



Fire and EMT

Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

December 17, 2020

Robert C. Dalton
County Administrator
Carroll County
605-1 Pine Street
Hillsville, VA 24343

Carroll County (55117) - Cost Study for Enhanced Benefits for Fire and EMT Positions with the 1.85% Multiplier with a Proposed Effective Date of July 1, 2021

Dear Mr. Dalton:

As requested, we have evaluated the impact of providing benefits to full-time salaried firefighters and EMTs participating in the Virginia Retirement System under the enhanced hazardous duty benefit provisions of Subsection B of § 51.1-138 of the Code of Virginia with a 1.85% benefit multiplier and a proposed effective date of July 1, 2021. In the attached exhibit, we present a summary comparing the current benefits.

Our study is based on the data and actuarial assumptions and methods used in the June 30, 2020 actuarial valuation for Carroll County. VRS provided us with data identifying 20 firefighters and EMTs eligible for the proposed benefits as well as five positions expected to be filled by July 1, 2021. One of the current firefighters was included in the 2020 valuation as a non-vested terminated member with Carroll County but was rehired after June 30, 2020 and therefore included in the study as an active employee based on the data provided by VRS. We assumed the five new positions would have a similar entry age as the current firefighters and EMTs and we assumed their gender would be male. In the table below, we present a summary of the data used to estimate the impact of providing enhanced hazardous duty benefits:

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| | Data Summary | |
|-------------------------------|--------------|-----------------|
| | 6/30/2020 | Data Summary |
| | Valuation | with Study Data |
| Active Members | | |
| Plan 1 General Members | 57 | 54 |
| Plan 2 General Members | 31 | 27 |
| Hybrid General Members | 59 | 47 |
| Plan 1 Hazardous Duty Members | 14 | 17 |
| Plan 2 Hazardous Duty Members | 21 | 43 |
| Total Active Members | 182 | 188 |

In the table below we present the estimated cost to provide the proposed benefits outlined on the previous page to all eligible employees. The Estimated First Year Employer Cost in column (2) represents the change in employer pension cost of adding six firefighter and EMT nonhazardous duty positions. The Estimated First Year Employer Cost in column (3) represents the total cost of providing enhanced benefits to the eligible firefighters and EMTs with a 1.85% multiplier. The increases in contribution rates and estimated dollar contribution amounts in column (3) are in comparison to the cost in column (2) of the current plan including the additional members.



| | (1) | (2) | (3) |
|--|--------------------------------|---|---|
| | 6/30/2020 Valuation Results | Estimated 6/30/2020 Valuation Results With Six Additional Nonhazardous Employees | Estimated 6/30/2020 Valuation Results with 1.85% Enhanced Hazardous Duty Benefits for Fire and EMT |
| Number of Actives | 182 | 188 | 188 |
| Actives with Hazardous Duty benefits | 35 | 35 | 60 |
| Total Payroll | \$7,382,234 | \$7,591,698 | \$7,591,698 |
| Hazardous Duty Payroll | \$1,463,034 | \$1,463,034 | \$2,372,442 |
| Actuarial Accrued Liability | \$39,869,756 | \$39,868,822 | \$40,363,629 |
| Actuarial Value of Assets | \$32,610,037 | \$32,610,037 | \$32,610,037 |
| Unfunded Actuarial Accrued Liability | \$7,259,719 | \$7,258,785 | \$7,753,592 |
| Gross Normal Cost Rate | 10.76% | 10.62% | 12.15% |
| Less Member Contribution Rate | (4.66%) | (4.65%) | (4.72%) |
| Unfunded Accrued Liability Rate | 5.80% | 5.64% | 6.09% |
| Estimated Additional Funding Rate | 0.00% | 0.00% | 0.00% |
| Administrative Expenses | <u>0.30%</u> | <u>0.30%</u> | <u>0.30%</u> |
| Total Estimated Defined Benefit Rate | 12.20% | 11.91% | 13.82% |
| DC Match for Hybrid Members | 0.66% | 0.69% | 0.54% |
| Total Employer Estimated Cost Rate | 12.86% | 12.60% | 14.36% |
| Employer Estimated Cost Rate <i>Change</i> | | -0.26% | 1.76% |
| Estimated First Year Employer Cost <i>Increase</i> Based on Total Payroll | | \$7,199 | \$133,614 |
| Funded Status | 81.79% | 81.79% | 80.79% |

The contribution rates presented in the table above are a percentage of the payroll for active members in the plan. The DC match for Hybrid members shown above is an estimate. The actual voluntary elections made by the County's eligible employees to the defined contribution portion of the Hybrid plan will dictate the amount of employer match to the DC plan. The employer is responsible for funding the full employer contribution for the defined contribution portion of the Hybrid Retirement Plan, which includes your match of employees' voluntary contributions. The defined benefit contributions will be offset by your contributions to the defined contribution portion of the Hybrid Retirement Plan.



However, the defined benefit contributions cannot be reduced below zero. Please note, that the defined contribution rate provided in the employer rate is an estimate of the expected employer match based on prior member elections. If the actual employer match for your employees to the defined contribution component of the Hybrid Retirement Plan exceeds the estimated rate, you are still responsible for making all required contributions to the DC plan.

The estimated costs shown above are based on the Carroll County plan census data and estimated financial position as of June 30, 2020. Please note that the costs will fluctuate in the future as the plan's data and financial conditions change. If the calculation is redone in the future with different data, plan assets and/or measurement date, the results will change. It is important to keep in mind that future plan experience (e.g., pay increases, turnover and retirement patterns, and the addition of new members) will not match the actuarial assumptions exactly. The deviations of actual from expected plan experience will produce actuarial experience gains and losses which will impact the total employer contribution rate and the cost estimate presented above.

In order to prepare the results in this study, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be 'LL'.

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

Copies to: ZaeAnne Allen (VRS)
 Rory Badura (VRS)
 Cynthia Wilkinson (VRS)
 Andrew Feagans (VRS)



VIRGINIA RETIREMENT SYSTEM
SUMMARY OF BENEFIT PROVISIONS

| | Non-Hazardous Duty Employees | | | Hazardous Duty Employees (LEO, Fire and/or EMT) | |
|--|--|---|---|--|---|
| | Plan 1 (Vested as of 1/1/2013) | Plan 2 (Non-Vested as of 1/1/2013 and new members after that date until 1/1/2014) | Hybrid (Hired on or after 1/1/2014 or by member election) | Plan 1 (Vested as of 1/1/2013) | Plan 2 (Non-Vested as of 1/1/2013 and new members after that date) |
| Normal retirement eligibility | Age 65 with at least 5 years of service | Normal Social Security Retirement Age with at least 5 years of service | Normal Social Security Retirement Age with at least 5 years of service | Age 60 with at least 5 years of service | Age 60 with at least 5 years of service |
| Early retirement eligibility | Age 50 with at least 10 years of service, or age 55 with at least 5 years of service | Age 60 with at least 5 years of service | Age 60 with at least 5 years of service | Age 50 with at least 5 years of service | Age 50 with at least 5 years of service |
| Early retirement reduction | Benefit reduced for each year retirement age is before age 65 or for each year service at retirement is less than 30, whichever provides greater benefit | Benefit reduced for each year retirement age is before Normal Social Security Retirement Age | Benefit reduced for each year retirement age is before Normal Social Security Retirement Age | Benefit reduced for each year retirement age is before age 60 or for each year service at retirement is less than 25, whichever provides greater benefit | Benefit reduced for each year retirement age is before age 60 or for each year service at retirement is less than 25, whichever provides greater benefit |
| Unreduced Early Retirement | Age 50 with at least 30 years of service | Age plus service equals 90 points | Age plus service equals 90 points | Age 50 with at least 25 years of service | Age 50 with at least 25 years of service |
| Final Average Compensation | Average of the employee's 36 highest consecutive months of creditable compensation | Average of the employee's 60 highest consecutive months of creditable compensation | Average of the employee's 60 highest consecutive months of creditable compensation | Average of the employee's 36 highest consecutive months of creditable compensation | Average of the employee's 60 highest consecutive months of creditable compensation |
| Benefit Multiplier | 1.70% | 1.65% (1.70% for service before 1/1/2013) | 1.00% | 1.70% or 1.85% | 1.70% or 1.85% |
| Cost-of-Living-Adjustment (COLA) | COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 3% of the CPI plus half of each percent from 3% to 7%, maximum COLA of 5% | COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 2% of the CPI plus half of each percent from 2% to 10%, maximum COLA of 6% | COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 2% of the CPI plus half of each percent from 2% to 10%, maximum COLA of 6% | COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 3% of the CPI plus half of each percent from 3% to 7%, maximum COLA of 5% | COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 2% of the CPI plus half of each percent from 2% to 10%, maximum COLA of 6% |
| Employee Contributions | 5% to DB plan | 5% to DB plan | 4% to DB plan and 1% to DC plan. Can contribute up to 5% to DC plan. | 5% to DB plan | 5% to DB plan |
| Annual supplement from date of retirement to Social Security normal retirement age | No | No | No | Yes | Yes |

Reminders-

The January 2021 Authority meeting has been moved from Friday, January 8th up until the following Friday, January 15th at 10:00 am.

Also, don't forget to send in your annual Financial Disclosure Forms to the jail via fax #540-643-2010 or email to Tim Clark at tclark@nrvjr.org

Thank you and Merry Christmas!

