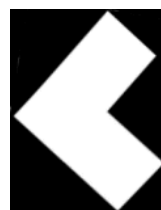


Commonwealth Regional Council
Annual Comprehensive Financial Report
Year Ended June 30, 2024



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

Commonwealth Regional Council

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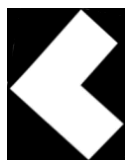
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FINANCIAL SECTION



**Creedle
Jones
& Associates**

A Professional Corporation

*Robin B. Jones, CPA, CFP
Kimberly W. Jackson, CPA*

Sherwood H. Creedle, Founder

*Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Commonwealth Regional Council

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Commonwealth Regional Council as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commonwealth Regional Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commonwealth Regional Council, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commonwealth Regional Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the Council adopted new accounting guidance, GASB Statement No. 99, Omnibus and No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension funding on pages 1-5, 32, and 33-35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the Commonwealth Regional Council'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 Commonwealth Regional Council'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 Commonwealth Regional Council's internal control over financial reporting and compliance.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
November 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Commonwealth Regional Council presents the following discussion and analysis as an overview of the Commonwealth Regional Council's financial activities for the fiscal year ending June 30, 2024. We encourage readers to read this discussion and analysis in conjunction with the Council's basic financial statements.

Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources by \$676,567.
- For the fiscal year, revenues of the Council's governmental activities were \$7,454,732 and expenses amounted to \$7,278,515. The Council's total net position increased \$176,217.
- As of June 30, 2024, the Council's Governmental Fund reported an ending fund balance of \$1,006,443, an increase of \$135,928 in comparison with the prior year. The entire amount is available for spending at the Council's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2024 and 2023

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Assets		
Current and other assets	\$ 2,430,750	\$ 891,533
Net capital assets	<u>11,792</u>	<u>195</u>
Total Assets	2,442,542	891,728
Deferred Outflows of Resources	<u>85,390</u>	<u>70,648</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,527,932</u>	<u>\$ 962,376</u>
Liabilities		
Other liabilities	\$ 1,424,307	\$ 23,954
Long-term liabilities	<u>402,370</u>	<u>392,530</u>
Total Liabilities	1,826,677	416,484
Deferred Inflows of Resources	24,688	45,542
Net Position		
Net investment in capital assets	11,792	195
Unrestricted	<u>664,775</u>	<u>500,155</u>
Total Net Position	<u>676,567</u>	<u>500,350</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 2,527,932</u>	<u>\$ 962,376</u>

Statement of Activities

The following table summarizes revenues and expenses for the primary government as of June 30, 2024 and 2023:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Revenues		
Program Revenues		
Operating grants and contributions	\$ 7,314,819	\$ 4,395,612
Local contributions	133,000	-
Miscellaneous	2,629	1,617
Investment earnings	<u>4,284</u>	<u>1,626</u>
Total Revenues	<u>7,454,732</u>	<u>4,398,855</u>
Expenses		
Community development	<u>7,278,515</u>	<u>4,287,550</u>
Total Expenses	<u>7,278,515</u>	<u>4,287,550</u>
Increase in Net Position	176,217	111,305
Beginning Net Position (Restated)	<u>500,350</u>	<u>389,045</u>
Ending Net Position	<u>\$ 676,567</u>	<u>\$ 500,350</u>

Governmental activities increased the Council's net position by \$176,217. Revenues from governmental activities totaled \$7,454,732. Operating grants and contributions comprise the largest source of these revenues, totaling \$7,314,819 or 98.1% of all governmental activities revenue.

Community development expenses total \$7,278,515 for the fiscal year.

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

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>		<u>2023</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Community services	\$ 7,278,515	\$ 36,304	\$ 4,287,550	\$ 50,351
Total	<u>\$ 7,278,515</u>	<u>\$ 36,304</u>	<u>\$ 4,287,550</u>	<u>\$ 50,351</u>

FINANCIAL ANALYSIS OF THE COUNCIL'S FUNDS

As previously stated, as of June 30, 2024, the Council's Governmental Fund reported an ending fund balance of \$1,006,443, an increase of \$135,928 in comparison with the prior year. The entire amount is available for spending at the Council's discretion (unassigned fund balance).

