019

	Schedule 2
Fringe Benefits:	
Vacation leave, sick leave and holidays	\$ 10,883.40
Payroll taxes	14,803.93
Group insurance	27,896.97
Life insurance	458.70
Workmen's compensation insurance	500.00
Virginia Retirement System	16,526.08
Staff memberships	-
Staff training/conferences	4,968.63
State unemployment	1,772.04
Portion allocated to indirect expenses	<u>(4,738.61)</u>
Total Fringe Benefits	<u>\$ 73,071.14</u>

COMMONWEALTH REGIONAL COUNCIL
INDIRECT COST ALLOCATION
For The Year Ended June 30, 2019

				Schedule 3
PROJECT	SALARIES	PERCENT OF SALARIES	ALLOCATE TO BENEFITS	ALLOCATE TO INDIRECT COSTS
State and Local	14,651.34	9.78%	7,146.36	6,220.67
Virginia Department of Transportation	40,781.41	27.23%	19,897.27	17,319.92
Amelia County VDH-ODW Water System	295.67	0.20%	146.14	127.21
Lunenburg/Kenbridge/Victoria Comp Plan	11,987.21	8.01%	5,853.00	5,094.84
DEQ/CRC Phase 3 WIP Assistance	6,669.47	4.45%	3,251.67	2,830.47
Town of Drakes Branch DCR Technical Assist	1,647.84	1.10%	803.78	699.67
CRC/EDA Grant Agreement CRC CEDS	26,497.82	17.70%	12,933.59	11,258.27
Town of Farmville VDOT Admin Assistance	313.70	0.21%	153.45	133.57
VDEM Regional Emergency Plan	12,552.39	8.38%	6,123.36	5,330.18
Town of Dillwyn Transportation Enhancemen	3,108.65	2.08%	1,519.88	1,323.01
Charlotte Court House VDOT Evergreen				
Road Sidewalk	7,122.08	4.76%	3,478.19	3,027.65
STEPS VHDA Cig	221.63	0.14%	102.30	89.03
DEQ/CRC Phase 3 WIP Assistance II	2,376.56	1.59%	1,161.83	1,011.34
Town of Dillwyn CDBG Housing Rehab Project	11,771.51	7.86%	5,743.39	4,999.43
VDEM Regional Emergency Plan 2	2,440.14	1.63%	1,191.06	1,036.78
Town of Drakes Branch Economic Assessment	-	0.00%	-	-
Town of Keysville Comprehensive Plan	5,384.89	3.60%	2,630.56	2,289.82
Town of Phenix VDH-ODW Water System				
Improvements	1,918.27	1.28%	935.31	814.16
Total Direct Salaries	<u>\$ 149,740.58</u>	<u>100.00%</u>		
Total Fringe Benefits			<u>\$ 73,071.14</u>	
Total Indirect Costs				<u>\$ 63,606.02</u>
Total Expenses				<u>\$ 347,204.25</u>
Indirect Cost Percentage				<u>18.32%</u>

COMMONWEALTH REGIONAL COUNCIL
ANALYSIS OF CHANGES IN FUND BALANCES
For The Year Ended June 30, 2019

Schedule 4

	FEDERAL GRANT FUNDS	UNAPPLIED STATE & LOCAL LOCAL	GENERAL FIXED ASSETS	TOTAL
Transferred Balances-July 1, 2018	\$ (27,796.95)	\$ 71,919.37	\$ 4,602.25	\$ 48,724.67
Excess of revenues over (under) expenditures (Exhibit D)				
Completed Projects:				
State and Local	145,096.69			145,096.69
Virginia Department of Transportation	(19,998.61)			(19,998.61)
Amelia County VDH-ODW Water System	132.98			132.98
Lunenburg/Kenbridge/Victoria Comp Plan	1,064.95			1,064.95
DEQ/CRC Phase 3 WIP Assistance	37,248.39			37,248.39
Town of Drakes Branch DCR Technical Assist	(2,351.29)			(2,351.29)
CRC/EDA Grant Agreement CRC CEDS	(51,192.18)			(51,192.18)
Town of Farmville VDOT Admin Assistance	1,100.28			1,100.28
VDEM Regional Emergency Plan	6,717.89			6,717.89
Continuing Projects:				
Town of Dillwyn Transportation Enhancement Project	(5,951.54)			(5,951.54)
Charlotte Court House VDOT Evergreen Road Sidewalk	(1,627.92)			(1,627.92)
STEPS VHDA CIG	(412.96)			(412.96)
DEQ/CRC Phase 3 WIP Assistance II	(4,549.73)			(4,549.73)
Town of Dillwyn CDBG Housing Rehab Project	(15,414.33)			(15,414.33)
VDEM Regional Emergency Plan 2	(4,667.98)			(4,667.98)
Town of Drakes Branch Economic Assessment	-			-
Town of Keysville Comprehensive Plan	2,194.73			2,194.73
Town of Phenix VDH-ODW Water System Improvements	732.26			732.26
Transfer cost of over (under) to unapplied State and Local in completed jobs:				
Virginia Department of Transportation	19,998.61	(19,998.61)		-
Amelia County VDH-ODW Water System	(132.98)	132.98		-
Lunenburg/Kenbridge/Victoria Comp Plan	(1,064.95)	1,064.95		-
DEQ/CRC Phase 3 WIP Assistance	(37,248.39)	37,248.39		-
Town of Drakes Branch DCR Technical Assist	2,351.29	(2,351.29)		-

COMMONWEALTH REGIONAL COUNCIL
ANALYSIS OF CHANGES IN FUND BALANCES
For The Year Ended June 30, 2019

Schedule 4

	FEDERAL GRANT FUNDS	UNAPPLIED STATE & LOCAL LOCAL	GENERAL FIXED ASSETS	TOTAL
CRC/EDA Grant Agreement CRC CEDS	51,192.18	(51,192.18)		-
Town of Farmville VDOT Admin Assistance	(1,100.28)	1,100.28		-
VDEM Regional Emergency Plan	(6,717.89)	6,717.89		-
Transfer of prior year's completed Fixed Assets:	(11,959.57)	11,959.57		-
Purchases				-
Depreciation		1,073.00	(1,073.00)	-
Balances - June 30, 2019	\$ 75,642.70	\$ 57,674.35	\$ 3,529.25	\$ 136,846.30

COMMONWEALTH REGIONAL COUNCIL
SCHEDULE OF FUNDING PROGRESS
For The Year Ended June 30, 2019

Schedule 5

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) (b)	UNFUNDED AAL (UAAL) (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b - a) / c)
6/30/2018	\$ 1,199,481	\$ 1,469,416	\$ 269,935	81.63%	\$ 139,822	193.06%
6/30/2017	1,136,157	1,541,962	405,805	73.68%	178,549	227.28%
6/30/2016	1,063,494	1,490,286	426,792	71.36%	178,549	239.03%
6/30/2015	1,008,064	1,429,680	421,616	70.51%	173,348	243.22%
6/30/2014	931,333	1,388,911	457,578	67.05%	173,348	263.96%
6/30/2013	846,655	1,349,880	503,225	62.72%	173,348	290.30%
6/30/2012	826,136	1,329,968	503,832	62.12%	163,162	308.79%
6/30/2011	838,716	1,285,802	447,086	65.23%	163,162	274.01%
6/30/2010	832,913	1,251,164	418,251	66.57%	163,162	256.34%

COMMONWEALTH REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2019

			Schedule 6
<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Transportation			
Pass-through payments:			
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	UPC 0000114970	\$ 57,999.99
 Total Expenditures of Federal Awards			 \$ 57,999.99