We'll see you next year!

| Budget vs Actual ending November 30, 2020 | | NRV | REGIONAL | JAIL | | Expected Rev & Exp 41% |
|---|--|-----------------|----------------|------------------|-----------------|------------------------|
| REVENUES | | Budget | Mnth | YTD | Variance | Prcnt |
| ** | 10-300-001 Bland | \$115,030.25 | \$14,095.80 | \$34,637.85 | \$80,392.40 | 30% |
| ** | 10-301-001 Carroll | \$2,373,796.25 | \$158,062.05 | \$456,480.45 | \$1,917,315.80 | 19% |
| | 10-302-001 Giles | \$941,152.25 | \$89,817.75 | \$347,266.65 | \$593,885.60 | 37% |
| | 10-303-001 Grayson | \$1,098,011.25 | \$116,691.45 | \$236,477.10 | \$861,534.15 | 22% |
| | 10-304-001 Floyd | \$543,777.25 | \$40,969.50 | \$147,977.25 | \$395,800.00 | 27% |
| | 10-305-001 Pulaski | \$1,850,933.25 | \$187,628.85 | \$687,714.60 | \$1,163,218.65 | 37% |
| | 10-306-001 Radford | \$794,751.25 | \$73,859.70 | \$283,405.80 | \$511,345.45 | 36% |
| | 10-307-001 Wythe | \$1,526,758.25 | \$178,088.40 | \$630,128.10 | \$896,630.15 | 41% |
| | 10-308-003 U.S. Marshall fixed contract | \$10,800.00 | \$2,940.00 | \$8,580.00 | \$2,220.00 | 79% |
| | 10-309-002 St. Comp Salary Reimbursement | \$10,155,120.00 | \$860,368.56 | \$3,181,656.76 | \$6,973,463.24 | 31% |
| | 10-310-002 St Comp Brd Medical | \$180,000.00 | \$4,936.53 | \$20,207.32 | \$159,792.68 | 11% |
| ** | 10-311-003 Other authorized fixed contract | \$35,700.00 | \$59,289.27 | \$177,127.91 | (\$141,427.91) | 496% |
| | 10-312-002 State Per Diem Warrant | \$2,241,163.00 | \$0.00 | \$499,602.44 | \$1,741,560.56 | 22% |
| | 10-320-004 Interest Income | \$69,000.00 | \$0.00 | \$7,211.90 | \$61,788.10 | 10% |
| | 10-321-003 Inmate Telephone Income | \$460,000.00 | \$43,020.69 | \$170,449.06 | \$289,550.94 | 37% |
| | 10-325-003 Miscellaneous Revenue | \$35,434.00 | \$1,630.58 | \$27,122.25 | \$8,311.75 | 77% |
| | 10-326-002 Repair & Replacement Reserve | \$290,700.00 | \$0.00 | \$0.00 | \$290,700.00 | 0% |
| | 10-328-003 Surplus of Jail Property | \$500.00 | \$556.34 | \$556.34 | (\$56.34) | 111% |
| | 10-332-005 Inmate Cost Recovery | \$67,900.00 | \$7,407.42 | \$37,568.79 | \$30,331.21 | 55% |
| | 10-334-003 Fees | \$3,250.00 | \$68.55 | \$532.13 | \$2,717.87 | 16% |
| Revenues Totals: | | \$22,793,777.00 | \$1,839,431.44 | \$6,954,702.70 | \$15,839,074.30 | 31% |
| ** A/R Per-Diem & Contracted Bed Older than 30 days | | | \$203,889.10 | \$203,889.10 | | |
| ADP 893 November 2020 Per-Diems | | | \$792,946.05 | \$792,946.05 | | |
| Other Authorized Contracts for November ADP 40 | | | \$44,070.26 | \$44,070.26 | | |
| November 2020 State Comp Brd Reimbursement | | | \$686,981.39 | \$686,981.39 | | |
| November 2020 State Per-Diem Warrant | | | \$182,961.20 | \$557,250.00 | | |
| A/P Older than 30 days | | | \$0.00 | | | |
| Accrual Totals: | | | \$1,910,848.00 | \$9,239,839.50 | | 41% |
| EXPENDITURES | | Budget | Mnth | YTD | Variance | Prcnt |
| | Employee Cost | \$13,390,312.00 | \$965,668.59 | \$4,924,095.79 | \$8,466,216.21 | 37% |
| | Medical Cost | \$1,984,002.00 | \$124,076.64 | \$736,456.18 | \$1,247,545.82 | 37% |
| | Building Cost | \$1,300,973.00 | \$80,152.61 | \$440,427.08 | \$860,545.92 | 34% |
| | Admin Cost | \$37,405.00 | \$1,274.42 | \$15,976.89 | \$21,428.11 | 43% |
| | Service Contract Cost | \$473,092.00 | \$24,916.64 | \$181,277.88 | \$291,814.12 | 38% |
| | Telecommunication Cost | \$33,800.00 | \$2,669.15 | \$13,946.34 | \$19,853.66 | 41% |
| | Vehicle Cost | \$126,925.00 | \$5,099.84 | \$41,364.63 | \$85,560.37 | 33% |
| | Inmate Service Cost | \$1,298,272.00 | \$74,547.79 | \$462,532.54 | \$835,739.46 | 36% |
| | Custodial Cost | \$63,040.00 | \$5,779.24 | \$29,555.60 | \$33,484.40 | 47% |
| | Travel Cost | \$8,550.00 | \$0.00 | \$612.14 | \$7,937.86 | 7% |
| | Training & Operational Cost | \$85,500.00 | \$11,182.34 | \$35,756.39 | \$49,743.61 | 42% |
| | Debt Service Cost | \$3,701,206.00 | \$294,332.29 | \$1,514,291.15 | \$2,186,914.85 | 41% |
| | Capital Outlay Cost | \$290,700.00 | \$60,577.09 | \$66,927.09 | \$223,772.91 | 23% |
| Expenses Totals: | | \$22,793,777.00 | \$1,650,276.64 | \$8,463,219.70 | \$14,330,557.30 | 37% |
| Cash | | | \$189,154.80 | (\$1,508,517.00) | | |
| Accrual Totals | | | | \$776,619.80 | | |

Check Listing

Date From: 11/1/2020 Date To: 11/30/2020

Vendor Range: 4 Imprint, INC. - WESTERN REGION JAIL ASSOCIATION OF VIRGINIA

New River Valley Regional Jail
12/03/2020 02:50 PM

Page: 1 of 2

| Check Number | Bank | Vendor | Date | Amount |
|--------------|------|--|------------|-------------|
| 25314 | 2 | Virginia Tech Surplus Property | 11/13/2020 | \$90.00 |
| 25315 | 2 | AETNA BEHAVIORAL HEALTH, LLC. | 11/20/2020 | \$303.60 |
| 25316 | 2 | ALLIANCE XPRESS CARE, LLC | 11/20/2020 | \$125.00 |
| 25317 | 2 | American Electric Power | 11/20/2020 | \$31,351.00 |
| 25318 | 2 | Anthem Location 150-OH | 11/20/2020 | \$1,965.23 |
| 25319 | 2 | ARC3 Gases | 11/20/2020 | \$131.40 |
| 25320 | 2 | Atlantic Union Bank | 11/20/2020 | \$6,230.00 |
| 25321 | 2 | Bingham Arbitrage Rebate Services, Inc. | 11/20/2020 | \$3,150.00 |
| 25322 | 2 | Citizens Telephone Cooperative | 11/20/2020 | \$320.00 |
| 25323 | 2 | Comcast Cable | 11/20/2020 | \$228.82 |
| 25324 | 2 | CorEMR,LC | 11/20/2020 | \$1,335.00 |
| 25325 | 2 | Cornerstone Institutional, LLC | 11/20/2020 | \$1,230.00 |
| 25326 | 2 | Correct Rx Pharmacy Services. | 11/20/2020 | \$12,878.53 |
| 25327 | 2 | Crest Foodservice Equipment | 11/20/2020 | \$2,390.00 |
| 25328 | 2 | Eleven West, INC. | 11/20/2020 | \$1,020.00 |
| 25329 | 2 | Fire and Life Safety America, INC. | 11/20/2020 | \$5,548.00 |
| 25330 | 2 | GILBERT AUTO PARTS | 11/20/2020 | \$29.99 |
| 25331 | 2 | Harvey's | 11/20/2020 | \$210.00 |
| 25332 | 2 | Hayden Electrical, Inc. | 11/20/2020 | \$144.49 |
| 25333 | 2 | James A. Davis | 11/20/2020 | \$1,175.00 |
| 25334 | 2 | LabCorp. | 11/20/2020 | \$4,978.50 |
| 25335 | 2 | Mansfield Oil Company, Inc. | 11/20/2020 | \$3,297.86 |
| 25336 | 2 | McKesson Medical Surgical Government Solutions | 11/20/2020 | \$3,388.16 |
| 25337 | 2 | Moore's Electrical and Mechanical CSTR., Inc. | 11/20/2020 | \$6,338.89 |
| 25338 | 2 | National Mobile X- Ray | 11/20/2020 | \$1,740.00 |
| 25339 | 2 | New River Solid Waste | 11/20/2020 | \$59.84 |
| 25340 | 2 | NRVRJ Inmate Accounts | 11/20/2020 | \$7.68 |
| 25341 | 2 | O'Reilly Auto Parts, Inc. | 11/20/2020 | \$651.64 |
| 25342 | 2 | Professional Networks, Inc. | 11/20/2020 | \$1,498.15 |
| 25343 | 2 | Psychological Health Roanoke-PHR | 11/20/2020 | \$1,170.00 |
| 25344 | 2 | Public Service Authority | 11/20/2020 | \$1,266.11 |
| 25345 | 2 | RICOH USA Inc. | 11/20/2020 | \$1,224.00 |

Check Listing

Date From: 11/1/2020 Date To: 11/30/2020

Vendor Range: 4 Imprint, INC. - WESTERN REGION JAIL ASSOCIATION OF VIRGINIA

New River Valley Regional Jail
12/03/2020 02:50 PM

Page: 2 of 2

| Check Number | Bank | Vendor | Date | Amount |
|--------------|-------------------|---|------------|--------------|
| 25346 | 2 | RICOH USA, INC | 11/20/2020 | \$1,122.85 |
| 25347 | 2 | Sands, Anderson Marks and Miller | 11/20/2020 | \$419.51 |
| 25348 | 2 | Sanico/Daycon | 11/20/2020 | \$5,670.72 |
| 25349 | 2 | SHRED-IT, C/O STERICYCLE, INC. | 11/20/2020 | \$93.84 |
| 25350 | 2 | State Electric Supply Company | 11/20/2020 | \$1,056.60 |
| 25351 | 2 | The Home Depot Pro Institutional | 11/20/2020 | \$316.02 |
| 25352 | 2 | Town of Dublin (Water & Sewer) | 11/20/2020 | \$35,246.16 |
| 25353 | 2 | Trinity Services Group, Inc. | 11/20/2020 | \$55,936.27 |
| 25354 | 2 | U. S. Cellular | 11/20/2020 | \$957.71 |
| 25355 | 2 | VACORP-Hybrid Program | 11/20/2020 | \$542.65 |
| 25356 | 2 | Valley Chemical and Systems, LLC | 11/20/2020 | \$100.00 |
| 25357 | 2 | VISA COMMUNITY CARD-ATLANTIC UNION BANK | 11/20/2020 | \$719.82 |
| 25358 | 2 | WAGNER FOOD EQUIPMENT-HOBART SERVICE | 11/20/2020 | \$796.71 |
| 45 | Checks Totaling - | | | \$198,455.75 |

Totals By Fund

| | Checks | Voids | Total |
|---------|--------------|-------|--------------|
| 10 | \$198,455.75 | | \$198,455.75 |
| Totals: | \$198,455.75 | | \$198,455.75 |

