SOUTHSIDE PLANNING DISTRICT COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

SOUTHSIDE PLANNING DISTRICT COMMISSION

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Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Southside Planning District Commission
South Hill, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the fiduciary activities, and the aggregate remaining fund information of Southside Planning District Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the fiduciary activities, and the aggregate remaining fund information of Southside Planning District Commission as of June 30, 2021 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the Commission's net pension liability and related ratios, and the schedule of employer's contributions on pages 3 through 7, pages 32, and 36 to 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southside Planning District Commission's basic financial statements. The schedule of changes in assets and liabilities – fiduciary funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of changes in assets and liabilities – fiduciary funds on page 33 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures by program is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022, on our consideration of Southside Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southside Planning District Commission's internal control over financial reporting and compliance.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

January 24, 2022

SOUTHSIDE PLANNING DISTRICT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Southside Planning District Commission presents the following discussion and analysis as an overview of Southside Planning District Commission's financial activities for the fiscal year ending June 30, 2021. We encourage readers to read this discussion and analysis in conjunction with the Commission's financial statements.

Financial Highlights for Fiscal Year 2021

Highlights for Government-Wide Financial Statements

- At the close of the current fiscal year, the net position of the Commission was $190,910. This compares to the previous year when the net position was $236,572. Of the current year amount, $146,345 is unrestricted and may be used to meet the government's ongoing obligations to citizens, members, and creditors.

- For the fiscal year, program revenues of the Commission's governmental activities were $1,110,790 and expenses amounted to $1,059,748. General revenues for the year were $10,227, and the GASB 68 expense adjustment, was ($106,931). The Commission's total net position decreased by $45,662.

Highlights for Fund Financial Statements

- As of June 30, 2021, the Commission's Governmental Funds reported combined fund balances of $1,137,426, an increase of $203,029 in comparison with the prior year amount of $934,397. All of the combined fund balances are available to meet the Commission's current and future needs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual 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 under the provisions of *Government Auditing Standards.*

Government-Wide Financial Statements

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

The Statement of Net Position - presents information on all of the Commission's assets, deferred outflows, liabilities, deferred inflows and net position. The Commission's net position can be used as one way to measure the Commission's financial health, or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the Commission's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the Commission's administrative grant load and the condition of the Commission's fixed assets.

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

Fund Financial Statements

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

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

Fiduciary Fund – The Commission serves as the fiscal agent for the GO Virginia Regional Council 3. The fiduciary fund accounts for the funds held for the operation of the program.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position as of June 30, 2021 and 2020:

	2021	2020
Assets		
Current and other assets	$1,196,100	$1,255,161
Capital assets (net)	44,565	37,552
Total Assets	$1,240,665	$1,292,713
Deferred Outflows of Resources	$ 181,855	$ 162,858
Liabilities		
Current liabilities	$ 101,862	$ 215,179
Net pension liability	1,124,098	978,626
Total Liabilities	$1,225,960	$1,193,805
Deferred Inflows of Resources	$ 5,650	$ 25,194
Net Position		
Net investment in capital assets	$ 44,565	$ 37,552
Unrestricted	146,345	199,020
Total Net Position	$ 190,910	$ 236,572

The net position of the total financial reporting entity best represents the entity's financial position. In the case of the Commission's reporting entity, the net position was $190,910 at June 30, 2021. The largest portion of the reporting entity's assets, $1,060,335, reflects cash and cash equivalents. The next largest portion of the reporting entity's net assets, $99,481, reflects grants and contracts receivable. The largest portion of the Commission's liabilities is $1,124,098 for the net pension liability.

Statement of Activities

The following table summarizes revenues and expenses from the Statement of Activities for the Commission for the years ending June 30, 2021 and 2020:

	2021	2020
Revenues		
Federal Government		
Grants and Contributions	$ 223,507	$128,000
Commonwealth of Virginia		
State Dues	75,971	75,971
Grants and Contributions	62,656	47,542
Local Sources		
Grants and Contributions	624,663	505,285
Member Dues	123,993	123,993
General Revenues	10,227	3,325
Total Revenues	1,121,017	884,116
Expenses		
General Government Administration	1,059,748	808,547
GASB 68 Pension Adjustment	106,931	67,867
Total Expenses	1,166,679	876,414
Change in Net Position	(45,662)	7,702
Beginning Net Position	236,572	228,870
Ending Net Position	$ 190,910	$236,572

Governmental activities decreased the Commission's net position by $45,662. Revenues from governmental activities totaled $1,121,017 for the fiscal year ended June 30, 2021, compared to $884,116 in fiscal year ended June 30, 2020. Revenue from local grants and contributions comprise the largest source of these revenues, totaling $624,663, or 56 percent, of all governmental activities' revenue.

