

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION
FINANCIAL REPORT
YEARS ENDED JUNE 30, 2019 and 2018

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

FINANCIAL REPORT

YEARS ENDED JUNE 30, 2019 and 2018

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CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

DIRECTORY OF PRINCIPAL OFFICIALS

BOARD OF DIRECTORS

Kenneth Campbell, Chair
County of Amherst, Virginia

Mayor Dwayne Tuggle, Vice-Chair
Town of Amherst, Virginia

Gary F. Christie, Secretary
Central Virginia Planning District Commission

Dean Rodgers, Treasurer
County of Amherst, Virginia

KEY EMPLOYEES

Ben Bowman, Workforce Development Director

Gary F. Christie, Executive Director

Kelly Hitchcock, Planning and Development Director

Rosalie Majerus, Deputy Director of Finance

Scott Smith, Transportation Planning Director



Independent Auditors' Report

To the Board of Directors
Central Virginia Planning District Commission
Lynchburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Central Virginia Planning District Commission, as of and for the years ended June 30, 2019 and 2018, 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.

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Central Virginia Planning District Commission, as of June 30, 2019 and 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2019, the Commission adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* and early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 4-7 and 45-53 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.

Supplementary and Other Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019, on our consideration of Central Virginia Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Virginia Planning District Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Virginia Planning District Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 18, 2019

Management's Discussion and Analysis

To the Board of Directors
Central Virginia Planning District Commission
Lynchburg, Virginia

As management of the Central Virginia Planning District Commission, (the "Commission"), we offer readers of our financial statements this narrative and overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements section of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's annual financial report consists of three basic financial statements: a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. For ease of presentation, all statements are in a condensed format. This report also contains other required supplementary information in addition to the basic financial statements themselves.

The statement of net position presents information on the Commission's assets, deferred outflows, deferred inflows and liabilities. Equity of the Commission is reported as net position. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, reduced by accumulated depreciation and by any outstanding debt, deferred outflows of resources and deferred inflows of resources related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The statement of revenues, expenses and changes in net position presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The statement of cash flows indicates the net increase or decrease of cash resources for the Commission during the year and the activities that produced the increase or decrease. The statement concludes with a reconciliation tying the beginning cash balance and results for the year to the ending balance.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 through 44 of this report.

Other information. In addition to the basic financial statements and accompanying notes, certain required supplementary information concerning the Commission's funding of its obligation to provide Virginia Retirement System Benefits and other post-employment benefits to its employees is located immediately following the notes to financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,730,883 (net position). Of this amount \$2,652,060 (unrestricted) may be used to meet the Commission's ongoing obligations to customers and creditors.

The Commission's total net position increased by \$255,927.

Financial Highlights: (Continued)

As noted earlier, net position may serve over time as a useful indicator of a Commission's financial position. In the case of the Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,730,883 at the close of the most recent fiscal year.

	Net Position	
	2019	2018
Current and other assets	\$ 3,197,373	\$ 2,952,008
Capital assets	13,815,823	14,643,225
Total assets	<u>\$ 17,013,196</u>	<u>\$ 17,595,233</u>
Deferred outflows of resources	<u>\$ 52,567</u>	<u>\$ 54,140</u>
Current liabilities	\$ 1,177,849	\$ 1,090,357
Long-term liabilities	7,045,382	7,908,112
Total liabilities	<u>\$ 8,223,231</u>	<u>\$ 8,998,469</u>
Deferred inflows of resources	<u>\$ 111,649</u>	<u>\$ 175,948</u>
Net position:		
Net investment in capital assets	\$ 6,078,823	\$ 6,068,225
Unrestricted	2,652,060	2,406,731
Total net position	<u>\$ 8,730,883</u>	<u>\$ 8,474,956</u>

The table below is a summary of the changes in net position.

	Change in Net Position	
	2019	2018
Revenues:		
Operating revenues	\$ 3,497,070	\$ 3,363,882
Participating government operating contributions (Dues)	154,774	154,668
Nonoperating revenue	1,130,613	1,120,739
Total revenues	<u>\$ 4,782,457</u>	<u>\$ 4,639,289</u>
Expenses:		
Operating expenses	\$ 4,270,096	\$ 3,435,535
Interest expense	256,434	281,276
Loss on disposal of property and equipment	-	74,369
Total expenses	<u>\$ 4,526,530</u>	<u>\$ 3,791,180</u>
Change in net position	\$ 255,927	\$ 848,109
Net position - July 1	8,474,956	7,626,847
Net position - June 30	<u>\$ 8,730,883</u>	<u>\$ 8,474,956</u>

Total revenues increased by \$143,168 while total expenses increased \$735,350 from fiscal year 2018 levels.

Capital Asset Administration

The Commission's investment in capital assets as of June 30, 2019 amounts to \$13,815,823 (net of accumulated depreciation). Investment in capital assets increased 9.46% during the year. Below is a comparison of the items that makeup capital assets as of June 30, 2019 with that of June 30, 2018.

	Capital Assets	
	2019	2018
Leasehold Improvements	\$ 1,176	\$ 2,938
Furniture and equipment	19,415	24,283
Regional Radio	13,620,904	13,915,833
Land	174,328	700,171
Total Capital Assets	<u>\$ 13,815,823</u>	<u>\$ 14,643,225</u>

Review of Operations - FY 19

The Central Virginia Planning District Commission has served the local governments surrounding Lynchburg since 1969 with planning, grant writing and project management services.