SUPERINTENDENT'S MONTHLY ACTIVITY REPORT

Month: November 2020

Nov 20 Court Information wasn't available by
mailing date. Nov & Dec will be in the next
packet

| | PRIOR MONTH | ARRESTED | RELEASED | CURRENT MONTH | AVERAGE | STATE | Awaiting Trial | SENTENCED | |
|----------------------|----------------------|----------|----------|-----------------------|---------|-------|----------------|-----------|-------------|
| | | | | | | | | Felony | Misdemeanor |
| Bland County (21) | 38 | 10 | 11 | 30 | 2.3% | 6 | | | |
| Carroll County (35) | 258 | 70 | 60 | 274 | 21.1% | 39 | | | |
| Floyd County (63) | 65 | 18 | 20 | 61 | 4.7% | 16 | | | |
| Giles County (71) | 144 | 32 | 34 | 140 | 10.8% | 38 | | | |
| Grayson County (77) | 88 | 24 | 24 | 92 | 7.1% | 19 | | | |
| Pulaski County (155) | 319 | 94 | 83 | 306 | 23.6% | 60 | | | |
| Radford City (750) | 123 | 40 | 35 | 124 | 9.6% | 26 | | | |
| Wythe County (197) | 301 | 64 | 64 | 269 | 20.7% | 66 | | | |
| Galax City (640) | 27 Carroll-5 Grayson | 37 | 24 | 29 Carroll- 7 Grayson | | 12 | | | |
| Subtotal Members | 1336 | 389 | 355 | 1296 | | | | | |

| | | | | | | | | | |
|----------------------------|------|---|---|------|--------|--|--|--|--|
| Other Inmates-Henry Co | 27 | | | 19 | | | | | |
| Other Inmates-Martinsville | 13 | | | 9 | | | | | |
| Other Inmates-Bristol VA | 16 | | | 13 | | | | | |
| Federal Inmates | 2 | 0 | 0 | 2 | 0.2% | | | | |
| State Responsible | 282 | | | N/A | | | | | |
| Total Utilization | 1338 | | | 1298 | 100.0% | | | | |
| Operational Capacity | 1183 | | | 1183 | | | | | |
| Vacant Beds | 155 | | | 116 | | | | | |
| Work Release | 0 | | | 0 | | | | | |
| HEM Program | 0 | | | 0 | | | | | |
| TOTAL INMATES | 1381 | | | 1330 | | | | | |

November state responsible inmate information for
both Nov & Dec will be listed in the next packet.
Unavailable at time of mailing.

| | | | | | | | | | |
|--------------------------------|---|--|--|--|--|--|--|--|--|
| JAIL ACTIVITY/MAJOR INCIDENTS: | | | | | | | | | |
| # Escapes | 0 | | | | | | | | |
| # Assaults | 0 | | | | | | | | |
| # Disturbances | 0 | | | | | | | | |
| # Fires | 0 | | | | | | | | |
| # Shakedowns | 170 | | | | | | | | |
| Contraband seized | tattoo material, trash, excess jail property, batteries | | | | | | | | |

| | | |
|---------------|---|------------------|
| | EMPLOYEE ACTIVITY: | GENERAL COMMENTS |
| New Hires: | 3 officers | |
| Resignations: | 7 officer resignations & 1 officer retirement | |
| In Training: | None at this time | |

| | |
|----------------------------|--|
| | INMATE ACTIVITY: |
| AA | As of March 13, 2020, all programs were suspended due to the Coronavirus pandemic. |
| Anger Management | |
| GED | |
| Veterans | |
| Workforce Readiness | |
| Goodwill-Just Hire One | |
| Program Complete | |
| Substance Abuse | |
| Va Cares | |
| Inside/Out Prison Exchange | |
| Empowered Options | |
| Domestic Violence | |
| FAST-NRV Re-Entry Council | |
| NA-Narcotics Anonymous | |
| Inside Dad | |
| Women's Resource Center | |
| Domestic Violence | |
| Life Choices Class | |

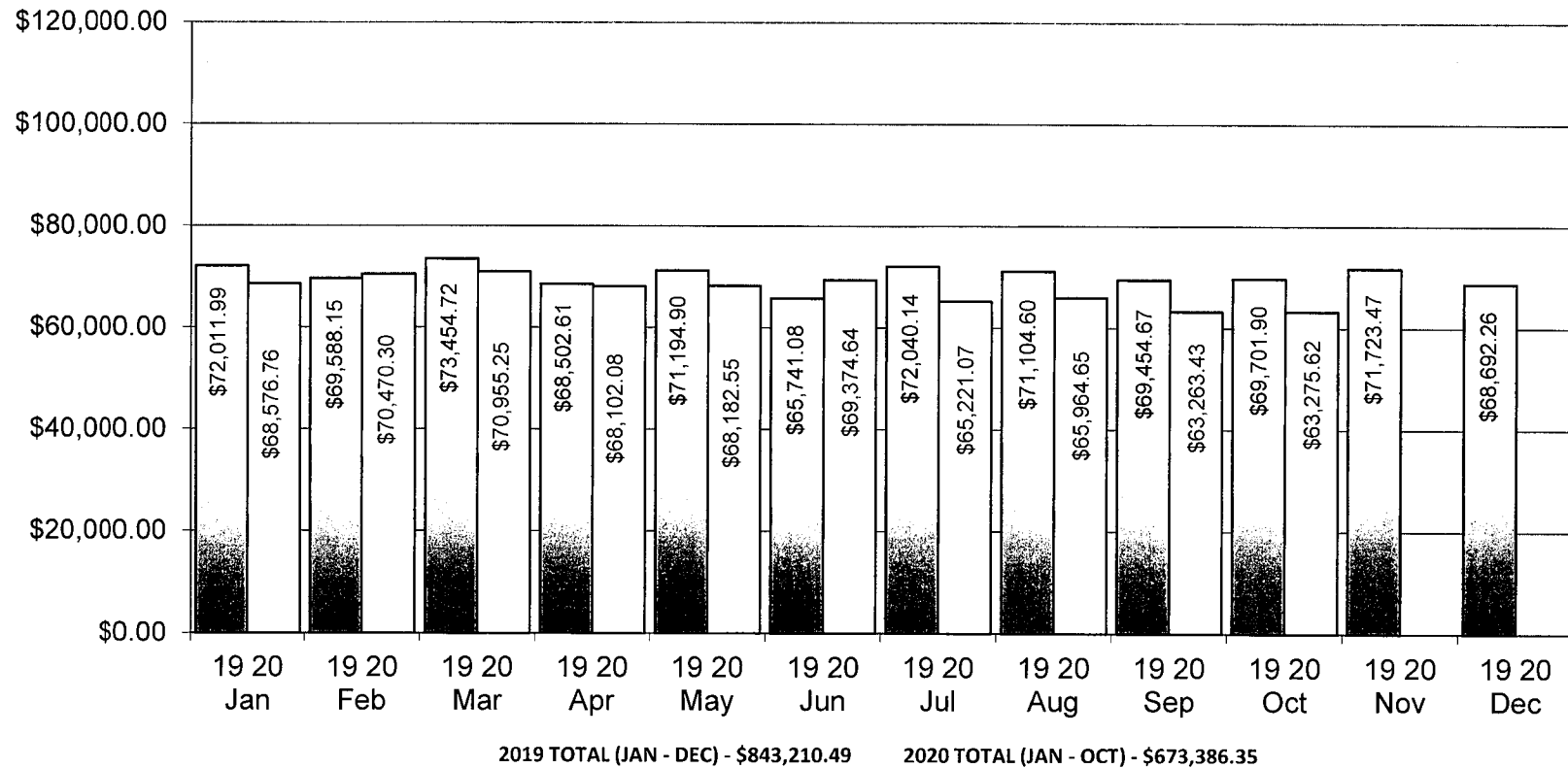
INMATE WORK FORCE

| MALE INSIDE WORKERS | | MALE OUTSIDE WORKERS | | FEMALE WORKERS |
|--|--|-------------------------------|-------------------------------|--|
| 1ST SHIFT KITCHEN | INMATES HIGHLIGHTED IN YELLOW ARE MEDICALLY CLEARED TO HANDLE FOOD ALL OTHERS ARE NOT | PULASKI COUNTY PSA | RADFORD CITY PD | CLEANING CREW |
| NEED 1 | | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | BAKER, KENDRA NO TRAYS |
| JOHNSON, JUSTIN * | | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | HARVEY, MELANIE * |
| COX, QUENTIN * | | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | PHILLIPPI, TERESA * |
| PATTON, CUB * | LAUNDRY | NOT NEEDED AT THIS TIME | FLOYD COUNTY | TRAY SERVERS |
| MCFALLS, LUCAS * | SMITH, ERIC * | PULASKI COUNTY | NOT NEEDED AT THIS TIME | NEED 1 |
| ANDERSON, KYLE * | ADAMS, DOUGLAS * | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | MCGILL, KIMBERLY * |
| HATFIELD, JEFFERY * | RICKMAN, JESSE * | | NOT NEEDED AT THIS TIME | GILLENWALTERS, ANN * |
| NEED 1 | THOMAS, JASON * | PULASKI DOG POUND | BLAND COUNTY | GILES COUNTY |
| POOLE, RONALD * | PERKINS, JAMES * | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| HOSTETTER, TERRY * | ISOM'S CLEANING CREW | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| RUIZ-VELAZCO, JAVIER * | SPENCER, CLIFTON * | PULASKI LAKE CREW | NOT NEEDED AT THIS TIME | |
| OLIVARES, JORGE * | KING, NATHAN * | NOT NEEDED AT THIS TIME | WYTHE COUNTY | GILES COUNTY PSA |
| NEED 1 | NEED 1 | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| NEED 1 | SNIDER, CRAIG * | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | GILES ROAD CREW |
| NEED 1 | BARNETT'S CLEANING CREW | NRV RESOURCE AUTHORITY | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| 2ND SHIFT KITCHEN | MERRIX, COREY * | PULASKI LANDFILL | WYTHE ROAD CREW | NOT NEEDED AT THIS TIME |
| HEDGE, STUART * | RANKIN, JAMES * | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| PERDUE, WILLIAM * | PARKS, STEVEN * | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| GWINN, KILLIAN * | NEED 1 | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| WHITE, SETH * | 1ST SHIFT KITCHEN CLEANERS | NRVRJ ROAD CREW | NOT NEEDED AT THIS TIME | NOT NEEDED AT THIS TIME |
| SIMONE, DEVIN * | NEED 1 | SHEPPARD, RANDY-W/M | CARROLL COUNTY | NOT NEEDED AT THIS TIME |
| CUMBEE, ROY * | BROWN, ONIEL * | VAUGHN, CASEY-W/M | NOT NEEDED AT THIS TIME | |
| MILLS, CHRISTOPHER * | 2ND SHIFT KITCHEN CLEANERS | QUESENBERRY, RICHARD-W/M | NOT NEEDED AT THIS TIME | |
| SUTPHIN, MICHAEL * | NEED 1 | THOMAS, NICHOLAS-W/M | NOT NEEDED AT THIS TIME | |
| BLANKENSHIP, ETHAN * (SUSP) | DAVIS, RICKY * | | NOT NEEDED AT THIS TIME | |
| THOMPSON, ANDREW * | KITCHEN DAY BAKERS | NRVRJ GROUNDS CREW | NOT NEEDED AT THIS TIME | |
| GRAHAM, DILLON * | BELL, JAMES * | NEED 112-4-2020 | GRAYSON COUNTY | |
| NEED 1 | SCALES, DYKAR * | NEED 1 10-25-2020 | NOT NEEDED AT THIS TIME | |
| DOZAL, SYLVESTER * | NEED 1 | Need 1 11-23-2020 | NOT NEEDED AT THIS TIME | |
| NEED 1 | | ADMIN/LOBBY/BOOKING | | |
| NEED 1 | MEALS ON WHEELS | ASHWORTH, HARTLEY-W/M | | |
| TRAY SERVERS | PENNINGTON, MICHAEL * | NRCJTA(ACADEMY) | | NOTE-OUTSIDE TRUSTY |
| WHITLOCK, JASON * | THORNTON, MATTHEW * | NOT NEEDED AT THIS TIME | | HOUSING- 3 BED REMAINING |
| RUSCH, DAVID * | NEED 1 | EXTRA CLEANING CREW | BOOKING CLEANING CREW | 6 FEMALE INSIDE WORKERS |
| JONES, ROBERT * | TRUCKS ONLY | NOT NEEDED AT THIS TIME | BOYER, JUSTUS-1ST SHIFT | 84 MALE INSIDE WORKERS |
| MILLER, DEAN * | NEED 1 | NOT NEEDED AT THIS TIME | NEED 1 | 55 MALE OUTSIDE WORKERS |
| GRAHAM, FREDRICK * | SNIDER, ERIC * | NOT NEEDED AT THIS TIME | | 125 TOTAL WORKERS |
| BROWN, JASON * | COURT-OUT TO COURT | 12/7/2020 | WEEKENDS/ WORKS 6 TO 7 | WEEKLY/ WORKS 5 DAYS |
| MCGRADY, MARK * | MED-OUT OF WORK/ MEDICAL | | DAYS A WEEK | A WEEK |
| MOSIER, KEISHAUN * | SUSP-SUSPENDED FROM WORK | | | |
| NEED 1 | RH/Q-QUARANTINE | NO OUTSIDE TRUSTY * | | Check your emails for extra help on weekends |
| Please make sure the inmate workers are doing the job they have been assigned. Do not let them pick and choose where and when they work. | | | | |
| Only kitchen inmate workers should be helping with meals and handling food in the kitchen. Only tray servers should be serving trays | | | | |