The total cost of all governmental activities for the fiscal year ended June 30, 2021 was $1,059,748 compared to $808,547 for the fiscal year ended June 30, 2020. General government administration continues to be the Commission's only program with all of the expenses going towards this function.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

As of June 30, 2021, the Commission's Governmental Funds reported a combined ending fund balance of $1,137,426 an increase of $203,029 in comparison with the prior year. 100 percent of the fund balance is available for spending at the government's discretion (unassigned fund balance).

The General Fund is the main operating fund of the Commission. At the end of the current fiscal year, the General Fund had an unassigned fund balance of $1,137,426, an increase of $203,029 in comparison with the prior year. The General Fund's liquidity can be measured by comparing total fund balance to total fund expenditures. Total fund balance represents 123 percent of that same amount.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund for the years ended June 30, 2021 and 2020:

	2021			2020		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Federal	$128,000	$ 328,000	$ 223,507	$128,000	$ 128,000	$128,000
State	221,792	196,961	138,627	155,971	155,971	123,513
Local Sources						
Member Dues and Programs	588,542	1,016,767	748,656	643,538	938,995	629,278
Other	12,000	18,000	10,227	12,500	12,500	3,325
Total	950,334	1,559,728	1,121,017	940,009	1,280,466	884,116
Expenditures	916,375	1,006,375	1,059,748	925,663	928,123	808,547
Excess of Revenues over Expenditures	$ 14,346	$ 352,343	$ 61,269	$ 14,346	$ 352,343	$ 75,569

General Fund actual revenues were less than the final budget amounts by $438,711, while actual expenditures were $53,373 more than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2021 include the following:

General Fund

Total Federal Grants – the actual federal grant income was $104,493 less than budgeted due to CARES Act grant revenue being deferred to FY22 because of unexpected completion time of contracts.

Total Local and Program Income – the actual local and program income was $268,111 less than budgeted due to administrative contracts being deferred to FY22 because of unexpected completion time of contracts.

Loan Forgiveness – The actual loan forgiveness costs was $152,170 more than budgeted. To assist taxpayers with assistance due to the Covid pandemic, Virginia required that all outstanding program loans be forgiven in the current fiscal year.

CAPITAL ASSETS

As of June 30, 2021, the Commission's net investment in capital assets totals $44,565, which is net capital assets less related debt. This is an increase of $7,013 over the previous fiscal year due to depreciation net of current year asset purchases. There is no related debt on any capital assets at this time.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Presently, management of the Commission is not aware of any significant changes in conditions that would have a significant effect on the financial position of the Commission in the near future. The Commission has received increased funding for several projects in the next fiscal year.

REQUESTS FOR INFORMATION

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

SOUTHSIDE PLANNING DISTRICT COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2021

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	1,060,335
Grants and contracts receivable		99,481
Prepaid expenses		10,755
Total Current Assets		1,170,571
Capital assets		
Capital assets, net of accumulated depreciation		44,565
Other Assets		
Investments		25,529
Total Assets		1,240,665
DEFERRED OUTFLOWS OF RESOURCES		
Differences between expected and actual experience		6,462
Change of assumptions		15,892
Net difference between projected and actual earnings on plan investments		84,620
Pension contributions after the measurement date		74,881
Total Deferred Outflows of Resources		181,855
LIABILITIES		
Accounts payable and accrued liabilities		58,674
Accrued leave		43,188
Net pension liability		1,124,098
Total Liabilities		1,225,960
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience		5,650
Total Deferred Inflows of Resources		5,650
NET POSITION		
Net investment in capital assets		44,565
Unrestricted		146,345
Total Net Position	$	190,910

See accompanying notes.

SOUTHSIDE PLANNING DISTRICT COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Total
Governmental Activities					
General government and administration	$ 1,059,748	$ 986,797	$ 123,993	$ 51,042	$ 51,042
Total Governmental Activities	1,059,748	986,797	123,993	51,042	51,042
General revenues (expenses):					
GASB 68 pension adjustment				(106,931)	(106,931)
Investment earnings				10,227	10,227
Total general revenues (expenses)				(96,704)	(96,704)
Change in net position				(45,662)	(45,662)
Net position at beginning of year				236,572	236,572
Net position at end of year				$ 190,910	$ 190,910

See accompanying notes.