Staffing Services

The Planning District Commission continues to provide staffing services to important regional organizations:

- Central Virginia Metropolitan Planning Organization (MPO)
- Central Virginia Radio Communications Board
- Region 2000 Services Authority
- Central Virginia Workforce Development Board and Workforce Council
- Ride Solutions

These organizations provide valuable services to the community and the Planning District Commission framework allows for more cost effective, uniform, transparent, and responsive staffing delivery services.

Radio Board

The Central Virginia Radio Communications Board continues to provide a public safety grade communications network for Lynchburg, Amherst and Bedford. Other organizations such as Liberty University, the Central Virginia Community College, the Region 2000 Services Authority, the Blue Ridge Regional Jail and the Greater Lynchburg Transit Company also use this communications system.

This interoperable and redundant radio communications system provides valuable services in the event of a local or regional public safety event.

Regional Economic Development Planning

Planning District Commission staff continued work on implementation of the Comprehensive Economic Development Strategic Plan in coordination with the Lynchburg Regional Business Alliance. The Commission places a high priority on the continued development and implementation of the regional economic development strategic plan.

Workforce Development

The Central Virginia Workforce Development staff continue to shape the region's workforce development by coordinating with service providers. Beginning July 1, 2019, the PDC began direct operation of the Workforce Board's Youth Program. Workforce staff, using funds from GO Virginia, held a "World of Opportunity Career Expo" involving over 3,700 local students and 50 businesses to educate students about careers and career pathways.

Transportation

The Central Virginia MPO and the Planning District Commission continued to provide transportation planning services in the region. We provided technical assistance to five (5) successful Smart Scale Grants in the region. Staff also completed a bicycle and pedestrian plan for the Town of Bedford.

Transit Services

The Planning District Commission and Central Virginia MPO continue to serve the Greater Lynchburg Transit Company with planning and support services. Work continued refining bus stop locations, ADA accessibility to sidewalks and signage.

Housing and Utilities

We continue to assist the Town of Appomattox and Amherst County with housing rehabilitation projects improving neighborhoods and sub-standard housing. We continue to work with Appomattox County repairing homes and infrastructure in the areas of the County impacted by a tornado in 2016. We also developed a business plan for the Town of Pamplin to meet requirements for funding to do needed improvements to the Town's water tank and chemical feed system.

Central Virginia Training Center

The Planning District Commission approved funding to match local money and grants for the creation of a re-development plan for the Central Virginia Training Center.

Ride Solutions

We continue to work with the business community and carpoolers providing information about alternative transportation, including bicycle and walking opportunities.

Solid Waste Disposal

The Region 2000 Services Authority continues to handle about 200,000 tons of solid waste annually in an environmentally safe and cost-effective way. Discussions continue with the Campbell County Board of Supervisors on waste disposal options for post 2029, when the current permitted area is filled.

Hazard Mitigation Planning

Using local funds and a \$100,000 grant from the Virginia Department of Emergency Services, the PDC contracted with Virginia Tech to update the region's Hazard Mitigation Plan.

Return on Investment

The Planning District Commission generated \$18.44 in outside revenues for each \$1 in local government dues in FY 19.

Requests for Information

This financial report is designed to provide a general overview of the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 828 Main Street, 12th Floor, Lynchburg, VA 24504.

Basic Financial Statements

STATEMENTS OF NET POSITION
AT JUNE 30, 2019 AND 2018

	At June 30,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,107,815	\$ 2,077,133
Accounts/grants receivable/Due from other governments (Note 3)	517,137	367,727
Prepaid expenses	59,588	41,813
Total current assets	\$ 2,684,540	\$ 2,486,673
Long-term assets:		
Net pension asset (Note 5)	\$ 512,833	\$ 465,335
Capital assets, net (Note 4)	13,815,823	14,643,225
Total long-term assets	\$ 14,328,656	\$ 15,108,560
Total assets	\$ 17,013,196	\$ 17,595,233
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 41,894	\$ 49,714
OPEB related items	10,673	4,426
Total deferred outflows of resources	\$ 52,567	\$ 54,140
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	\$ 220,943	\$ 154,116
Accrued interest payable	39,201	43,447
Funds held for others	4,665	4,665
Compensated absences (Note 6)	48,040	50,129
Revenue bonds, current portion (Note 15)	865,000	838,000
Total current liabilities	\$ 1,177,849	\$ 1,090,357
Long-term liabilities:		
Revenue bonds, less current portion (Note 15)	\$ 6,872,000	\$ 7,737,000
Net OPEB liabilities	173,382	171,112
Total long-term liabilities	\$ 7,045,382	\$ 7,908,112
Total liabilities	\$ 8,223,231	\$ 8,998,469
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 104,353	\$ 160,238
OPEB related items	7,296	15,710
Total deferred inflows of resources	\$ 111,649	\$ 175,948
NET POSITION		
Net investment in capital assets	\$ 6,078,823	\$ 6,068,225
Unrestricted	2,652,060	2,406,731
Total net position	\$ 8,730,883	\$ 8,474,956