Submitted 12/15/20 by:
Matthew Surratt
Master Chief Deputy
Commissioner of the Revenue
Carroll County

Communication Tax Distribution Report Carroll County VA

Communication Tax Distribution reports are reported to the Commissioner of the Revenue Office monthly. Reports and distributions are received approximately two months after the last day of the current month.



**Virginia Department of Taxation
Communication Tax Distribution Report**

December Distribution for October 2020 Sales

| Statewide | Amount (\$) |
|---|----------------------|
| Total Communications Tax | 23,387,648.69 |
| Total E-911 | 2,023,427.57 |
| Total Right-of-Way | 1,113,240.73 |
| Sub-total | 26,524,316.99 |
| Less: Administration Fee | -144,688.48 |
| Less: Transferred to Deaf and Hard of Hearing | -203,370.12 |
| Sub-total | -348,058.60 |
| Adjustment | 0.00 |
| Total Amount Available for Statewide Distribution: | 26,176,258.39 |
| Locality: Carroll - 51035 | |
| Locality APA Percentage: | 0.241729 % |
| Total Amount Distributed | 63,275.62 |

Time Created: 08 12 AM

Additional Information: CONFIDENTIAL TAXPAYER DATA UNDER SECTION 58.1-3 OF
THE CODE OF VIRGINIA. PENALTIES FOR UNAUTHORIZED DISCLOSURE.---



MOUNT ROGERS COMMUNITY SERVICES

FINANCIAL REPORT

June 30, 2020



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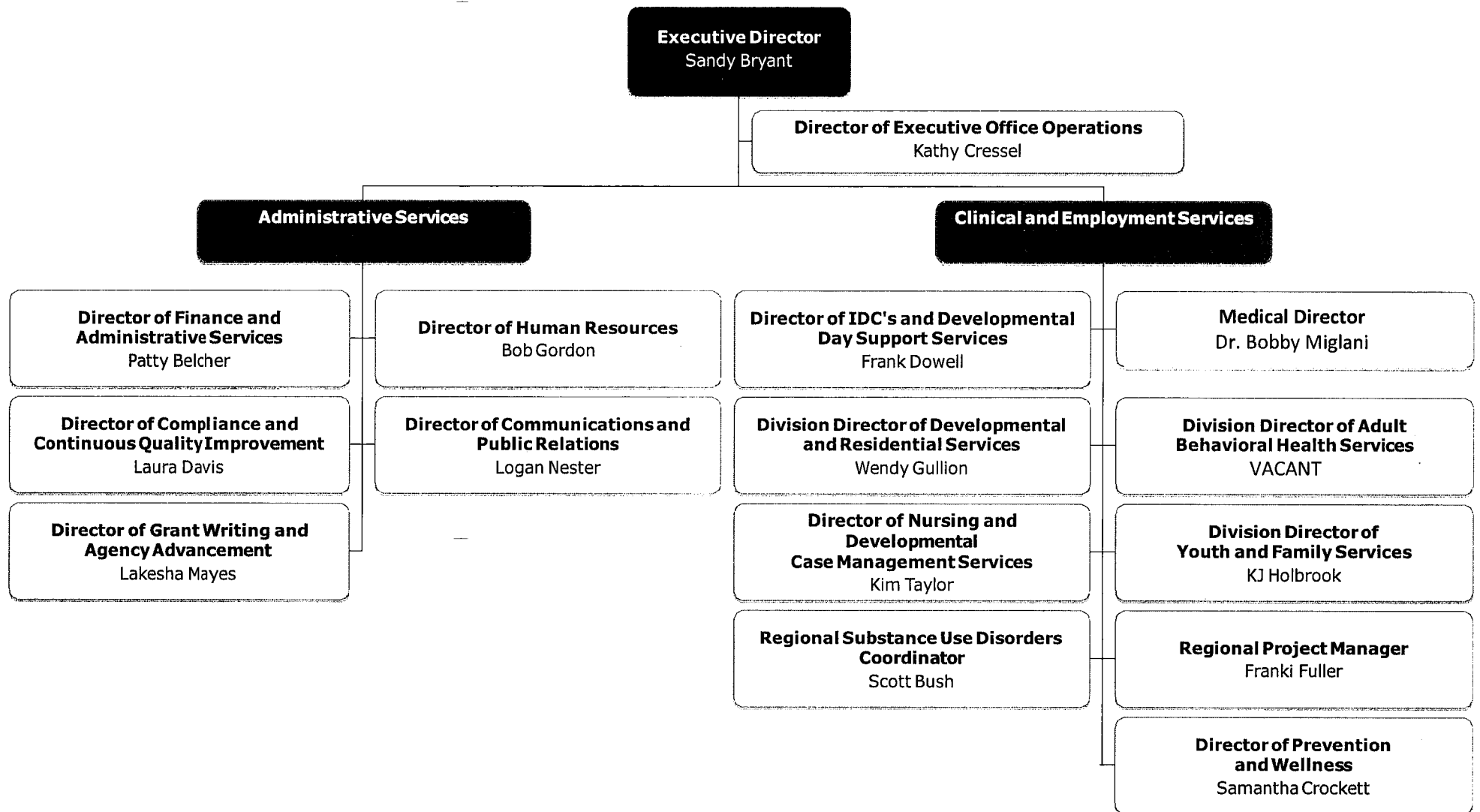
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INTRODUCTORY SECTION



Mount Rogers

COMMUNITY SERVICES



FINANCIAL SECTION

**The Financial Section contains
the Basic Financial Statements.**

Auditor's Responsibility (Continued)

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 financial position of the Board as of June 30, 2020, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Board's 2019 financial statements, on which, in our report dated November 21, 2019, we expressed an unmodified opinion. The 2019 financial information is provided for comparative purposes only.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The introductory section and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

Mount Rogers Community Services

Management's Discussion and Analysis

As management of the Mount Rogers Community Services (Agency), we offer readers of the financial statements this Management's Discussion and Analysis (MD&A)—a narrative overview and analysis of the Agency's financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements.

Following this MD&A are the basic financial statements of the Agency, together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. In addition to the basic financial statements and accompanying notes, certain required supplementary information concerning the Agency's progress in funding its obligation to provide pension benefits to its employees, supplementary combining financial statements, and certain required supplementary information regarding the schedule of expenditures of federal awards is also included.

Mission Statement and Organization

Mount Rogers Community Services is dedicated to improving the quality of life for people with mental, physical and substance use intervention needs. The Agency is committed to respecting people's rights to live in their home communities by promoting hope for the future and providing services and supports that promote self-determination, empowerment, recovery, resilience, health, and the highest possible level of individual participation in all aspects of community life, including work, school, family and other meaningful relationships. The Agency provides services to the residents of Bland, Carroll, Grayson, Smyth and Wythe counties and the City of Galax. The Agency has approximately thirty-three (33) service sites and maintains a service presence in approximately thirty-eight (38) schools throughout the catchment area.

Overview of Financial Statements

The basic financial statements of the Mount Rogers Community Services are presented in a proprietary fund format in accordance with the principles of an enterprise fund. Enterprise funds may be used to report an activity for which a fee is charged to external users for goods and services. The Agency is encouraged by the State Department of Behavioral Health and Developmental Services (DBHDS) to maximize efforts to recover the costs of services rendered, through fees from individuals served, legally liable parties, and third-party coverage such as Medicaid, Medicare and private insurance. Medicaid is the largest fee generator.

The Agency's financial statements are reported on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Mount Rogers Community Services provides behavioral health care services in the areas of mental health, intellectual disabilities and substance use intervention, placing the Agency in the health care arena. The Agency is a local government agency established under Chapter 5 of Title 37.2 of the Code of Virginia; therefore, in accordance with the GASB, activities are reported under reporting standards based upon the GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Mount Rogers Community Services

Management's Discussion and Analysis

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Agency's progress in funding its obligations. These obligations include providing pension benefits and other post-retirement benefits to its employees, supplementary combining financial statements, and certain required supplementary information regarding the schedule of expenditures of federal awards.