SOUTHSIDE PLANNING DISTRICT COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	Total Governmental Funds
ASSETS	
Cash and cash equivalents	$ 1,060,335
Grants and contracts receivable	99,481
Prepaid expenses	10,755
Total Current Assets	1,170,571
Other Assets	
Investments	25,529
Total Assets	$ 1,196,100
LIABILITIES	
Accounts payable and accrued liabilities	$ 58,674
Total Liabilities	58,674
FUND BALANCE	
Unassigned	1,137,426
Total Fund Balance	1,137,426
Total Liabilities and Fund Balance	$ 1,196,100

Reconciliation of fund balances on the balance sheet for governmental funds to net position of governmental activities on the statement of net position:	
Fund balances - total governmental funds	$ 1,137,426
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities and related deferred items are not due and payable in the current period and therefore are not reported in the funds	
Change of assumptions	15,892
Pension contributions after the measurement date	74,881
Net difference between projected and actual earnings on plan investments	84,620
Compensated absences	(43,188)
Net pension liability	(1,124,098)
Differences between expected and actual experience	812
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,565
Net Position of Governmental Activities	$ 190,910

See accompanying notes.

SOUTHSIDE PLANNING DISTRICT COMMISSION

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

REVENUE		
Grants and appropriations:		
Federal grants		$ 223,507
State grants		138,627
Local and program income		748,656
Investment earnings		10,227
	TOTAL REVENUES	1,121,017
EXPENDITURES		
Salaries		407,068
Employee benefits and payroll taxes		267,733
Loan forgiveness		7,022
Direct grant expenses		131,136
Space, utilities and occupancy costs		24,915
Contractual staff		8,726
Software licensing		8,253
Commissioner's expense		4,600
Legal and auditing		8,289
Telephone		6,892
Equipment rental, maintenance and use		7,369
Consumable supplies		6,449
Membership fees and dues		4,600
Printing		2,725
Postage and freight		1,753
Auto operations and maintenance		1,327
Insurance and bonding		5,764
Officer's expense/stipend		500
Publications and subscriptions		461
Capital Outlay		12,406
	TOTAL EXPENDITURES	917,988
	NET CHANGE IN FUND BALANCE	203,029
	FUND BALANCE - Beginning of year	934,397
	FUND BALANCE - End of year	$ 1,137,426

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

Net Change in Fund Balances - Total Government Funds	$ 203,029
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 the governmental funds - change in long-term annual leave payable.	(3,625)
Change in deferred outflows	18,997
Change in program fees receivable	(145,148)
Change in deferred inflows	19,544
Change in net pension liability	(145,472)
All capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, for governmental activities those outlays are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.	7,013
Change in net position reported on the Statement of Activities	$ (45,662)

See accompanying notes.

SOUTHSIDE PLANNING DISTRICT COMMISSION

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Go Virginia Regional Council 3
ASSETS	
Cash and cash equivalents	$ 14,498
Total Assets	14,498
LIABILITIES	
Amount held for others	14,498
Total Liabilities	14,498
NET POSITION	$ -

See accompanying notes.

SOUTHSIDE PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Accounting Policies

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

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

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

(a) The Financial Reporting Entity – The Commission consists of various members who are appointed by and serve at the pleasure of the five member jurisdictions. The Commission is not a component unit of any of the participating governments. The Commission has no component units to be included in their financial statements at this time.

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

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

NOTE 1 – Organization and Summary of Accounting Policies (Continued)

(b) Government-Wide and Fund Financial Statements (Continued)

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

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

The Commission applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The following is a brief description of the specific funds used by the Commission:

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

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

Special Revenue Funds – The Special Revenue Fund accounts for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Special Revenue Fund is considered a major fund for financial reporting purposes.

Basis of Accounting – The accounting and reporting policies of the Commission relating to the accompanying basic financial conform to accounting principles generally accepted in the United States of America applicable to state and local governments.

Fiduciary Fund
Go Virginia Agency Fund – This fund accounts for the increases and decreases of the funds held for the GO Virginia Regional Council 3.

NOTE 1 – Organization and Summary of Accounting Policies (Continued)

(b) Government-Wide and Fund Financial Statements (Continued)

The government-wide Statements of Net Position and Statements of Activities are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the Statement of Net Position.