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	Year Ended June 30,	
	2019	2018
Operating Revenues		
Grants		
Commonwealth of Virginia		
Department of Housing and Community Development	\$ 99,056	\$ 122,171
Virginia Employment Commission	24,395	-
Department of Health	2,500	-
Department of Transportation	74,676	60,210
Federal		
Department of Transportation - Highway Planning and Construction	245,943	218,876
Department of Transportation - Planning	97,408	88,872
Environmental Protection Agency		
Chesapeake Bay Program	50,000	-
Workforce Investment Act		
Adult Programs	432,893	461,846
Youth Programs	611,170	549,391
Dislocated Worker Formula Grants	296,841	370,676
Dislocated Worker National Reserve Technical Assistance and Training	24,667	-
Commerce Department Economic Development	-	12,207
Other Revenue		
Regional Radio Board	1,302,456	1,284,945
Dues and matching funds - participating localities	154,774	154,668
Grant management and other fees	221,461	186,796
Miscellaneous	13,604	7,892
Total operating revenues	<u>\$ 3,651,844</u>	<u>\$ 3,518,550</u>
Operating Expenses		
Administrative		
Salaries	\$ 70,576	\$ 69,218
Fringe benefits	38,286	38,468
Other unallocated overhead	150,516	136,798
Program		
Allocated administrative salaries	694,521	647,688
Allocated fringe benefits	373,795	359,847
Direct program	2,942,402	2,183,516
Total operating expenses	<u>\$ 4,270,096</u>	<u>\$ 3,435,535</u>
Operating income (loss)	<u>\$ (618,252)</u>	<u>\$ 83,015</u>
Nonoperating Revenues (Expenses)		
Interest Income	\$ 25,460	\$ 14,728
Interest expense	(256,434)	(281,276)
Loss on disposal of property and equipment	-	(74,369)
Member jurisdiction payments	1,105,153	1,106,011
Total nonoperating revenues (expenses)	<u>\$ 874,179</u>	<u>\$ 765,094</u>
Change in net position	<u>\$ 255,927</u>	<u>\$ 848,109</u>
Net position - beginning at July 1, as restated	8,474,956	7,626,847
Net position - ending at June 30	<u>\$ 8,730,883</u>	<u>\$ 8,474,956</u>

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

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	Year Ended June 30,	
	2019	2018
Cash Flow From Operating Activities		
Receipts from granting agencies and participating localities	\$ 3,502,434	\$ 3,569,770
Payments to suppliers	(2,165,473)	(1,495,905)
Payments to and on behalf of employees	(1,287,221)	(1,232,044)
Net cash provided by (used for) operating activities	<u>\$ 49,740</u>	<u>\$ 841,821</u>
Cash Flow From Capital and Related Financing Activities		
Purchase of capital assets	\$ (50,991)	\$ (1,172,023)
Member jurisdiction payments	1,105,153	1,106,011
Principal payments on bond	(838,000)	(813,000)
Interest paid on bond	(260,680)	(285,395)
Net cash provided by (used for) capital and related financing activities	<u>\$ (44,518)</u>	<u>\$ (1,164,407)</u>
Cash Flow From Investing Activities		
Interest income	\$ 25,460	\$ 14,728
Net increase (decrease) in cash and cash equivalents	\$ 30,682	\$ (307,858)
Cash and cash equivalents at beginning of year (including \$0 and (\$27), respectively reported in restricted accounts)	<u>2,077,133</u>	<u>2,384,991</u>
Cash and cash equivalents at end of year (including \$0 and \$0 respectively reported in restricted accounts)	<u><u>\$ 2,107,815</u></u>	<u><u>\$ 2,077,133</u></u>
Reconciliation of Operating income (loss) to Net Cash provided by (used for) operating activities		
Operating income (loss)	\$ (618,252)	\$ 83,015
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	878,393	902,928
Loss on disposal of property and equipment	-	(74,369)
Accounts and grants receivable	(149,410)	51,220
Prepaid expenses	(17,775)	5,890
Accounts payable	66,827	(29,581)
Funds held for others	-	(375)
Compensated absences	(2,089)	(7,582)
Net OPEB liabilities	2,270	(18,821)
Deferred outflows - net pension asset related	7,820	24,548
Deferred outflows - net OPEB group life related	(6,247)	(4,426)
Deferred inflows - pension related	(55,885)	92,390
Deferred inflows - OPEB related	(8,414)	15,710
Net pension asset	(47,498)	(198,726)
Net cash provided by (used for) operating activities	<u><u>\$ 49,740</u></u>	<u><u>\$ 841,821</u></u>

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

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting entity:

The Central Virginia Planning District Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia. It was established pursuant to the Virginia Area Development Act and by joint resolution of the governing bodies of its constituent jurisdictions. Those jurisdictions comprising the Commission's regional area are the counties of Amherst, Appomattox, Bedford, and Campbell; the City of Lynchburg; and the towns of Altavista, Amherst, Appomattox, Bedford, and Brookneal. The purpose of the Commission is to promote the orderly and efficient development of the physical, social, and economic elements of the region by means of regional planning and fostering regional cooperation among the several region governments.

Measurement focus and basis of accounting:

The Commission's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are grants received from state and federal agencies and operating contributions from member jurisdictions. Operating expenses include program and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and cash equivalents:

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less from the date of acquisition.