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Intergovernmental	\$ 437,579	\$ 540,579	\$ 7,314,819	\$ 460,024	\$ 460,024	\$ 4,262,612
Local government contributions	133,000	133,000	133,000	133,000	133,000	133,000
Interest income	800	800	4,284	800	800	1,626
Other	-	-	2,629	-	-	1,617
Total	571,379	674,379	7,454,732	593,824	593,824	4,398,855
Expenditures	579,270	645,689	7,318,804	456,990	456,990	4,284,103
Excess (Deficiency) of Revenues over Expenditures	(7,891)	28,690	135,928	136,834	136,834	114,752
Transfer From (To) Surplus	7,891	(28,690)	-	(136,834)	(136,834)	-
Change in Fund Balance	\$ -	\$ -	\$ 135,928	\$ -	\$ -	\$ 114,752

There were budget amendments during the year for additional grant funding received.

Actual revenue amounts exceeded final budget amounts by \$6,780,353, while actual expenditure amounts exceeded final budget amounts by \$6,673,115. Expenditures related to capital projects and programs were not budgeted due to pass-through funding and uncertainty as to completion stages.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2024, the Council's net capital assets total \$11,792, which represents a net increase of \$11,597 over the previous fiscal year-end balance.

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2024</u>
Furniture and fixtures	\$ 27,926	\$ 5,156	\$ 33,082
Equipment and software	<u>70,520</u>	<u>7,791</u>	<u>78,311</u>
Total Capital Assets	98,446	12,947	111,393
Less: Accumulated depreciation	<u>(98,251)</u>	<u>(1,350)</u>	<u>(99,601)</u>
Net Capital Assets	<u>\$ 195</u>	<u>\$ 11,597</u>	<u>\$ 11,792</u>

Long-Term Debt

As of June 30, 2024, the Council's long-term obligations total \$6,106.

	<u>Restated Balance July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2024</u>
Governmental Activities			
Compensated absences	<u>\$ 29,356</u>	<u>\$ (23,250)</u>	<u>\$ 6,106</u>

More detailed information on the Council's long-term obligations is presented in Note 7 to the financial statements.

NEXT YEAR'S BUDGET AND RATES

The fiscal year 2025 proposed original budget anticipates revenues to be \$1,758,487.

REQUESTS FOR INFORMATION

This financial report is designed to provide those interested with a general overview of the Council's finances and to demonstrate the Council's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Executive Director, 200 Heartland Road, Keysville, Virginia 23947, telephone 434-392-6104, ext. 202.

BASIC FINANCIAL STATEMENTS

Commonwealth Regional Council

Statement of Net Position

At June 30, 2024

Assets**Current Assets**

Cash and cash equivalents	\$ 1,407,885
Accounts receivable	1,022,865
Total Current Assets	<u>2,430,750</u>

Capital Assets

Net capital assets	<u>11,792</u>
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Total Assets	2,442,542
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Deferred Outflows of Resources

Pension	<u>85,390</u>
Total Deferred Outflows of Resources	<u>85,390</u>

Total Assets and Deferred Outflows of Resources	<u>\$ 2,527,932</u>
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Liabilities**Current Liabilities**

Accounts payable and accrued expenses	\$ 1,424,307
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Long-Term Liabilities

<i>Due within one year</i>	
Compensated absences	611
<i>Due in more than one year</i>	
Compensated absences	5,495
Net pension liability	<u>396,264</u>
Total Long-Term Liabilities	<u>402,370</u>

Total Liabilities	1,826,677
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Deferred Inflows of Resources

Pension	<u>24,688</u>
Total Deferred Inflows of Resources	24,688

Net Position

Net investment in capital assets	11,792
Unrestricted	<u>664,775</u>

Total Net Position	<u>676,567</u>
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Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 2,527,932</u>
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The accompanying notes to the financial statements are an integral part of this statement.