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

(c) Budgets and Budgetary Accounting – The Commission's Board annually adopts budgets for the various funds of the primary government. The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits to the Executive Committee a proposed operating budget commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the Executive Committee adopts the budget.
3. Only the Executive Committee can revise the budget for each department or category.
4. Formal budgetary integration is employed as a management device during the year.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Appropriations lapse on June 30. Contracts that carry over more than one year can be re-budgeted.
7. Budget data presented in the accompanying financial statements consists of the original budget and the revised budget as of June 30, 2021, as adopted, appropriated, and legally amended.

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

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

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

NOTE 1 – Organization and Summary of Accounting Policies (Continued)

(g) Accounts Receivable – Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables related to non-exchange transactions are recognized when their eligibility requirements have been met. Receivables are reduced by the estimated portion that is expected to be uncollectible based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivables collectible at June 30, 2021, and no allowance for doubtful accounts has been provided.

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

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

Buildings and improvements	7 to 39 years
Furniture and other equipment	3 to 5 years

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

(i) Deferred Outflows/Inflows of Resources – The Commission reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period.

The Commission reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until a future period.

(j) Management Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Advertising Costs – Advertising costs are expensed as incurred.

NOTE 2 – Cash and Investments

Deposits - All cash of the Commission is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et seq. of the Code of Virginia or covered by Federal Depository Insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board of responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If any member financial institution fails, the entire collateral becomes available to satisfy the claims of the Commission. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro-rata basis to the members of the pool. Therefore, these deposits are considered collateralized, and, as a result, are considered insured.

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

As of June 30, 2021, the Commission had an investment of $25,529 in a mutual company as a result of the demutualization of an insurance policy, with a cost basis of $8,686. Investments are recorded at fair market value based on quoted prices in active markets for identical assets (level 1 inputs).

Investment income for the year ended June 30, 2021 consisted of the following:

Interest	$ 1,480
Unrealized gain on investments	8,747
	$10,227

NOTE 3 – Capital Assets

A summary of property and equipment as of June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Equipment	$100,508	$ -	$ -	$100,508
Leasehold Improvements	51,187	12,407	-	63,594
Accumulated Depreciation	(114,143)	(5,393)	-	(119,536)
Net	$ 37,552	$ 7,014	$ -	$ 44,566

NOTE 4 – Pension Plan

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.

Plan Description

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**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.

NOTE 4 – Pension Plan (Continued)

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.	**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.	**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.
Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of 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.	**Retirement Contributions** Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	**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 requited to match those voluntary contributions according to specified percentages.

NOTE 4 – Pension Plan (Continued)

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.	**Service Credit** Same as Plan 1.	**Service Credit** **<u>Defined Benefit Component:</u>** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **<u>Defined Contributions Component:</u>** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
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.	**Vesting** Same as Plan 1.	**Vesting** **<u>Defined Benefit Component:</u>** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Plan remain vested in the defined benefit component. **<u>Defined Contributions Component:</u>** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

NOTE 4 – Pension Plan (Continued)

		Vesting (continued) • 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 years or more, a member is 100% vested and may withdraw 100% of employer contributions. Distribution not required, except as governed by law.
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.	**Calculating the Benefit** See definition under Plan 1.	**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 A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	**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 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.	**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.	**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.

NOTE 4 – Pension Plan (Continued)

<table>
<tr><td>Normal Retirement Age VRS:
Age 65.

Political subdivision hazardous duty employees: Age 60.</td><td>Normal Retirement Age VRS:
Normal Social Security retirement age.

Political subdivision hazardous duty employees: Same as Plan 1.</td><td>Normal Retirement Age
<u>Defined Benefit Component:</u> VRS:
Same as Plan 2.

Political subdivision hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td>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 subdivision hazardous duty employees: Age 60 with at least five years (60 months) of service credit or at age 50 with at least 25 years of service credit.</td><td>Earliest Unreduced Retirement Eligibility VRS:
Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service credit equal 90.

Political subdivision hazardous duty employees: Same as Plan 1.</td><td>Earliest Unreduced Retirement Eligibility
<u>Defined Benefit Component:</u> VRS:
Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service credit equal 90.

Political subdivision hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td>Earliest Reduced Retirement Eligibility VRS:
Age 55 with at least five years (60 months) of creditable service or at age 50 with at least 10 years of service credit.