Valuation of receivables:

Receivables are stated at face amount with no allowance for doubtful accounts because probable uncollectible accounts are immaterial.

Capital assets:

Capital assets are stated at cost or estimated cost. Donated property is recorded at acquisition value prevailing at date of donation. Capital assets are defined as land, buildings and other improvements, furnishings and equipment with an initial individual cost of more than \$2,000 and an estimated useful life of more than one year. Depreciation for capital assets has been provided over the following estimated useful lives using the straight-line method:

Buildings and other improvements	15-39 years
Furnishings and leasehold improvements	3-7 years
Equipment	5 years

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Compensated absences:

Each year employees accumulate a specified number of days of leave with pay based on years of service. The liability for compensated absences reflects unused leave as of June 30, including applicable employer taxes.

Funds Held for Others:

Funds held for others include funds that have been collected, but are not for the Commission's use. They include WIA Train-It funds.

Use of Estimates:

Management uses estimates and assumptions in preparing its financial statements. Actual results could differ from those estimates.

Reclassifications:

Certain amounts in the prior year's financial statement have been reclassified to conform to the current year's presentation.

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 represents capital assets, reduced by accumulated depreciation and by any outstanding debt, deferred outflows of resources and deferred inflows of resources related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Net Position Flow Assumption:

Sometimes the Commission 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Deferred Inflows/Outflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset and net OPEB liability or contributions to the pension and OPEB plan(s) made during the current and subsequent to the net pension asset and net OPEB liability measurement date. For more detailed information on this item, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension asset and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on this item, reference the related notes.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and the additions to/deductions from the Commission's 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.

Other Postemployment Benefits - Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

The Commission does not have a formal investment policy.

Credit Risk of Debt Securities

The Commission's rated debt investments as of June 30, 2019 were rated by Standard & Poor's, and or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

<u>Commission's Rated Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 766,374
VIP Stable NAV Liquidity Pool	250,714
Total	\$ <u>1,017,088</u>

Fair Value Measurements: Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission has measured fair value of the above investments at the net asset value (NAV).

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

	Investment Maturities (in years)	
	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 766,374	\$ 766,374
VIP Stable NAV Liquidity Pool	250,714	250,714
	<u>\$ 1,017,088</u>	<u>\$ 1,017,088</u>

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3—ACCOUNTS AND GRANTS RECEIVABLE:

Accounts and grants receivable are as follows:

	2019	2018
Virginia Department of Transportation	\$ 133,557	\$ 78,469
Virginia Department of Rail and Public Transportation	21,868	17,084
VCCS for Workforce Investment Opportunity Act	139,757	144,400
Department of Commerce	-	12,207
Town of Amherst	-	1,132
Amherst County	480	373
Roanoke Valley Regional Commission	15,886	14,455
Radio Board	188	9,235
Region 2000 Partners	122,107	26,544
Bedford County	7,500	5,000
Appomattox Town	-	1,132
Appomattox County	-	10,349
Others	75,794	47,347
	<u>\$ 517,137</u>	<u>\$ 367,727</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 4—CAPITAL ASSETS:

Capital asset activity was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
2019				
Capital assets not being depreciated:				
Land	\$ 174,328	\$ -	\$ -	\$ 174,328
Total capital assets not being depreciated	<u>\$ 174,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,328</u>
Other capital assets:				
Leasehold improvements	\$ 19,660	\$ -	\$ -	\$ 19,660
Regional radio	15,753,489	44,669	-	15,798,158
Furniture and equipment	69,790	6,322	11,135	64,977
Subtotal other capital assets	<u>\$ 15,842,939</u>	<u>\$ 50,991</u>	<u>\$ 11,135</u>	<u>\$ 15,882,795</u>
Accumulated depreciation				
Leasehold improvements	\$ 16,722	\$ 1,762	\$ -	\$ 18,484
Regional radio	1,311,813	865,441	-	2,177,254
Furniture and equipment	45,507	11,190	11,135	45,562
Subtotal accumulated depreciation	<u>\$ 1,374,042</u>	<u>\$ 878,393</u>	<u>\$ 11,135</u>	<u>\$ 2,241,300</u>
Other capital assets, net	<u>\$ 14,468,897</u>	<u>\$ (827,402)</u>	<u>\$ -</u>	<u>\$ 13,641,495</u>
Total capital assets, net	<u><u>\$ 14,643,225</u></u>	<u><u>\$ (827,402)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,815,823</u></u>
2018				
Capital assets not being depreciated:				
Land	\$ 74,328	\$ 100,000	\$ -	\$ 174,328
Construction in progress	13,330,942	1,205,776	14,536,718	-
Total capital assets not being depreciated	<u>\$ 13,405,270</u>	<u>\$ 1,305,776</u>	<u>\$ 14,536,718</u>	<u>\$ 174,328</u>
Other capital assets:				
Leasehold improvements	\$ 19,660	\$ -	\$ -	\$ 19,660
Regional radio	1,374,078	14,474,438	95,027	15,753,489
Furniture and equipment	66,894	2,896	-	69,790
Subtotal other capital assets	<u>\$ 1,460,632</u>	<u>\$ 14,477,334</u>	<u>\$ 95,027</u>	<u>\$ 15,842,939</u>
Accumulated depreciation				
Leasehold improvements	\$ 14,960	\$ 1,762	\$ -	\$ 16,722
Regional radio	439,279	893,192	20,658	1,311,813
Furniture and equipment	37,533	7,974	-	45,507
Subtotal accumulated depreciation	<u>\$ 491,772</u>	<u>\$ 902,928</u>	<u>\$ 20,658</u>	<u>\$ 1,374,042</u>
Other capital assets, net	<u>\$ 968,860</u>	<u>\$ 13,574,406</u>	<u>\$ 74,369</u>	<u>\$ 14,468,897</u>
Total capital assets, net	<u><u>\$ 14,374,130</u></u>	<u><u>\$ 14,880,182</u></u>	<u><u>\$ 14,611,087</u></u>	<u><u>\$ 14,643,225</u></u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Commission are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, one other entity whose financial information is not included in this report, Region 2000 Services Authority, participates in the VRS plan and reports their proportionate information on the basis of a cost-sharing plan. 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.