Commonwealth Regional Council

Balance Sheet

As of June 30, 2024

Assets

Cash and cash equivalents	\$ 1,407,885
Accounts receivable	<u>1,022,865</u>
Total Assets	<u><u>\$ 2,430,750</u></u>

Liabilities

Accounts payable	1,412,563
Accrued payroll liabilities	<u>11,744</u>
Total Liabilities	1,424,307

Fund Balance

Unassigned	<u>1,006,443</u>
Total Fund Balance	<u>1,006,443</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,430,750</u></u>

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

Commonwealth Regional Council

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

At June 30, 2024

Total Fund Balances for Governmental Funds		\$ 1,006,443
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Furniture, equipment, and vehicles, net	\$ 11,792	
Total Capital Assets		11,792
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension	85,390	
Deferred inflows of resources related to pension	(24,688)	
Total Deferred Outflows and Inflows of Resources		60,702
Liabilities applicable to the Council's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Balances of long-term liabilities affecting net position are as follows:		
Compensated absences	(6,106)	
Net pension (liability) asset	(396,264)	
Total		(402,370)
Total Net Position of Governmental Activities		\$ 676,567

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

Commonwealth Regional Council

Statement of Revenues, Expenditures, and Changes in Fund Balance

As of June 30, 2024

Revenues

Local government contributions	\$ 133,000
Miscellaneous	2,629
Revenue from use of money and property	4,284

Intergovernmental

Revenue from the Commonwealth of Virginia

Pass-through funds	6,789,181
Administrative funds	<u>488,503</u>
	7,277,684

<i>Revenue from the Federal Government</i>	<u>37,135</u>
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Total Intergovernmental	<u>7,314,819</u>
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Total Revenues	7,454,732
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Expenditures

Community development	<u>7,318,804</u>
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Total Expenditures	<u>7,318,804</u>
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Net Change in Fund Balance	135,928
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Fund Balance - Beginning of Year	<u>870,515</u>
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Fund Balance - End of Year	<u><u>\$ 1,006,443</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

Commonwealth Regional Council

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

Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 135,928

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

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

Capitalized assets	\$ 12,947	
Depreciation	<u>(1,350)</u>	
		11,597

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

Net pension asset	(30,154)
Deferred inflows - pension	20,854
Deferred outflows - pension	14,742
Compensated absences	<u>23,250</u>

Net Adjustment	<u>28,692</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 176,217</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

Commonwealth Regional Council

Notes to the Financial Statements

Year Ended June 30, 2024

1 Summary of Significant Accounting Policies

Narrative Profile

Organized in 2005, the Commonwealth Regional Council (CRC) is one of 21 Planning District Commissions (PDCs) in the Commonwealth of Virginia, which bring together elected officials and citizens to identify needs and potential solutions for a variety of public policy and infrastructure projects in their communities, including transportation initiatives.

The financial statements of the Commonwealth Regional Council have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the Council's accounting policies are described below:

A. The Financial Reporting Entity

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

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

- Management's Discussion and Analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.
- Government-wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.
- Statement of Net Position: The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

- Statement of Program Activities: The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the Council's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).
- Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The Council and many other governments revise their original budgets over the course of the year for a variety of reasons.
- GASB-Required Supplementary Pension: GASB issued Statement No. 68—*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.
- GASB-Required Supplementary OPEB: GASB issued Statement No. 75—*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

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

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Council as a whole) and fund financial statements. The focus is on both the Council as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The Council generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Council may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or

directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Council does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

The Council applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements. The following is a brief description of the specific funds used by the Council in fiscal year 2023:

Governmental Funds

Governmental Funds account for the expendable financial resources. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Fund is:

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

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The fund financial statements of the General Fund are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

D. Deferred Outflows/Inflows of Resources

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

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

E. Net Position

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

F. Net Position Flow Assumptions

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

G. Fund Balance Flow Assumptions

Sometimes the Council will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the

resources are considered to be applied. It is the Council's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

H. Budgets and Budgetary Accounting

The Board of Directors annually adopts budgets for the various funds of the primary government. All appropriations are legally controlled at the department level for the primary Government Funds.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation, is not used by the Council.