Component Units

GASB Statement No. 14 states the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is the primary benchmark for inclusion in a governmental financial reporting entity. An entity is considered fiscally dependent if it cannot (a) determine and modify its budget; (b) establish its rates, tax levies or charges; and (c) issue bonded debt, without the approval or modification of another government. The Agency has determined two entities meet the requirements for inclusion in the Mount Rogers Community Services' financial statements.

The first component unit included as part of these financial statements is Mount Rogers Community Services, Inc., a non-profit corporation established in the late 1970's as a financing requirement with the Virginia Housing Development Authority. The debt has been satisfied but the corporation continues to contract with the U.S. Department of Housing and Urban Development (HUD) for Section 8 housing. The corporation also acts as a conduit for fundraising by using its 501(c)(3) status from the Internal Revenue Service to solicit donations that will be tax-deductible for the donor. A separate financial statement is prepared for this component unit.

The other component unit included in the financial statements is the Employee Benefit Trust. The Trust was established in 1990 when the Agency began to self-insure for employee medical coverage. The Trust expanded its use to include operation of the Agency's Humanitarian Fund, wellness activities, and various other employee benefits such as an expanded sick leave benefit. During FY 2016, the Agency transitioned from a self-insured health insurance program to the Commonwealth of Virginia's The Local Choice (TLC). Members of the TLC program share significant purchasing power which reduces administrative costs, and shared claims experience offers financial protection.

Fiscal Agent Activities

The Agency acts a fiscal agent for the Southwestern Virginia Board (SWVAB) and HPR III Training Consortium. As fiscal agent, the Agency acts on behalf of these entities to perform various financial duties. These activities are segregated and reported in a separate column in the combining statements so that the reader can easily identify the fiscal agent activities.

Mount Rogers Community Services

Management's Discussion and Analysis

Financial Analysis

As noted earlier, net position may serve as a useful indicator of the Agency's financial position. At the close of the current fiscal year, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$26,102,711. This amount of net position is a good indicator that the Agency's financial position is stable. The Agency's overall net position increased \$5,825,434 from the prior fiscal year. This increase represents the amount of net revenue over net expenses, otherwise called the change in net position.

A large portion of the Agency's net position (56.5%) reflects its investment in capital assets, which includes land, buildings, machinery, equipment, and vehicles, less any related outstanding debt that was used to acquire those assets and net of related accumulated depreciation. The Agency uses these capital assets primarily to provide services to its participating localities; consequently these assets are not available for future spending. Although the Agency's investment in capital assets is reported net of related debt, the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Agency's net position (0.5%) or \$121,984 represents resources that are subject to external restrictions as to how they may be used. The remaining balance of \$11,225,602 is unrestricted and may be used to meet the Agency's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Agency as a whole is able to report positive balances in all reported categories of net position. The same situation held true for the prior fiscal year.

Mount Rogers Community Services

Management's Discussion and Analysis

Cash and cash equivalents make up 72% of the current assets on the statement of net assets. The value of unrestricted cash and cash equivalents increased 38% or \$4,509,473 over the prior fiscal year's amount. The increase in cash is directly related to the positive change in net position for the FY 2020. In response to COVID-19, the Department of Behavioral Health and Developmental Services began to require weekly reports from all Community Services Boards (CSBs) to monitor for indications of problems. If cash reserves dropped below eight weeks, the Department would require additional action to help increase cash. Accordingly, management began to monitor the weekly productivity of staff. When weekly productivity reporting indicated a decline in the volume of visits by individuals, staff was placed on rolling and extended furloughs. This action was necessary to compensate for reduced visit volume, as this decrease would reduce revenue and, ultimately, reduce cash. The furloughs helped with maintaining cash at a stable level. Capital projects were either postponed or down sized to reduce cash spending. Budgets were monitored closely to ensure billing was maintained. Because of the relaxed regulations of third-party billers, cash collections from billing remained stable. As a result of all of these combined measures, during the last six months of the fiscal year, cash reserves steadily increased despite the pandemic.

Accounts receivable for the Agency is comprised of two categories: third party receivables for services billed and contract receivables from Industrial Developmental Center (IDC) sales.

Third party receivables for billed services are due from individuals served, Medicare, Medicaid, insurance companies, and other governmental agencies. The amount owed to the Agency in connection with service receivables at the end of the current fiscal year is \$4,799,734 compared to the prior year's amount of \$3,693,906. The allowance for doubtful accounts increased from \$1,136,797 at the end of FY 2019 to \$1,320,802 in FY 2020. Therefore, the net service receivables increased by \$921,823 or 36%. The majority of this increase arose from an increase in the volume of claims billed in June of 2020, which increased \$571,277 from \$2,617,595 in FY 2019 to \$3,188,873 in FY 2020.

The contract sales receivable balance reflected a decrease of \$514,273, from \$1,297,000 at the end of FY 2019 to \$782,727 in FY 2020. The allowance for doubtful accounts was \$23,404 in FY 2019 compared to \$87,367 in FY 2020. The allowance for doubtful accounts remains low for contract sales receivables because the Industrial Developmental Centers (IDCs) are very diligent in their collection process to ensure amounts are collected.

The receivable balance decreased at the end of FY 2020 partly related to COVID-19. Reductions in workforce resulted in reduced production, reduced sales and reduced receivable balances at the end of the year. IDC production volume decreased because individuals' concerned about the virus chose to "shelter in place" and, in addition, in order to maintain social distance, the IDC moved workstations to ensure a six-foot space between workers.

Agency inventories relate to IDC programs and technology inventory. Inventories related to the IDC programs involve contracts with government and corporate customers, which provide opportunities for the individuals the Agency serves to have employment. The IDC purchases raw materials in anticipation of these contracts. The Agency had some of these materials on hand at the end of both FY 2019 and FY 2020, reflected as inventory on the balance sheet. This inventory varies relative to the customer orders that the IDC has at any given time. Inventory decreased by \$174,564, from \$1,180,194 at the end of FY 2019 to \$1,005,630 in FY 2020.

Mount Rogers Community Services

Management's Discussion and Analysis

The restricted assets held in trust of \$157,825 have an off-setting liability account, liability for funds held in trust. These funds are those for which the Agency has a fiduciary responsibility to individuals for whom we serve as payee agent. The Agency serves a total of approximately 90 individuals in this capacity.

Accounts payable decreased by \$314,574 or 20% from \$1,573,799 in FY 2019 to \$1,259,225 in FY 2020. Accounts payable represents the Agency's obligation to pay off a debt to its vendors for purchases of goods or services on credit. This account varies depending on the timing of the payments to vendors, but is considered a short-term debt. Items that affected the accounts payable balance at the end of FY 2019 included balances owed for construction services of \$133,630 for the Lisa H. Moore clinic construction project that was still underway at the end of FY 2019. This project was completed in FY 2020 and all balances owed were paid. Construction was just beginning on the Wythe Crisis Clinic at the end of FY 2019 and balances were owed on construction costs of \$103,605. The Wythe Crisis Clinic construction project was still underway at the end of FY 2020; however, accounts payable for the project had decreased significantly to \$5,563. At the end of FY 2020, the Agency owed \$62,298 on their credit card as compared to \$95,752 at the end of FY 2019. The Agency has a purchasing card program to assist staff with a method to purchase small products and supplies within our existing purchasing system. The last item having an effect on the change in accounts payable was supplies the IDC purchases from suppliers to use in the manufacturing process. The accounts payable for IDC supplies decreased from \$472,631 at the end of FY 2019 to \$270,160 at the end of FY 2020.

Compensated absences in FY 2020 were \$1,853,822, which is a \$254,954 or 12% decrease from the FY 2019 balance of \$2,108,776. This decrease was caused in part by a small number of long term employees with large leave balances retiring from the Agency. Another contributing factor to the decrease was COVID-19 pandemic related, as employees on extended furlough were permitted to use their sick time to pay for their health insurance.

Unearned revenues increased \$408,670, or 25.5% from last year. Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met—e.g., for restricted funds received in advance where expenditures are made at a later date. The majority of unearned revenue is monies received from state and federal agencies for restricted purposes, which have not yet been spent. Late in March and April of 2020, the Agency received a total of \$495,740 of one-time federal monies that was required to be spent by September 30, 2020. Of this special funding in March and April a total of \$401,783 was unspent at June 30, 2020. This accounts for the increase in unearned revenues. Amounts in other programs vary from year to year as well as the types of programs.

Mount Rogers Community Services

Management's Discussion and Analysis

The following table reflects the condensed revenues and expenses of the Agency for FY 2020 and FY 2019:

Summary of Statements of Revenues, Expenses and Changes in Fund Net Position

| | <u>Year Ended June 30, 2020</u> | <u>Year Ended June 30, 2019</u> | <u>Increase (Decrease)</u> |
|-------------------------------|--|--|---------------------------------------|
| Revenues: | | | |
| Operating Revenues: | | | |
| Fees | \$ 35,035,235 | \$ 35,382,709 | (0.98)% |
| Contract Sales | 11,896,604 | 9,864,395 | 20.60% |
| Contributions/Other Local | 93,361 | 35,646 | 161.91% |
| Miscellaneous | 377,525 | 557,508 | (32.28)% |
| Housing Payments | 12,520 | 10,516 | 19.05% |
| Non-operating Revenue: | | | |
| State Funding | 14,455,304 | 12,770,705 | 13.19% |
| Federal Funding | 2,487,352 | 1,624,875 | 53.07% |
| Local Governments | 577,937 | 550,340 | 5.01% |
| Interest Income | 118,837 | 149,148 | (20.32)% |
| Gain on Disposal of Assets | <u>41,612</u> | <u>(129,611)</u> | <u>132.11%</u> |
| Total Revenues | <u>\$ 65,096,287</u> | <u>\$ 60,816,231</u> | <u>7.04%</u> |
| Expenses: | | | |
| Operating Expenses: | | | |
| Personnel | 32,230,836 | 31,445,529 | 2.50% |
| Staff Development | 74,573 | 165,414 | (54.92)% |
| Facilities | 2,009,055 | 1,937,421 | 3.70% |
| Equipment/Supplies | 6,395,327 | 5,387,273 | 18.71% |
| Travel | 649,744 | 845,726 | (23.17)% |
| Contract Services | 15,769,998 | 16,149,549 | (2.35)% |
| Miscellaneous | 360,475 | 435,571 | (17.24)% |
| Depreciation | 1,601,861 | 1,318,036 | 21.53% |
| Non-operating Expenses: | | | |
| Interest Expense | <u>178,984</u> | <u>239,081</u> | <u>(25.14)%</u> |
| Total Expenses | <u>\$ 59,270,853</u> | <u>\$ 57,923,600</u> | <u>2.33%</u> |
| Change in Net Position | <u>\$ 5,825,434</u> | <u>\$ 2,892,631</u> | <u>101.39%</u> |