Benefit Structures

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, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Commission's contractually required employer contribution rate for the year ended June 30, 2019 was 4.71% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Contributions: (Continued)

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 the Commission were \$41,894 and \$49,714 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019 and 2018, the Commission reported an asset of \$512,833 and \$465,335 respectively, for its proportionate share of the net pension asset. The Commission's net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. The Commission's proportionate share of the same was calculated using creditable compensation as of June 30, 2019 and 2018 as a basis for allocation. At June 30, 2019 and 2018, the Commission's proportion was 48.14% and 48.14% respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 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.

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.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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)	Updated 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	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated 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	Increased rate from 14% to 15%

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Central Virginia Planning District Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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 90% of rates; females set forward 1 year.

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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% 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 90% of rates; females set forward 1 year.

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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty benefits (Continued)

Mortality rates: (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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; the Commission was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2018 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.

Sensitivity of the Commission’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Central Virginia Planning District Commission			
Net Pension Liability (Asset)	\$ (347,312)	\$ (512,833)	\$ (648,934)

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

For the year ended June 30, 2019, the Commission recognized pension expense of (\$24,501). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

At June 30, 2019, the Commission 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	\$ -	\$ 70,279
Change in assumptions	-	16,689
Net difference between projected and actual earnings on pension plan investments	-	17,385
Employer contributions subsequent to the measurement date	<u>41,894</u>	<u>-</u>
Total	<u>\$ 41,894</u>	<u>\$ 104,353</u>

\$41,894 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2020. 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:

<u>Year ended June 30</u>	
2020	\$ (36,315)
2021	(41,003)
2022	(25,805)
2023	(1,229)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 6—COMPENSATED ABSENCES:

Following is a summary of changes in compensated absences:

	<u>2019</u>		<u>2018</u>
Balance, July 1	\$ 50,129	\$	57,711
Increase (decrease)	(2,089)		(7,582)
Balance, June 30	<u>\$ 48,040</u>	\$	<u>50,129</u>

NOTE 7—OPERATING LEASE:

In May 2016 the Commission entered into a non-binding three-year lease agreement for office space. The Commission entered into an agreement with the Central Virginia Workforce Investment Board to share this office space under a sublease arrangement. Net rental expense was approximately \$94,339 and \$98,396 for 2019 and 2018, respectively.

The Commission also has arrangements for lease of towers for the Regional Radio Board. Lease payments totaled \$96,318 and \$95,712 for June 30, 2019 and 2018, respectively.

NOTE 8—RISK MANAGEMENT:

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission joined together with other local governments in the Commonwealth to form the Virginia Association of Counties Group Self-Insurance Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The Commission pays an annual premium to the pool for its workers compensation coverage, property and liability insurance. The Agreement for Formation of the association provides that the association will be self-sustaining through member premiums. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

NOTE 9—REGION 2000 SERVICES AUTHORITY:

In June 2008, the Commission entered into an agreement with the Region 2000 Services Authority to provide management and operations services for the Services Authority. The Commission is responsible for all of the financial operations and day to day operation of the landfills owned by the Authority. The Authority shall pay the Commission for the actual cost of the employees at the Commission who provide administrative support for the Authority's operations plus an administrative overhead rate.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS:

Plan Description

In addition to the pension benefits described in Note 5, the Commission administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Commission's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Participants in Central Virginia Planning District Commission's OPEB plan must meet the eligibility requirements for retirement of the Virginia Retirement System to be eligible for benefits upon retirement. Participants must also retire directly from active service and meet one of the following criteria to be eligible:

- **Participants Hired by the Commission before July 1, 2006:** Attain the age of 50 with at least 10 years of consecutive service with the Commission.
- **Participants Hired by the Commission on or after July 1, 2006, but before April 17, 2009:** Attain the age of 50 with at least 20 years of consecutive service with the Commission.
- **Participants Hired by the Commission on or after April 17, 2009:** Not eligible to continue medical coverage into retirement.

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms (includes Region 2000 Services Authority and Central Virginia Planning District Commission employees):

Total active employees with coverage	15
Total retirees with coverage	<u>1</u>
Total	<u><u>16</u></u>

Contributions

The Commission does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Commission. The amount paid by the Commission for OPEB as the benefits came due during the year ended June 30, 2019 was \$19,242.