Political subdivision hazardous duty employees: 50 with at least five years of service credit.</td><td>Earliest Reduced Retirement Eligibility VRS:
Age 60 with at least five years (60 months) of service credit.

Political subdivision hazardous duty employees: Same as Plan 1.</td><td>Earliest Reduced Retirement Eligibility
<u>Defined Benefit Component:</u> VRS:
Age 60 with at least five years (60 months) of service credit.

Political subdivision hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td>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%.

<u>Eligibility:</u>
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.</td><td>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%.

<u>Eligibility:</u>
Same as Plan 1.</td><td>Cost-of-Living Adjustment (COLA) in Retirement
<u>Defined Benefit Component:</u>
Same as Plan 2.

<u>Defined Contribution Component:</u>
Not applicable.

<u>Eligibility:</u>
Same as Plan 1 and Plan 2.</td></tr>
</table>

NOTE 4 – Pension Plan (Continued)

<table>
<tr>
<td>Cost-of-Living Adjustment (COLA) in Retirement (continued)

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.

<u>Exceptions to COLA Effective Dates:</u>
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 to 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.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement (continued)

<u>Exceptions to COLA Effective Dates:</u>
Same as Plan 1.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement (continued)

<u>Exceptions to COLA Effective Dates:</u>
Same as Plan 1 and Plan 2.</td>
</tr>
<tr>
<td>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.</td>
<td>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.</td>
<td>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.</td>
</tr>
</table>

NOTE 4 – Pension Plan (Continued)

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

		Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits		9
Inactive Members		
Vested inactive members	4	
Non-vested inactive members	6	
Inactive members active elsewhere in VRS	6	
Total Inactive Members		16
Active Members		8
Total covered employees		33

Contributions

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

The Commission's contractually required contribution rate for the year ended June 30, 2021 was 15.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were $74,881 and $70,141 for the years ended June 30, 2021 and June 30, 2020, respectively.

SOUTHSIDE PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 4 – Pension Plan (Continued)

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 the Commission, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTE 4 – Pension Plan (Continued)

Mortality rates (continued):

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Largest 10 – Non-Hazardous Duty:

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

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

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

NOTE 4 – Pension Plans (Continued)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

NOTE 4 – Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue 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:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2019	$3,871,734	$2,893,108	$978,626
Changes for the year:			
Service cost	48,044	-	48,044
Interest	248,533	-	248,533
Changes of assumptions	-	-	-
Differences between expected and actual experience	(10,650)	-	(10,650)
Contributions – employer	-	70,141	(70,141)
Contributions – employee	-	22,727	(22,727)
Net investment income	-	49,606	(49,606)
Benefit payments, including refunds of employee contributions	(379,519)	(379,519)	-
Administrative expense	-	(1,959)	1,959
Other changes	-	(60)	60
Net changes	(93,592)	(239,064)	145,472
Balances at June 30, 2020	$3,778,142	$2,654,044	$1,124,098

NOTE 4 – Pension Plans (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Commission's Net Pension Liability	$1,657,012	$1,124,098	$681,520

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

For the year ended June 30, 2021, the Commission recognized pension expense of $106,931. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$6,462	$5,650
Change in assumptions	15,892	-
Net difference between projected and actual earnings on plan investments	84,620	-
Employer contributions subsequent to the Measurement Date	74,881	-
Total	$181,855	$5,650

$74,881 reported as deferred outflows of resources related to pensions resulting from Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2022	$19,659
2023	25,906
2024	28,571
2025	27,188
2026	-
Thereafter	-

Pension Plan Data

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

SOUTHSIDE PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 – Compensated Absences

Each Commission employee earns vacation under a formula approved by its Board of Directors as described in the employee handbook. Sick leave is earned at the rate of ten hours per completed month of service. A maximum of 42 accumulated days of vacation may be carried from one year to the next, depending upon years of service. A maximum of 120 accumulated days of sick leave may be carried from one year to the next for employees with one to twenty years of service, and 150 accumulated days of sick leave may be carried from one year to the next for employees with over twenty years of service. Accrued vacation may be paid if not used prior to termination up to a maximum of 36 days. Accrued sick leave is not paid upon termination. The Commission has outstanding compensated absences totaling $43,188 in the governmental activities.