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

1. The Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
3. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. The appropriation for each fund, function, and department can be revised only by the Board of Directors.
4. Formal budgetary integration is employed as a management control device during the year.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. All appropriations lapse on June 30 for all Council funds.
7. Amounts shown in the accompanying financial statements represent original appropriations authorized by the Board of Directors; any additional and supplemental appropriations authorized during the year are shown in the final budget. Certain contributions, in-kind support, and related expenditures are not budgeted items.

Expenditures exceeded appropriations in the General Fund but only for capital projects that are funded as pass-through funds.

Fund Deficits

There were no fund deficits.

I. Compensated Absences

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

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

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

J. Pensions

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

K. Use of Estimates

The preparation of the financial statements in conformity with 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Adoption of New GASB Statements

The Council adopted the following GASB statements during the year ended June 30, 2024:

In April 2022, GASB Issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the Council.

In June 2022, GASB Issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or

assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the Council.

2 Cash and Investments

Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit, and investments with maturities of three months or less.

Deposits

All cash of the Council is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by FDIC.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

The Council had no investments at June 30, 2024.

3 Compensated Absences

Council employees earn vacation and sick leave on time worked. Employees receive no accumulated sick leave upon termination. Vacation leave is paid up to a maximum of 36 days based upon the number of years of service. The Council has outstanding compensated absences totaling \$6,106 for the governmental activities.

4 Pension Plan

Plan Description

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

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

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

PLAN 2

About Plan 2

Same as Plan 1.

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

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

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

Eligible Members

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

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

**Non-Eligible Members*

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

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

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

PLAN 1

Retirement Contributions

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

Service Credit

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

Vesting

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

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

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

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

Service Credit

Defined Benefit Component:

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

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

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

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

PLAN 1

Calculating the Benefit

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

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

Average Final Compensation

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

Service Retirement Multiplier

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

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

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

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

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

Service Retirement Multiplier

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

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

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

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

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

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

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

Average Final Compensation

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

Service Retirement Multiplier

Defined Benefit Component:

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

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

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

PLAN 1
Normal Retirement Age

VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

Cost-of-Living Adjustment (COLA) in Retirement

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

Eligibility:

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

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

PLAN 2
Normal Retirement Age

VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Unreduced Retirement Eligibility

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

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Reduced Retirement Eligibility

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

Political subdivisions hazardous duty employees:
Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

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

Eligibility:

Same as Plan 1

**HYBRID
RETIREMENT PLAN**
Normal Retirement Age

Defined Benefit Component:

VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

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

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

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

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

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

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

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

Political subdivisions hazardous duty employees:
Not applicable

Defined Contribution Component:

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

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2

Defined Contribution Component:

Not applicable

Eligibility:

Same as Plan 1 and Plan 2

PLAN 1

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

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

Purchase of Prior Service

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

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

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

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested inactive members	3
Non-vested inactive members	3
LTD	-
Inactive members active elsewhere in VRS	-
Active members	<u>4</u>
Total covered employees	<u><u>13</u></u>

Contributions

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

If the employer used the certified rate: Commonwealth Regional Council's contractually required contribution rate for the year ended June 30, 2024 was 22.24% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Commonwealth Regional Council were \$66,541 and \$49,320 for the years ended June 30, 2024 and June 30, 2023, 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. For Commonwealth Regional Council, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	<u>1.00%</u>	1.20%	<u>0.01%</u>
Total	<u>100.00%</u>		5.75%
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return*		<u>8.25%</u>

**The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.*

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. 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, 2023, 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, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

		<u>Increase (Decrease)</u>	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 1,897,694	\$ 1,531,584	\$ 366,110
Changes for the Year			
Service cost	14,444	-	14,444
Interest	126,548	-	126,548
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	45,776	-	45,776
Contributions - employer	-	48,350	(48,350)
Contributions - employee	-	10,291	(10,291)
Net investment income	-	98,911	(98,911)
Benefit payments, including refunds	(74,719)	(74,719)	-
Administrative expenses	-	(978)	978
Other changes	-	40	(40)
Net Changes	112,049	81,895	30,154
Balances at June 30, 2023	<u>\$ 2,009,743</u>	<u>\$ 1,613,479</u>	<u>\$ 396,264</u>