Total OPEB Liability

The Commission's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of January 1, 2018.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance: (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2019; 2.50% per year as of June 30, 2018
Salary Increases	Graded scale
Discount Rate	3.50% as of June 30, 2019; 3.87% as of June 30, 2018

Mortality Rates

The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table fully generational using scale BB to 2020. The mortality rates for disabled retirees was calculated using the RP-2014 Disabled Mortality Table projected with Scale BB to 2020.

Discount Rate

The discount rate is based on the yield or index rate for 20 year tax exempt general obligation municipal bonds within an average rating of AA/Aa or higher as of the respective measurement dates. This rate was 3.87% as of June 30, 2018 and 3.50% as of June 30, 2019.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>	
	<u>2019</u>	<u>2018</u>
Balances at Beginning of Year	\$ 112,382	115,798
Changes for the year:		
Service cost	7,127	7,185
Interest	4,256	4,076
Changes in assumptions	1,464	(1,499)
Benefit payments	(19,242)	(13,178)
Net changes	<u>(6,395)</u>	<u>(3,416)</u>
Balances at End of Year	<u>\$ 105,987</u>	<u>112,382</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (3.50%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>		<u>Current Discount Rate (3.50%)</u>		<u>1% Increase (4.50%)</u>
\$	115,322	\$	105,987	\$	96,913

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rate</u>		<u>Healthcare Cost Current Trend Rate</u>		<u>1% Increase in Trend Rate</u>
\$	90,023	\$	105,987	\$	124,666

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Commission recognized OPEB expense in the amount of \$11,418. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,198	\$	1,037
Total	<u>\$ 1,198</u>	<u>\$</u>	<u>1,037</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30

2020	\$	35
2021		35
2022		35
2023		35
2024		21
Thereafter		-

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Group Life Insurance

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$4,661 and \$4,768 for the years ended June 30, 2019 and June 30, 2018, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, the entity reported a liability of \$67,396 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .00927% as compared to .00809% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$482. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB: (Continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,370	\$ 964
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,407
Change in assumptions	-	2,888
Changes in proportion	1,444	-
Employer contributions subsequent to the measurement date	<u>4,661</u>	<u>-</u>
Total	<u>\$ 9,475</u>	<u>\$ 6,259</u>

\$4,661 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (963)
2021	(963)
2022	(963)
2023	(482)
2024	963
Thereafter	963

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated 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	Adjusted rates to better match experience
Salary Scale	No change

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 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.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 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.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
		<hr/>
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<hr/> 1,518,735 <hr/>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Commission's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 88,096	\$ 67,395	\$ 50,547

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 11—INDIRECT COST ALLOCATIONS:

Fringe Benefits

Fringe benefit expense is allocated using the percentage of benefit to total labor costs. The fringe benefit rate developed and used by the Commission for the fiscal year ended June 30, 2019 was 53.86% and was calculated as follows:

Release time salaries	\$	136,478	
Payroll taxes		65,508	
Insurance		151,772	
Retirement		42,881	
Other benefits		<u>15,441</u>	
Total fringe benefit expense	\$	<u>412,080</u>	
Fringe benefit expenses	\$	<u>412,080</u>	= 53.86%
Total labor costs	\$	<u>765,097</u>	

Indirect Costs

Indirect costs which support all projects, are allocated to the various projects based on the allocation rate applied to the projects direct labor and fringe benefit charges. The indirect cost rate developed and used by the Commission for the fiscal year ended June 30, 2019 was 24.28% and was calculated as follows:

Total indirect costs	\$	<u>259,378</u>	= 24.28%
Direct labor and fringes	\$	<u>1,068,315</u>	

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 11—INDIRECT COST ALLOCATIONS: (CONTINUED)

Indirect Costs: (Continued)

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

Indirect Personnel Costs

Indirect Chargeable Salary	\$	70,576
Employee Benefit Rate		38,286
Total Indirect Personnel Costs	\$	<u>108,862</u>

Office Expenses

Auditing Services	\$	5,150
Payroll Accounting Services		4,827
Legal Services		3,425
Liability Insurance (General Liability Insurance)		993
Contractual Services (Management Consulting Services)		44,049
Advertising (Job Postings and Procurement)		147
Postage		944
Telephone		5,196
Internet Services		677
Office Supplies		4,043
Printing & Binding		986
Travel		3,267
Education & Training (Travel - Convention & Education)		2,081
Dues, Subscriptions (Dues & Association Memberships)		7,315
Publications (Books & Subscriptions)		251
Miscellaneous Expenses (Miscellaneous Administrative Expenses)		1,049
Furniture & Fixtures		-
Rental Office Equipment (Lease/Rent - Equipment)		2,455
Office Rent/(Lease/Rent - Buildings)		56,539
Computer Equipment/Software (EDP Equipment)		7,122
Total Office Expenses	\$	<u>150,516</u>

Total Indirect Costs \$ 259,378

DIRECT CHARGEABLE PERSONNEL COSTS

Direct Chargeable Salaries	\$	694,521
Employee Benefit Rate		373,794
Total Direct Chargeable Personnel Costs	\$	<u>1,068,315</u>

CALCULATION OF INDIRECT COST ALLOCATION RATE

Total Indirect Costs	\$	259,378
Total Direct Chargeable Personnel Costs	\$	<u>1,068,315</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 12—CONTINGENT LIABILITIES:

Federal programs in which the organization participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 13—JOINT VENTURE:

Central Virginia Radio Communications Board, established as a committee of Central Virginia Planning District Commission's, is a joint venture formed in 1996, by a cooperative agreement between the County of Amherst, Virginia, the County of Bedford, Virginia, and the City of Lynchburg, Virginia, collectively the Member Jurisdictions, and Central Virginia Planning District Commission. The Board consists of representatives from each of the Member Jurisdictions.