Mount Rogers Community Services

Management's Discussion and Analysis

FY 2020 reflects a slight reduction in third party fees as compared to FY 2019. The sources of fee revenues include fees for services to individuals, whether direct billing to individuals receiving services, Medicaid, Medicare or other private and governmental insurance companies. Fees also include revenues for services provided to other local agencies on a contractual basis. Fee revenues reflect a decrease of 0.9%, or \$374,474 compared to FY 2019. With the onset of COVID-19, the Agency was concerned third party fees would be reduced greatly, but with the foresight and planning by leadership, changes were made that produced positive results. The Agency moved to provide services by telehealth. The relaxed regulations of Medicare, Medicaid and commercial insurance companies allowed the Agency to collect the same amount for a service by telehealth that was collected by a face to face service. The Agency made change in programs that reduced revenues, such as suspending day support and transportation services and significantly reducing the mental health supports, psychosocial rehabilitation, and therapeutic day support services. Even with the reductions in these programs, the overall revenue of the Agency held steady. The Agency produced additional revenues in our mental health and substance use outpatient clinics, PACT services and emergency management services. In the COVID-19 pandemic more people have and are expected to need the services Mount Rogers provides, because individuals may experience more stress, anxiety, fear, sadness, loneliness, and mental health disorders such as depression.

In FY 2020, contract sales revenues increased by \$2,124,851, or 21.6%, as compared to FY 2019. The IDCs hold government and corporate contracts, of which the largest contractor is the United States Department of Defense (DOD). Changes to DOD contracts account for the largest portion of the fluctuation in sales volume. The increase in sales largely reflected:

- Contracts for the Advanced Combat Shirt (ACS), which were steady throughout the year and monthly production requirements, as specified by the contract, were met.
- A large order for Enhanced Combat Helmet Covers, in addition to the OCP Helmet Covers that are currently being produced.
- Continued production of the U.S. Forestry Service Field Pack
- New commercial contracts for Puppy Bumpers and LabTech

In addition, staff of the IDCs remains in contact with SourceAmerica to maintain an awareness of current and future federal government projects.

Contributions and other local funding grew from \$35,646 in FY 2019 to \$93,361 in FY 2020, an increase of \$57,715. Out of the \$93,361 received in FY 2020, it can be attributed to two major contributions. The Agency received a \$25,000 contribution from the real estate owner of the building where the Smyth Crisis Care Center is housed. This contribution was to help with remodeling costs made to the building. The other main contribution was from the Marietta Morgan Trust for \$40,000. This contribution applied for and awarded was to purchase supplies for the newly created integrated care program. Providing integrated care helps individuals served as well as the Agency. It blends the expertise of mental health, substance use, and primary care clinicians with feedback from patients and their caregivers. This creates a team-based approach where mental health care and general medical care are offered in the same setting.

Mount Rogers Community Services

Management's Discussion and Analysis

During the current fiscal year, the Agency received several new sources of money for new services or to expand existing services. The following is an explanation of these funds:

- The Agency manages regional funds for the Southwest Virginia Agency as stated above. Revenues are realized at the time the expenditure is spent or encumbered. The Agency does not have any control over the purchase of services. During the current year, the region realized an amount of \$4,230,028 of state funds compared to \$3,839,390 in FY 2019.
- In FY 2020, the Agency received funding to address Virginia's opioid crisis and substance use disorder (SUD) challenges. DBHDS is working to reform Virginia's system into one that meets the needs of Virginians with behavioral health disorders and substance use disorders. The Agency recognized \$1,033,144 of state fund revenues.
- The Agency recognized an additional \$340,103 in permanent supportive housing funds in the current year over the prior year. Permanent supportive housing is an intervention that combines affordable housing assistance with voluntary support services to address the needs of chronically homeless people. These funds help individuals lead more stable lives with a goal to end homelessness.
- In connection with the continued implementation of STEP-VA, Mount Rogers Community Services received \$174,882 in FY 2019 as compared to \$365,760 in FY 2020 to implement primary care screenings and monitoring. Primary care screenings and monitoring are a critical element of STEP-VA because individuals with serious mental illnesses are known to be at higher risk for poor physical health outcomes largely due to unidentified chronic conditions.

Federal revenue increased by \$862,447, or 6.7% over the last year, from \$1,624,875 in FY 2019 to \$2,487,352 in FY 2020. The majority of the increase in federal funds is due to the realized revenue from three specific funding projects for the current year. Cash amounts received during the year for specific funds may not match the amount of realized revenue because a portion of these funds were unearned at the end of the fiscal year and are reflected as a liability on the balance sheet.

The increase in federal funds is comprised of the following three grants:

- The Agency realized revenue of \$71,348 in Mental Health Block grant funds to provide SMI funding opportunities. These funds are used to support supplemental treatment and recovery for uninsured individuals with Serious Mental Illness (SMI), including the geriatric population. Funds would be used to support SMI services such as psychosocial rehabilitation, mental health skill building, crisis stabilization, outpatient counseling, intensive outpatient treatment and peer supports for those without insurance or Medicaid.

Mount Rogers Community Services

Management's Discussion and Analysis

2020. This increase originated in the Permanent Supported Housing Program (PSH). The PSH program combines low affordable housing, health care, and supportive services to help individuals to lead more stable lives. Facility costs include the rental assistance paid by the Agency to help individual's rent be more affordable. State revenue is received by the Agency to cover the cost of this expense. This program continued to expand for the third year in a row in FY 2020 and associated rental costs increased \$58,114 over FY 2019. The majority of the remaining increase in facilities expense was due to the expansion of current programs and/or locations, resulting in a direct increase in facility maintenance costs.

Equipment and supplies expense increased by \$1,008,054, or 18.71%, from \$5,387,273 in FY 2019 to \$6,395,327 in FY 2020. Items in this category are small equipment, maintenance and service contracts, office supplies, facility supplies, educational and recreation supplies, food expense, medical supplies and contract supplies. The majority of the FY 2020 increase is attributable to contract supplies, which is the cost of items used in the manufacturing process at the IDCs. This line item increased by \$1,082,260 due to increased production for governmental contracts. This increase was partially offset by decreased expenses in other line items in this expense category, most notably medical supplies. Medical supplies expense decreased by 49%, from \$328,175 in FY 2019 to \$16,312 in FY 2020. This decrease was directly related to eligible medical supplies purchases being submitted for COVID-19 CARES Act reimbursement.

Travel expenses decreased this year by \$195,982, or 23.17%, from \$845,726 in FY 2019 to \$649,744 in FY 2020. Travel expense includes items such as private mileage paid to employees, operating expenses for the Agency's fleet, automobile insurance and employee food and lodging. As a direct result of the COVID-19 pandemic and safety protocols, travel was halted or restricted beginning in mid-March. Accordingly, private mileage decreased 41% this year by \$118,007 from the prior year. Private mileage is paid to employees for use of a personal vehicle on business. The Agency authorizes payment at a rate of \$.50 per mile to help offset vehicle operating expenses, including gasoline, automobile liability insurance and repairs. A similar pandemic related decrease in all other travel line items also occurred. Automobile insurance was the only travel expense line item which saw an increase. The Agency's expense to insure its modernized fleet increased 15.86% or \$12,486 from FY 2019.

Contract services were relatively flat, seeing a small decrease in expenses of 2.35% this year or \$379,551 over FY 2019. Contract services are comprised of accounting and auditing expenses, data processing costs, legal services, psychiatric and psychological contract expenses and program contractual services. Sponsored Residential services expense decreased 21.56% or \$567,377 in FY 2020 versus FY 2019. Contracted services expense also declined significantly by 64.15% or \$376,032 in FY 2020 as compared to FY 2019. Both of these decreases are a result of individuals exercising their right of choice to determine their own provider and to choose a provider other than the Agency. These savings were partially offset by the increased spending for contract services in Regional Funds for which the Agency is fiscal agent. These savings were also partially offset by the additional costs the Agency incurred in FY 2020 for insurance premiums. The increased cost of health care is a topic of concern as costs continue to increase every year and affects the Agency and employees alike. The Agency works diligently to keep premiums affordable for employees.

Mount Rogers Community Services

Management's Discussion and Analysis

The net cash used by capital and related financing activities netted \$2,138,215. During the current fiscal year, loan reductions included debt payments on long-term debt to Rural Development, First Bank and Trust and the Signature Public Funding Corporation, all totaling \$626,687. Capital activities also included purchases of capital assets of \$1,240,414. Other items included in capital and financing activities include proceeds from the sale of assets of \$41,983, the receipt of principal payments of \$5,000 on notes receivable, payments from reserve accounts in excess of contributions to reserve accounts of \$3,180. Interest expense paid out this year was \$182,492.

Net cash provided by investing activities was \$89,988, representing interest income.

Capital Assets

The Agency's capital assets net of accumulated depreciation totaled \$18,634,131 on June 30, 2020. This amount represented a net decrease of \$361,447 from the previous fiscal year end. Depreciation expense totaled \$1,603,808 for the current fiscal year. During this fiscal year, the Agency purchased a total of \$4,035,222 in capital assets. These capital expenditures included the remodeling and constructing of facilities for \$3,339,655, the purchase of vehicles for \$433,192 and purchase of equipment and furniture for \$262,375.

During the current year, the Agency had several construction projects in process. In Smyth County, the Agency completed construction of the Lisa H. Moore Counseling Center. The center has approximately 11,996 square feet and houses clinical services along with a contracted pharmacy. The total construction costs incurred in FY 20 were \$102,068. The building began operations in July of 2019 and its cost of \$2,912,730 was transferred to real estate holdings. Also in Smyth County, the Agency continued renovations on the building that formerly housed Smyth Clinical services, remodeling the facility to house the Smyth Crisis Care Center. The Smyth Crisis Care Center project incurred \$162,339 of construction costs in FY 20. The building was completed in late FY 2020 and the construction costs of \$173,186 were transferred to real estate holdings. In anticipation of the opening of a Crisis Care Center in Wytheville, the Agency purchased a 4,552 square foot building and began renovations in FY 2019. The building will house emergency services and crisis care and is adjacent to the E.W. Cline property. The Wythe Crisis Care Center project was still ongoing at the end of FY 2020 and costs incurred to date on the project are \$723,819.