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's Net Pension Liability	\$660,473	\$ 396,264	\$ 166,076

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

For the year ended June 30, 2024, the Commonwealth Regional Council recognized pension expense of \$60,129. At June 30, 2024, the Commonwealth Regional Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,849	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	24,688
Employer contributions subsequent to the measurement date	<u>66,541</u>	<u>-</u>
Total	<u>\$ 85,390</u>	<u>\$ 24,688</u>

\$66,541 reported as deferred outflows of resources related to pensions resulting from the Commonwealth Regional Council'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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

**Year Ended
June 30,**

2025	\$ 1,170
2026	(29,782)
2027	21,992
2028	781
2029	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

5 Local Government Contributions

County of Amelia	\$ 19,000
County of Buckingham	19,000
County of Charlotte	19,000
County of Cumberland	19,000
County of Prince Edward	19,000
County of Lunenburg	19,000
County of Nottoway	<u>19,000</u>
Total Local Government Contributions	<u>\$ 133,000</u>

6 Capital Assets

Following is a summary of changes in capital assets for governmental activities:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Furniture and fixtures	\$ 27,926	\$ 5,156	\$ -	\$ 33,082
Equipment and software	<u>70,520</u>	<u>7,791</u>	<u>-</u>	<u>78,311</u>
Total Capital Assets	98,446	12,947	-	111,393
Less: Accumulated depreciation and amortization	<u>(98,251)</u>	<u>(1,350)</u>	<u>-</u>	<u>(99,601)</u>
Net Capital Assets	<u>\$ 195</u>	<u>\$ 11,597</u>	<u>\$ -</u>	<u>\$ 11,792</u>

7 Long-Term Debt

GOVERNMENTAL ACTIVITIES

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

<u>Year Ended June 30, 2024</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Compensated absences	\$ 6,106	\$ -

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Council for the year ended June 30, 2024:

	<u>Balance July 1, 2023 (Restated)</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities					
General Fund					
Compensated absences	\$ 29,356	\$ -	\$ 23,250	\$ 6,106	\$ 611

8 Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total labor costs. The fringe benefit cost rate for the fiscal year ending June 30, 2024 was 30.82% and is calculated as follows:

Fringe Benefit Expenses	<u>\$ 137,181</u>		
Total Labor Costs	\$ 445,101	=	30.82%

Components of fringe benefit expense for the year ended June 30, 2024 are shown below:

Insurance (Medical/Dental/Life)	\$	43,716
Payroll taxes		23,158
Retirement		69,744
Workmen's compensation insurance		500
Unemployment taxes		<u>63</u>
	\$	<u><u>137,181</u></u>

9 Indirect Costs

Indirect costs, which support all projects, are allocated to the various projects based on the allocation rate applied to the project's direct labor and fringe benefit charges. The indirect cost rate for the fiscal year ending June 30, 2024 was 35.78% and is calculated as follows:

Total Indirect Costs	\$	<u>133,143</u>		
Total Direct Labor and Fringes	\$	372,147	=	35.78%

The following items are included in the indirect costs allocated to projects:

Indirect Expenses

Personnel Costs:

Salaries	\$11,715		
Related fringes	<u>896</u>	\$	12,611

Office Operations:

Office space rental	14,400		
Cleaning and maintenance	4,400		
Utilities	4,378		
Telephone/internet costs	2,810		
Postage and freight	1,489		
Consumable supplies	7,580		
Dues and subscriptions	309		
Office insurance	95		
Administrative costs	25,077		
Other office costs	<u>10,988</u>		71,526

Office Equipment:

Equipment maintenance	10,607		
Equipment repair	139		
Equipment - other	<u>20,906</u>		31,652

Auto/Staff Travel:

Staff mileage	<u>4,624</u>		4,624
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Meetings/Memberships:

Council meetings	3,364		
Staff meetings, training, conferences	221		
Council memberships	7,120		
Public official insurance	<u>1,741</u>		12,446

Collateral Materials:

Web page costs	<u>284</u>		<u>284</u>
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Total Indirect Expenses		\$	<u><u>133,143</u></u>
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10 Restatement of Net Position

The following adjustments were made:

Net Position

Beginning of Year - July 1, 2023	\$ 442,639
Adjustment to compensated absences	<u>57,711</u>
Restated - Beginning of Year - July 1, 2023	<u><u>\$ 500,350</u></u>

11 Upcoming Pronouncements

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

12 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through November 27, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Commonwealth Regional Council

Budgetary Comparison Schedule

As of June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Local government contributions	\$ 133,000	\$ 133,000	\$ 133,000	\$ -
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Pass-through Funds</i>				
VATI Broadband and other funds	27,333	27,333	6,159,948	6,132,615
CVPC AFID PG	-	-	53,496	53,496
VH PDC Housing Program Funds	-	-	575,737	575,737
<i>Administrative Funds</i>				
VA Regional Cooperation Act Funding	89,971	89,971	89,971	-
DEQ CRC WIP III Assistance	58,000	58,000	58,000	-
VDOT Transport Planning	58,000	58,000	59,978	1,978
CRC project funding	51,062	84,062	159,421	75,359
Other state funds	<u>153,213</u>	<u>153,213</u>	<u>121,133</u>	<u>(32,080)</u>
Total Revenue from the Commonwealth of Virginia	437,579	470,579	7,277,684	6,807,105
<i>Revenue from the Federal Government</i>	<u>-</u>	<u>70,000</u>	<u>37,135</u>	<u>(32,865)</u>
Total Revenue from the Federal Government	<u>-</u>	<u>70,000</u>	<u>37,135</u>	<u>(32,865)</u>
Total Intergovernmental Revenues	437,579	540,579	7,314,819	6,774,240
Revenue from Use of Money and Property				
Interest income	800	800	4,284	3,484
Miscellaneous				
Other income	<u>-</u>	<u>-</u>	<u>2,629</u>	<u>2,629</u>
Total Revenues	571,379	674,379	7,454,732	6,780,353
Expenditures				
Community Development				
Salaries and wages	312,110	343,000	302,647	40,353
Payroll taxes and fringe benefits	146,080	164,409	142,454	21,955
Administrative service/support	13,000	13,000	25,077	(12,077)
Dues and associations	350	350	309	41
Equipment	39,900	39,900	31,652	8,248
Insurance	1,900	1,900	1,836	64
Web page	3,500	3,500	284	3,216
Meetings and memberships	13,400	13,400	10,705	2,695
Miscellaneous	7,300	10,500	4,632	5,868
Telephone and internet costs	3,500	3,500	2,810	690
Lease	14,400	14,400	14,400	-
Office	16,330	16,330	28,827	(12,497)
Programs and projects	7,500	21,500	1,599	19,901
CVPC AFID PG	-	-	18,496	(18,496)
CRC Redo	-	-	135,417	(135,417)
VATI Broadband	-	-	6,136,348	(6,136,348)
VH PDC housing program partner expense	<u>-</u>	<u>-</u>	<u>461,311</u>	<u>(461,311)</u>
Total Expenditures	<u>579,270</u>	<u>645,689</u>	<u>7,318,804</u>	<u>(6,673,115)</u>
Net Change in Fund Balance	(7,891)	28,690	135,928	107,238
Transfer From (To) Surplus	<u>7,891</u>	<u>(28,690)</u>	<u>-</u>	<u>28,690</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	135,928	<u>\$ 135,928</u>
Fund Balance - Beginning of Year			<u>870,515</u>	
Fund Balance - End of Year			<u>\$ 1,006,443</u>	