The purpose of the Board is to operate the regional emergency communications system and to manage the project operations and maintenance in an efficient and cost effective manner. The system was in need of significant upgrades or replacement to maintain or improve the level of emergency services provided by the Member Jurisdictions. On May 8, 2012, the Commission, as fiscal agent, issued a bond in the amount of \$13,100,000 to finance the equipping of a new emergency communications system. The allocation of payments made to reimburse operational costs, capital costs, and any annual deficit associated with the project and system was determined pursuant to the following cost allocation methodology:

Capital Costs:

- Amherst County - 28.00%
- Bedford County - 41.90%
- City of Lynchburg - 30.10%

Operating Costs: Each Member Jurisdiction's share of annual operating costs shall be based on the number of radios on the System attributable to the Member Jurisdiction as a percentage of total Member Jurisdiction radios on the System.

Annual Deficit: Each Member Jurisdiction's share of any Annual Deficit shall be based on the formulas for determining its share of Capital Costs or Operating Costs, or a combination of both formulas as appropriate, depending on the type of costs constituting the Annual Deficit. Any unforeseen Operating Costs not included in the Annual Budget shall be treated as part of the Annual Deficit.

The payments made by Member Jurisdictions to the Commission as described above are recorded as non-operating revenue with the exception of payments received for project costs, which are recorded as contributed capital.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 14—LONG-TERM OBLIGATIONS:

On May 8, 2012, the Central Virginia Planning District Commission issued a Series 2012 Public Facilities Revenue bond in the amount of \$13,100,000 to finance the equipping of a new emergency communications system. Annual principal payments ranging from \$703,000 to \$1,076,000 are due annually on May 1, commencing May 1, 2013 through May 1, 2027. Interest at 3.04% is payable semi-annually commencing November 1, 2012, and on every May 1 and November 1 thereafter, until May 1, 2027. The Commission is responsible for making debt service payments from payments received from each Member Jurisdiction. The bonds are secured by the payments/revenue received from Member Jurisdictions and emergency communications equipment purchased with bond proceeds.

A summary of long-term obligations is presented below:

For the year ended June 30, 2019:

	Balance July 1, 2018	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2019	Due Within One Year
Direct Borrowings and Placements:					
Revenue bonds	\$ 8,575,000	\$ -	\$ 838,000	\$ 7,737,000	\$ 865,000
Compensated absences	50,129	-	2,089	48,040	48,040
Net OPEB liabilities	171,112	38,843	36,572	173,382	-
Totals	<u>\$ 8,796,241</u>	<u>\$ 38,843</u>	<u>\$ 876,661</u>	<u>\$ 7,958,422</u>	<u>\$ 913,040</u>

For the year ended June 30, 2018:

	Balance July 1, 2017	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2018	Due Within One Year
Direct Borrowings and Placements:					
Revenue bonds	\$ 9,388,000	\$ -	\$ 813,000	\$ 8,575,000	\$ 838,000
Compensated absences	57,711	-	7,582	50,129	50,129
Net OPEB liabilities	192,822	11,261	32,971	171,112	-
Totals	<u>\$ 9,638,533</u>	<u>\$ 11,261</u>	<u>\$ 853,553</u>	<u>\$ 8,796,241</u>	<u>\$ 888,129</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018 (CONTINUED)

NOTE 14—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Fiscal Year Ended June 30	Direct Borrowings and Placements	
	Principal	Interest
2020	\$ 865,000	\$ 235,205
2021	892,000	208,909
2022	920,000	181,792
2023	950,000	153,824
2024	980,000	124,944
2025	1,011,000	95,152
2026	1,043,000	64,418
2027	1,076,000	32,710
Total	\$ 7,737,000	\$ 1,096,954
Less current portion:	865,000	235,205
Total Long-term Obligations	\$ 6,872,000	\$ 861,749

NOTE 15—ADOPTION OF ACCOUNTING PRINCIPLES:

The Commission implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The Commission early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

Required Supplementary Information

Schedule of Commission's Proportionate Share of the Net Pension Asset
 For the Measurement Dates of June 30, 2014 through June 30, 2018

Measurement Date (1)	Proportion of the Net Pension Asset (NPA) (2)	Proportionate Share of the NPA (3)	Covered Payroll (4)	Proportionate Share of the NPA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Asset (6)
2018	48.1400% \$	512,833 \$	844,650	60.72%	145.61%
2017	48.1400%	465,335	718,162	64.80%	146.06%
2016	42.7000%	266,609	703,759	37.88%	131.99%
2015	42.7000%	294,516	743,560	39.61%	141.90%
2014	52.0000%	231,364	601,223	38.48%	146.20%

Schedule of Employer Contributions - Pension
 For the Years Ended June 30, 2015 through June 30, 2019