During Fiscal Year 2020, the Agency also began a major upgrade to their network. Due to aging equipment, it was imperative that the equipment be replaced. The Agency purchased the entire amount needed to replace the network at a cost of \$138,785, of which \$48,209 had been installed by the end of the year. The remaining piece, \$90,576, is reflected in prepaid expenses in the Statement of Net Position.

Mount Rogers Community Services

Management's Discussion and Analysis

Budgetary Highlights

The following table reflects the budget to actual comparison for FY 2020:
(Component units are omitted from this table.)

| | <u>Initial Budget</u> | <u>Revised Budget</u> | <u>Actual</u> |
|--|----------------------------------|----------------------------------|----------------------|
| Revenues: | | | |
| Fees | \$38,679,039 | \$38,679,039 | \$33,927,778 |
| State Funding | 12,623,823 | 13,337,700 | 15,147,782 |
| Federal Funding | 2,903,319 | 3,010,843 | 2,348,902 |
| Contract Sales | 12,319,193 | 12,319,193 | 11,960,566 |
| Local Governments | 550,340 | 550,340 | 577,937 |
| Contributions/Other local | 195,630 | 195,630 | 239,729 |
| Miscellaneous | 212,533 | 212,533 | 293,147 |
| Prior-year Re-grant | 1,567,252 | 1,567,252 | 1,193,949 |
| Transfer In (Out) | - | (104,153) | 47,875 |
| Total Revenues | <u>\$ 69,051,129</u> | <u>\$ 69,768,377</u> | \$ 65,737,665 |
| Adjustments to Convert Cash Basis to GAAP Accrual Basis and Component Units | | | <u>(753,562)</u> |
| Total GAAP Revenue per the Statement of Revenues, Expenses and Changes in Net Position | | | <u>\$ 64,984,103</u> |
| Expenses: | | | |
| Personnel | \$45,248,394 | \$45,401,289 | \$ 39,934,893 |
| Staff Development | 126,998 | 126,998 | 64,444 |
| Facilities | 3,037,290 | 3,037,290 | 3,435,383 |
| Equipment/Supplies | 7,327,606 | 7,327,606 | 6,744,254 |
| Travel | 798,606 | 798,606 | 668,531 |
| Contract Services | 12,167,728 | 12,732,081 | 9,034,729 |
| Miscellaneous | 341,193 | 341,193 | 357,739 |
| Total Expenses | <u>\$ 69,047,815</u> | <u>\$ 69,765,063</u> | \$60,239,973 |
| Adjustments to Convert Cash Basis to GAAP Accrual Basis and Component Units | | | <u>(783,438)</u> |
| Total GAAP Expenses per the Statement of Revenues, Expenses and Changes in Net Position | | | <u>\$ 59,456,535</u> |

The Agency does not budget for non-operating expenses, such as depreciation expense, nor does the Agency budget for interest income and interest expense. The budget is prepared on the modified cash basis of accounting.

Mount Rogers Community Services

Management's Discussion and Analysis

capacity to provide additional Assertive Community Treatment services, to create a RN Care Coordination Team and to expand Crisis Management Services. The grant helps cover staff salaries of the newly created teams and allows the billing for services provided. It gives the Agency additional revenue without any added expense, therefore, generating surplus.

While the CCBHC grant is one of the Agency's largest grants, the Agency continues to apply for other grants which will help provide funds to sustain or expand services to individuals. In FY 2020, the Agency was awarded STEP VA funds. The STEP VA Program is a long-term initiative designed to improve the community behavioral health services available to all Virginians. The program will improve access, increase quality, build consistency and strengthen accountability. The services are intended to foster wellness among individuals with behavioral health disorders in everyday life to prevent crisis before they arise. Outcomes would include fewer admissions to state and private hospitals, decreased emergency room visits, and reduced involvement of individuals with behavioral health disorders in the criminal justice system. The Agency will receive in excess of \$2 million in STEP VA mental health funds and substance use funds to provide services in FY 2021.

For FY 2021, the Agency will receive an increase in the amount of State Opioid Response (SOR) grant funds. SOR is a federally funded grant to offer direct substance use disorder and opioid use disorder programs and services to address prevention, treatment, and recovery in communities. The Agency will receive an amount of \$650,000, which will help support the opening of a drug court program in the Wythe service area.

The Agency has applied for several COVID-19 grants to help cover additional expenses incurred to maintain the safety and health of staff and individuals. The Agency has spent in excess of \$150,000 on personal protective equipment (PPE) and technology equipment. While these grants have not been awarded at this time, the Agency does anticipate receiving monies for grants applied for in FY 2021 to cover these costs.

In the Industrial and Developmental Centers (IDCs), various potential customers continue to tour the facilities and discuss development of new products with which the IDCs may be involved. One of the IDC's most significant customers, the United States Department of Defense, continues to generate a large amount of business. DOD items which the IDC continues to produce include the advanced combat shirt, enhanced combat helmet covers and the OCP helmet covers. IDC leadership remains involved with SourceAmerica, to maintain an awareness of current and upcoming federal government projects. The IDCs continue to serve various companies within our service region, including Blue Ridge Beverage (Gatorade) and the United States Forestry Service. The IDCs also continue to print products including T-shirts, tote bags, and other items. All these various contracts provide employment to individuals with disabilities who receive services at the IDCs.

The IDC's budgeted contract sales for FY 2021 decreased 13% (\$1.3 million) from the amount budgeted in FY 2020. This decrease is mainly due to COVID-19. Because of social distancing, major changes were made in the IDC facilities. Transportation was suspended in April 2020. This suspension is suspected to continue until a vaccine is available. Several individuals we service have chosen to stay at home for health reasons, so the work staff is short. Workstations were arranged to provide the appropriate distance between workers, therefore reducing work staff. The IDCs are

Mount Rogers Community Services

Management's Discussion and Analysis

Sponsored residential services will see an upward swing in FY 2021. Sponsored residential providers are individuals or families who desire to make a positive impact on the lives of individuals with developmental disabilities by opening their home to provide care, compassion and the opportunity to live everyday family life that fosters relationships and community living. The Agency has been providing transitional support to several individuals that have agreed to transition their home to a sponsored residential support home.

During FY 2020, the Agency applied and was awarded money to develop and expand Crisis Care Centers. A crisis center is a resource for individuals going through a mental health crisis. Individuals struggling with crisis have long been sent to local emergency rooms for evaluation before they can receive treatment. In September 2019, the Agency opened the first crisis care center in the Smyth County area. The idea behind the Crisis Care Centers is to divert as many individuals as possible from hospitalization or arrest and allow people to seek needed help before they reach the point of crisis. The centers allow individuals to connect to psychiatric care much quicker with counselors available to assess needs and medication and detox can begin immediately.

The centers have been successful in helping reducing emergency room visits and state hospital visits. The Smyth Center originally open from 8am to 8pm will expand to a 24/7 facility in November 2020. The Agency will open the second crisis care center in Wythe County in October 2020 and a third center in December 2020 in the Twin County area.

The Agency will develop a Program for Assertive Community Treatment (PACT) team in the Twin County area which will be supported by the CCBHC grant discussed previously. The CCBHC grant will cover 40% of the salary and fringe benefits of the entire team for the 2-year grant period. This will help the team with start-up costs. Once established, the team is projected to provide billing to support all the program costs. This team is to be established and functional by August 2020 per grant specifications. A PACT program brings clinicians to individuals' homes and local communities and helps meet the ongoing needs of people with psychotic disorders such as schizophrenia, bipolar disorder, and psychosis. PACT services have been successful at reducing the number, frequency and length of hospital admissions.

A PACT team expansion in Smyth County is planned in November or December 2020. Grants have been applied and awarded to help the team with start-up costs. Once established, the team should bill Medicaid for services to support program costs.

The Agency plans on hiring a medical director in FY 2021. The medical director will plan, direct and coordinate the medical and health services of the Agency. By the hiring of a medical director, it meets the requirement of the CCBHC grant and will help with the transition of group homes into ICF homes. The medical director will supervise medical staff and will be responsible for keeping up-to-date with new regulations, technology or changes in healthcare laws.

During FY 2020, the Agency became aware Medicaid Managed Care Organizations (MCOs) were awarding card status to their customers who have a track of being effective partners. Anthem is the first MCO which offers "Gold Card" status. Gold Card status means that providers with this status do not need to complete authorization and registrations for Community Mental Health Rehabilitation services; to include Mental Health Skill Building, Intensive In-Home, Crisis Stabilization, Crisis

BASIC FINANCIAL STATEMENTS

MOUNT ROGERS COMMUNITY SERVICES

STATEMENT OF NET POSITION

June 30, 2020

(With Comparative Totals for June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,259,225 | \$ 1,573,799 |
| Accrued interest payable | 50,249 | 53,757 |
| Accrued liabilities | 17,022 | 20,083 |
| Unearned revenues | 2,007,529 | 1,598,859 |
| Accrued payroll | 83,422 | 164,618 |
| General note obligations, current obligations | <u>275,873</u> | <u>626,770</u> |
| Total current liabilities | <u>3,693,320</u> | <u>4,037,886</u> |
| LONG-TERM LIABILITIES | | |
| Compensated absences | 1,853,822 | 2,108,776 |
| Net pension liability | 5,626,062 | 3,990,844 |
| Net other postemployment benefit liability | 2,021,000 | 1,805,000 |
| General note obligations, net of current obligations | <u>3,603,133</u> | <u>3,878,923</u> |
| Total long-term liabilities | <u>13,104,017</u> | <u>11,783,543</u> |
| OTHER LIABILITIES | | |
| Liability for funds held in trust | <u>157,825</u> | <u>106,052</u> |
| Total liabilities | <u>16,955,162</u> | <u>15,927,481</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions | 1,977,810 | 2,450,182 |
| Deferred inflows related to other postemployment benefits | <u>129,000</u> | <u>166,000</u> |
| Total deferred inflows of resources | <u>2,106,810</u> | <u>2,616,182</u> |
| NET POSITION | | |
| Net investment in capital assets | 14,755,125 | 14,489,885 |
| Restricted | 121,984 | 125,164 |
| Unrestricted | <u>11,225,602</u> | <u>5,662,228</u> |
| Total net position | <u>26,102,711</u> | <u>20,277,277</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 45,164,683</u> | <u>\$ 38,820,940</u> |

The Notes to Financial Statements are an integral part of this statement.