NOTE 6 – Indirect Costs

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries and fringe benefits to total direct salaries and fringe benefits. The indirect cost rate for the fiscal year ended June 30, 2021 was calculated as follows:

Indirect costs	$239,350	
Total direct salaries and fringe benefits	$537,092	= 44.56%

The following indirect costs have been allocated to projects:

Salaries	$ 85,558
Fringe benefits	55,776
Space and occupancy costs	24,915
Contract services	8,726
Software licensing	8,253
Equipment rental and maintenance	7,369
Audit and accounting	7,300
Telephone	6,892
Consumable supplies	6,449
Insurance and bonding	5,764
Depreciation	5,393
Commission member's expense	4,600
Membership dues	4,600
Printing and publications	3,186
Postage and freight	1,753
Auto and travel	1,327
Legal	989
Officer's expense	500
Total Indirect Costs	$239,350

SOUTHSIDE PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 7 – Fringe Benefit Allocation

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

Fringe benefit expense	$267,773	
Total non-leave salaries	$410,693	= 65.19%

Components of fringe benefit expense for the year ended June 30, 2020 are shown below:

Employee leave	$ 80,115
Health, disability and life insurance	78,140
Retirement	74,881
Payroll taxes	34,597
Total Fringe Benefits	$267,733

NOTE 8 – Lease Commitments

The Commission has a lease for its facilities at 200 South Mecklenburg Avenue, South Hill, Virginia. The premises are leased from the Lake Country Development Corporation. No rent was charged for the year ended June 30, 2021.

NOTE 9 – Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. At June 30, 2021, there were no matters of litigation involving the Commission which would materially affect the Commission's financial position should any court decision or pending matter not be favorable to the Commission.

NOTE 10 – Surety Bond Information

A public employee blanket bond through Virginia Risk Sharing Association amounting to $60,000 was in force and expires June 30, 2022.

NOTE 11 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through January 24, 2022, the date which the financial statements were available to be issued.

SOUTHSIDE PLANNING DISTRICT COMMISSION

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE				
Grants and appropriations:				
Federal grants	$ 128,000	$ 328,000	$ 223,507	$ (104,493)
State grants	221,792	196,961	138,627	(58,334)
Local and program income	588,542	1,016,767	748,656	(268,111)
Other revenue:				
Investment earnings	12,000	18,000	10,227	(7,773)
TOTAL REVENUES	950,334	1,559,728	1,121,017	(438,711)
EXPENDITURES				
Current Operating:				
Salaries	422,538	422,538	410,693	11,845
Employee benefits and payroll taxes	277,837	277,837	267,733	10,104
Loan forgiveness	-	-	152,170	(152,170)
Direct grant expenses	60,000	150,000	131,136	18,864
Space, utilities and occupancy costs	25,000	25,000	24,915	85
Contractual staff	37,500	37,500	8,726	28,774
Software licensing	20,000	20,000	8,253	11,747
Equipment rental, maintenance and use	8,000	8,000	7,369	631
Auditing	8,000	8,000	7,300	700
Telephone	8,000	8,000	6,892	1,108
Consumable supplies	7,000	7,000	6,449	551
Insurance and bonding	6,000	6,000	5,764	236
Depreciation	6,500	6,500	5,393	1,107
Commissioner's expense	10,000	10,000	4,600	5,400
Membership fees and dues	5,000	5,000	4,600	400
Printing	2,500	2,500	2,725	(225)
Postage and freight	2,500	2,500	1,753	747
Auto operations and maintenance	5,000	5,000	1,327	3,673
Legal fees	2,000	2,000	989	1,011
Officer's expense/stipend	500	500	500	-
Publications and subscriptions	500	500	461	39
Training, seminars, workshops and conferences	500	500	-	500
Travel	500	500	-	500
Pubic relations	1,000	1,000	-	1,000
TOTAL EXPENDITURES	916,375	1,006,375	1,059,748	(53,373)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 33,959	$ 553,353	61,269	$ (492,084)
NET POSITION - Beginning of year			236,572	
GASB 68 pension adjustment			(106,931)	
NET POSITION - End of year			$ 190,910	

See accompanying notes.

SOUTHSIDE PLANNING DISTRICT COMMISSION

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
GO VIRGINIA REGIONAL COUNCIL 3				
ASSETS				
Cash and cash equivalents	$ 44,285	$ 2,125,751	$ 2,155,538	$ 14,498
LIABILITIES				
Amount held for others	$ 44,285	$ 2,125,751	$ 2,155,538	$ 14,498

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

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

To the Commissioners
Southside Planning District Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the aggregate remaining fund information of the Southside Planning District Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Southside Planning District Commission's basic financial statements, and have issued our report thereon dated January 24, 2022.