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2019	\$ 41,894	\$ 41,894	\$ -	\$ 874,489	4.79%
2018	49,714	49,714	-	844,650	5.89%
2017	39,903	39,903	-	637,007	6.26%
2016	52,488	52,488	-	703,759	7.46%
2015	46,854	46,854	-	626,889	7.47%
2014	52,488	52,488	-	703,759	7.46%
2013	64,918	64,918	-	367,068	17.69%
2012	64,113	64,113	-	439,030	14.60%
2011	58,736	58,736	-	425,518	13.80%
2010	44,313	44,313	-	440,220	10.07%

Current year contributions are from Commission records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated 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	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70
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	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance
 For the Years Ended June 30, 2018 through June 30, 2019

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 7,185	\$ 7,127
Interest	4,076	4,256
Changes in assumptions	(1,499)	1,464
Benefit payments	(13,178)	(19,242)
Net change in total OPEB liability	\$ (3,416)	\$ (6,395)
Total OPEB liability - beginning	115,798	112,382
Total OPEB liability - ending	\$ 112,382	\$ 105,987
Covered payroll	\$ 231,174	\$ 203,642
Commission's total OPEB liability (asset) as a percentage of covered payroll	48.61%	52.05%

Notes to Required Supplementary Information - OPEB - Health Insurance
 For the Year Ended June 30, 2019

Valuation Date: January 1, 2018
 Measurement Date: June 30, 2019

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Normal cost method
Discount Rate	3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	3.70% - 4.20% over 76 years
Salary Increase Rates	Salary increase rates of 3.5% - 5.35% including inflation
Demographic Assumptions	Assumed 90% of future retirees under normal retirement will elect to continue medical coverage and 60% under normal retirement that will also elect to cover their spouse. Assumed 30% of participants retiring due to disability before normal retirement eligibility will elect coverage and include their spouse.

Schedule of Commission's Share of Net OPEB Liability - Group life insurance
 For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.00809%	\$ 58,730	\$ 637,007	9.22%	48.86%
2018	0.00927%	67,396	844,650	7.98%	51.22%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions - Group life insurance
 For the Years Ended June 30, 2017 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2017	\$ 2,888	\$ 2,888	-	\$ 874,489	0.33%
2018	4,426	4,426	-	844,650	0.52%
2019	4,661	4,661	-	874,489	0.52%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information - Group life insurance
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated 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	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated 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	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information - Group life insurance
For the Year Ended June 30, 2019 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Compliance



Independent Auditors' 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
Central Virginia Planning District Commission
Lynchburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Central Virginia Planning District Commission as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Central Virginia Planning District Commission's basic financial statements and have issued our report thereon dated November 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Virginia Planning District Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Virginia Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Virginia 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Virginia 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 determination of financial statement amounts. 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 18, 2019



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
Central Virginia Planning District Commission
Lynchburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited Central Virginia Planning District Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Virginia Planning District Commission's major federal programs for the year ended June 30, 2019. Central Virginia Planning District Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Central Virginia Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer Cox Associates
Charlottesville, Virginia
November 18, 2019

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency			
Pass-through payments:			
Virginia Department of Environmental Quality			
Chesapeake Bay Program	66.466		\$ 50,000
Total Environmental Protection Agency			<u>\$ 50,000</u>
Department of Labor			
Pass-through payments:			
Virginia Community College System:			
City of Lynchburg, Virginia:			
Workforce Innovation and Opportunity Act Cluster:			
WIOA Adult Program	17.258	LWDA 7	\$ 432,893
WIOA Youth Activities	17.259	LWDA 7	611,170
WIOA Dislocated Worker Formula Grants	17.278	LWDA 7	296,841
Subtotal Workforce Innovation and Opportunity Act Cluster			<u>1,340,904</u>
WIOA Dislocated Workers National Reserve Technical Assistance and Training	17.281	LWDA 7	24,667
Total Department of Labor			<u>\$ 1,365,571</u>
Department of Transportation			
Pass-through payments:			
Virginia Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	FY-19	\$ 245,943
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	unavailable	97,408
Total Department of Transportation			<u>\$ 343,351</u>
Total expenditures of federal awards			<u>\$ 1,758,922</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Note 1- Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Central Virginia Planning District Commission under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Central Virginia Planning District Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of Central Virginia Planning District Commission.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The Commission did not have any loans or loan guarantees which are subject to reporting requirements for the year.

Note 3 - Subrecipients

No awards were passed through to subrecipients.

Note 4 - Indirect Cost Rate

The Commission did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Commission's financial statements as follows:

Primary government:	
Operating activities	\$ <u>1,758,922</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u>1,758,922</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
	Workforce Innovation and Opportunity Act Cluster
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Audit Findings

There were no prior year audit findings.



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Communication with Those Charged with Governance

To the Board of Directors Central Virginia Planning District Commission

We have audited the financial statements of the business-type activities of Central Virginia Planning District Commission for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 18, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central Virginia Planning District Commission are described in Note 1 to the financial statements. As described in Note 16 to the financial statements, County of Campbell, Virginia changed accounting policies by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* and by early implementing GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Commission's financial statements was:

Management's estimate of the depreciable lives of capital assets is based on historical experience and industry standards. We evaluated the key factors and assumptions used to develop the estimate of depreciable lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of Central Virginia Planning District Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 18, 2019