Commonwealth Regional Council

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

For the Plan Years Ended June 30 (in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 14,444	\$ 9,735	\$ 10,095	\$ 9,692	\$ 12,049	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	126,548	117,082	107,455	104,163	110,443	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	45,776	82,266	(15,539)	(4,205)	(146,786)	-	-	-	-	-
Changes of assumptions	-	-	98,498	-	47,998	-	-	-	-	-
Benefit payments	(74,719)	(72,401)	(62,840)	(58,920)	(57,690)	-	-	-	-	-
Net change in total pension liability	112,049	136,682	137,669	50,730	(33,986)	-	-	-	-	-
Total pension liability - beginning	1,897,694	1,761,012	1,623,343	1,572,613	1,606,599	-	-	-	-	-
Total pension liability - ending (a)	\$ 2,009,743	\$ 1,897,694	\$ 1,761,012	\$ 1,623,343	\$ 1,572,613	\$ -	\$ -	\$ -	\$ -	\$ -
 Plan fiduciary net position										
Contributions - employer	\$ 48,350	\$ 24,840	\$ 21,916	\$ 25,691	\$ 27,058	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	10,291	8,040	7,300	8,150	8,452	-	-	-	-	-
Net investment income	98,911	(1,227)	343,070	24,097	80,225	-	-	-	-	-
Benefit payments	(74,719)	(72,401)	(62,840)	(58,920)	(57,690)	-	-	-	-	-
Administrator charges	(978)	(984)	(863)	(825)	(797)	-	-	-	-	-
Other	40	36	32	(29)	(51)	-	-	-	-	-
Net change in plan fiduciary net position	81,895	(41,696)	308,615	(1,836)	57,197	-	-	-	-	-
Plan fiduciary net position - beginning	1,531,584	1,573,280	1,264,665	1,266,501	1,209,304	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 1,613,479	\$ 1,531,584	\$ 1,573,280	\$ 1,264,665	\$ 1,266,501	\$ -	\$ -	\$ -	\$ -	\$ -
 Political subdivision's net pension liability - ending (a - b)	\$ 396,264	\$ 366,110	\$ 187,732	\$ 358,678	\$ 306,112	\$ -	\$ -	\$ -	\$ -	\$ -
 Plan fiduciary net position as a percentage of the total Pension liability	80.28%	80.71%	89.34%	77.90%	80.53%	0.00%	0.00%	0.00%	0.00%	0.00%
 Covered payroll	\$ 221,763	\$ 168,000	\$ 154,292	\$ 176,968	\$ 176,132	n/a	n/a	n/a	n/a	n/a
 Political subdivision's net pension liability as a percentage of covered payroll	178.69%	217.92%	121.67%	202.68%	173.80%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: This schedule should present 10 years of data, however, the information prior to fiscal year 2019 is not available.

Commonwealth Regional Council

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2015 through 2024

Date	Contributions in Relation to				Contributions as a % of	
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)	
2024	\$ 66,541	\$ 66,541	\$ -	\$ 299,194	22.24%	
2023	49,320	49,320	-	221,763	22.24%	
2022	25,200	25,200	-	168,000	15.00%	
2021	23,144	23,144	-	154,292	15.00%	
2020	27,766	27,766	-	176,968	15.69%	
2019	27,635	27,635	-	176,132	15.69%	
2018	n/a	n/a	n/a	n/a	n/a	
2017	n/a	n/a	n/a	n/a	n/a	
2016	n/a	n/a	n/a	n/a	n/a	
2015	n/a	n/a	n/a	n/a	n/a	

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

For Reference Only:

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

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

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

Note: This schedule should present 10 years of data; however, the information prior to fiscal year 2019 is not available.

Commonwealth Regional Council

Notes to Required Supplemental Information

For the Year Ended June 30, 2024

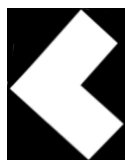
Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Commonwealth Regional Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of Commonwealth Regional Council, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Commonwealth Regional Council's basic financial statements and have issued our report thereon dated November 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Commonwealth Regional Council'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 Commonwealth Regional Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Commonwealth Regional Council's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Commonwealth Regional Council'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.



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

South Hill, Virginia
November 27, 2024