Internal Control Over Financial Reporting

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

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

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

Metro: (703) 631-8940 FAX: (703) 631-8939 Toll Free 1-877-631-8940

Compliance and Other Matters

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

Purpose of this Report

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

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

January 24, 2022

SOUTHSIDE PLANNING DISTRICT COMMISSION

SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	$ 48,044	$ 45,896	$ 38,098	$ 45,474	$ 42,499	$ 46,077	$ 45,495
Interest on total pension liability	248,533	243,679	234,461	228,653	221,928	212,995	202,971
Differences between expected and actual experience	(10,650)	46,850	(8,475)	(63,621)	(57,581)	(24,561)	-
Changes in assumptions	-	115,212	-	752	-	-	-
Changes in benefits	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(379,519)	(122,059)	(142,751)	(113,803)	(107,753)	(106,035)	(104,509)
Net change in total pension liability	(93,592)	329,578	121,333	97,455	99,093	128,476	143,957
Total pension liability - beginning	3,871,734	3,542,156	3,420,823	3,323,368	3,224,275	3,095,799	2,951,842
Total pension liability - ending (a)	$ 3,778,142	$ 3,871,734	$ 3,542,156	$ 3,420,823	$ 3,323,368	$ 3,224,275	$ 3,095,799
Plan fiduciary net position							
Contributions - employer	$ 70,141	$ 81,938	$ 74,691	$ 73,194	$ 74,782	$ 77,575	$ 75,698
Contributions - employee	22,727	26,322	24,463	24,077	23,986	24,867	25,300
Net investment income	49,606	183,322	189,197	282,851	40,085	100,931	300,098
Benefits payments, including refunds of employee contributions	(379,519)	(122,059)	(142,751)	(113,803)	(107,753)	(106,035)	(104,509)
Administrative expense	(1,959)	(1,775)	(1,635)	(1,617)	(1,411)	(1,364)	(1,606)
Other	(60)	(115)	(388)	(529)	(17)	(21)	16
Net change in plan fiduciary net position	(239,064)	167,633	143,577	264,173	29,672	95,953	294,997
Plan fiduciary net position - beginning	2,893,108	2,725,475	2,581,898	2,317,725	2,288,053	2,192,100	1,897,103
Plan fiduciary net position - ending (b)	$ 2,654,044	$ 2,893,108	$ 2,725,475	$ 2,581,898	$ 2,317,725	$ 2,288,053	$ 2,192,100
Commission's Net Pension Liability - Ending (a)-(b)	$ 1,124,098	$ 978,626	$ 816,681	$ 838,925	$ 1,005,643	$ 936,222	$ 903,699
Plan fiduciary net position as a percentage of the total pension liability	70.25%	74.72%	76.94%	75.48%	69.74%	70.96%	70.81%
Covered - employee payroll	$ 443,000	$ 501,800	$ 521,305	$ 452,931	$ 476,610	$ 468,800	$ 501,200
Commission's net pension liability as percentage of covered-employee payroll	253.75%	195.02%	156.66%	185.22%	211.00%	199.71%	180.31%

See accompanying notes

SOUTHSIDE PLANNING DISTRICT COMMISSION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2012 THROUGH 2021

Date	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	$ 62,836	$ 74,881	$ (12,045)	$ 410,693	18.23%
2020	$ 64,944	$ 70,650	$ (5,706)	$ 443,000	15.95%
2019	$ 75,722	$ 82,504	$ (6,782)	$ 501,800	16.44%
2018	$ 79,238	$ 75,308	$ 3,930	$ 521,305	14.45%
2017	$ 68,846	$ 73,354	$ (4,508)	$ 452,931	16.20%
2016	$ 74,589	$ 75,067	$ (478)	$ 476,610	15.75%
2015	$ 73,367	$ 77,835	$ (4,468)	$ 468,800	16.60%
2014	$ 75,230	$ 75,698	$ (468)	$ 501,200	15.10%
2013	$ 77,992	$ 77,792	$ 200	$ 519,600	14.97%
2012	$ 79,730	$ 78,934	$ 796	$ 476,000	16.58%

See accompanying notes

SOUTHSIDE PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

NOTE 1 – Change of Benefit Terms

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

NOTE 2 – Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

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

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

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