MOUNT ROGERS COMMUNITY SERVICES

STATEMENT OF CASH FLOWS For the Year Ended June 30, 2020 (With Comparative Totals for June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| OPERATING ACTIVITIES | | |
| Receipts from individuals served and users | \$ 54,069,361 | \$ 53,998,345 |
| Cash paid to suppliers for goods and services | (25,836,593) | (18,992,449) |
| Cash paid to employees and for benefits | (39,772,710) | (45,728,125) |
| Net cash used in operating activities | <u>(11,539,942)</u> | <u>(10,722,229)</u> |
| NONCAPITAL FINANCING ACTIVITIES | | |
| Intergovernmental revenues | <u>17,930,250</u> | <u>14,573,071</u> |
| CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of capital assets | (1,240,785) | (4,138,199) |
| Proceeds from sale of assets | 41,983 | 2,875 |
| Withdrawals from reserve accounts | 3,180 | 330,625 |
| Principal payments on borrowed funds | (626,687) | (3,944,582) |
| Proceeds from new debt | - | 3,228,000 |
| Receipts from note receivable | 5,000 | 10,000 |
| Interest expense | (182,492) | (279,355) |
| Net cash used in capital and related financing activities | <u>(1,999,801)</u> | <u>(4,790,636)</u> |
| INVESTING ACTIVITIES | | |
| Interest income | <u>118,966</u> | <u>150,156</u> |
| Net cash provided by investing activities | <u>118,966</u> | <u>150,156</u> |
| Net increase (decrease) in cash and cash equivalents | 4,509,473 | (789,638) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>11,897,245</u> | <u>12,686,883</u> |
| End of year | <u>\$ 16,406,718</u> | <u>\$ 11,897,245</u> |

(Continued)

The Notes to Financial Statements are an integral part of this statement.

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. Summary of Significant Accounting Policies

- A. Organization – Mount Rogers Community Services (the "Board") is a jointly governed entity that acts as an agent for the counties of Bland, Carroll, Grayson, Smyth, and Wythe, and the City of Galax, established under Chapter 5 of Title 37.2 of the *Code of Virginia* to establish and operate treatment programs for community mental health, developmental disabilities, and substance abuse disorders. The Board is made up of representatives of those jurisdictions. The Board is charged by the Virginia Department of Behavioral Health and Developmental Services with providing a system of comprehensive community mental health, developmental disabilities, and substance use services which relate to and are integrated with existing and planned programs within the limits of aforesaid jurisdictional boundaries. The Board currently provides these services through the operation of mental health clinics, industrial and developmental centers, residential programs, and substance use programs throughout the program area.
- B. Financial Reporting Entity – The Board has adopted the provisions of Governmental Accounting Standards Board (GASB) No. 39, *Determining Whether Certain Organizations are Component Units*. This statement provides guidance to determine whether certain organizations should be reported as a component unit based on the nature and significance of their relationship with the Board. Generally, it requires reporting, as a component unit, any organization that raises and holds economic resources for the direct benefit of the Board. The financial statements include all funds, agencies, boards, commissions, and authorities that the Board has determined should be included as a component unit. The component units discussed below are blended component units and are included in the Board's reporting entity because of the significance of their operational or financial relationships with the Board.
1. Mount Rogers Community Services, Inc. operates a home for the mentally handicapped. The Board can impose its will on the organization since the home is managed by employees of the Board. The members of the Mount Rogers Community Services, Inc. are the same individuals who are board members of Mount Rogers Community Services. The Board sets rates and charges for the home. Separately issued financial statements can be obtained from Mount Rogers Community Services, Inc.
 2. Mount Rogers Community Services Employee Trust was created to provide health and dental benefits to the Board's employees. The Board sets rates and subsidizes the Trust fund as well as providing management functions. The Mount Rogers Community Services Board Employee Trust does not issue separate financial statements.

The Board's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. As a result, the financial statements include a Management's Discussion and Analysis (MD&A) section, providing an analysis of the Board's overall financial position and results of operations.

- C. Basis of Accounting and Financial Statement Presentation – The Board is funded by federal, state, and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The financial statements of the Board have been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America (GAAP) for governmental health care reporting entities.

Pursuant to recommendations by the State Department of Behavioral Health and Developmental Services (DBHDS), local, state, and federal allocations (considered "subsidies" as defined by GASB and DBHDS) are presented as non-operating revenues.

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

- K. Financial Assistance and Allowance for Uncollectible Accounts – The Board is required to collect the cost of services from third-party sources and those individuals who are able to pay. However, the payment of amounts charged is based on individual circumstances and unpaid balances are pursued to the extent of the client's ability to pay. The Board has established procedures for granting financial assistance in cases of hardship. The granting of financial assistance results in a substantial reduction and/or elimination of charges to individual clients. Because the Board does not pursue the collection of amounts determined to qualify for financial assistance, they are not reported as revenue.

The Board calculates its allowance for doubtful accounts using historical collection data, and in most cases, specific account analysis. A charge to income to absorb possible credit losses is provided when, in the opinion of management, it is appropriate. The receivables shown in the financial statements are shown net of allowances for doubtful accounts. The allowance for doubtful accounts totaled \$1,408,169 for 2020.

- L. Income Taxes – As a political subdivision of the Commonwealth of Virginia, the Board is exempt from federal and state income taxes.
- M. Advertising – Advertising costs are charged to operations when incurred.
- N. Risk Management – The Board is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Workman's Compensation Insurance is provided through the Virginia Association of Counties (VaCorp) Self Insurance Group. Benefits are those afforded through the Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65-2-100. Premiums are based upon covered payroll, job rates, and claims experience.

The Board provides general liability, machinery, property and automotive insurance through a policy with the VaCorp Self Insurance Group. General and business automobile liability has a \$5,000,000 aggregate limit. Professional liability and public officials' liability with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia.

Healthcare Insurance coverage is provided to the employees through a policy with Local Choice/Anthem, which is a Commonwealth of Virginia pooled plan. Partial premiums are withheld from the employee's earnings and remaining premiums are paid by the Board. Retired employees who meet the Board's criteria for coverage are covered by the program.

There were no significant reductions in insurance coverage from the prior fiscal year and no settlements that exceeded the amount of insurance coverage during the current or preceding years.

- O. Settlements Due To/From Third-Party Programs and Contractual Adjustments – A significant portion of the Department's services are rendered to patients covered by Medicare, Medicaid, or Insurance Companies. These third-party payers have entered into contractual arrangements with the Board for reimbursement of services provided to patients. Generally, third-party payers, at the lower of cost of charges or at prospectively determined rates reimburse the Board for patient services.

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

Q. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net 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 Board has two items which qualify for reporting in this category. Certain items related to the measurement of the net pension liability and the net OPEB liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan and OPEB plan investments. For more detailed information on these items, please reference the pension and OPEB notes.

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

S. Investments – The Board's money market investments that have a remaining maturity at the time of purchase of one year or less are measured at fair value.

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 saving 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% or excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments – Statutes authorize the Board 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 Board's investments as of June 30, 2020 were rated by Standard and Poor and the ratings are presented below using the Standard and Poor's rating scale.

| Rated Investment Type | Rating | | |
|-----------------------|-----------|---------|-----------|
| | AAAm | Unrated | Total |
| Money Market Fund | \$ 61,396 | \$ - | \$ 61,396 |

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

3. Fair Value Measurements (Continued)

The Board has the following recurring fair value measurements as of June 30, 2020:

| <u>Investment</u> | <u>Fair Value Measurement Using</u> | | | |
|-------------------|---|--|--|------|
| | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> | |
| Money Market Fund | \$ 61,396 | \$ 61,396 | \$ - | \$ - |

4. Capital Assets

A summary of capital assets is as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--------------------------------|------------------------------|------------------|------------------|---------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 744,011 | \$ - | \$ - | \$ 744,011 |
| Construction in progress | 3,533,658 | 323,841 | 3,118,277 | 739,222 |
| Total non-depreciable assets | 4,277,669 | 323,841 | 3,118,277 | 1,483,233 |
| Depreciable assets: | | | | |
| Buildings and improvements | 20,031,331 | 3,339,655 | 1,383 | 23,369,603 |
| Equipment and vehicles | 6,410,741 | 695,566 | 417,893 | 6,688,414 |
| Total depreciable assets | 26,442,072 | 4,035,221 | 419,276 | 30,058,017 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | (7,225,034) | (668,776) | 1,012 | (7,892,798) |
| Equipment and vehicles | (4,499,129) | (933,085) | 417,893 | (5,014,321) |
| Total accumulated depreciation | (11,724,163) | (1,601,861) | 418,905 | (12,907,119) |
| Net depreciable assets | 14,717,909 | 2,433,360 | 371 | 17,150,898 |
| Total net capital assets | \$ 18,995,578 | \$ 2,757,201 | \$ 3,118,648 | \$ 18,634,131 |

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

6. Long-Term Liabilities (Continued)

Annual requirements to amortize long-term liabilities:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|---------------------|---------------------|
| 2021 | \$ 275,785 | \$ 156,337 |
| 2022 | 209,533 | 147,715 |
| 2023 | 216,751 | 139,189 |
| 2024 | 228,721 | 130,367 |
| 2025 | 235,743 | 121,060 |
| 2026-2030 | 1,333,621 | 453,028 |
| 2031-2035 | 1,025,812 | 170,116 |
| 2036-2040 | 250,124 | 52,816 |
| 2041-2042 | 102,916 | 4,344 |
| | <u>\$ 3,879,006</u> | <u>\$ 1,374,972</u> |

7. Compensated Absences

Compensated Absences for Employees Hired Prior to January 1, 2014:

Employees with up to six months of service earn annual leave at the rate of 7.5 hours per month. Employees with six months to five years of service earn annual leave at the rate of 10.63 hours per month. For employee service greater than five years but less than ten years, time is earned at a rate of 14.38 hours per month. After ten years, annual leave is earned by the employee at a rate of 16.38 hours per month. Annual leave is accrued up to 21 days and is paid upon termination or retirement. Employees accrue sick leave at the rate of 11.25 hours per month. Accumulation of sick leave is unlimited during continued employment. Upon separation from the Board's employment, employees with at least five consecutive years of full time employment will be eligible to receive a one-time cash payment for unused sick leave. This sick leave payout is the lesser of 25% of the unused sick leave balance or the following amounts: five year service is a maximum payout of \$1,500; ten year service is a maximum payout of \$3,000; fifteen year service is a maximum payout of \$4,500; twenty year service is a maximum payout of \$6,000; twenty-five year service is a maximum payout of \$7,500 and a thirty plus service is a maximum payout of \$9,000.

Compensated Absences for Employees Hired on or after January 1, 2014:

Employees who were hired on or after January 1, 2014 will earn paid time off (PTO) at a rate of 12.5 hours per month during the first year of employment through the fifth year of employment. For employees with service greater than five years but less than ten years of time will earn 16.25 hours per month. After ten years, time will accrue at a rate of 18.75 hours per month. Accumulation of PTO time is limited to 157.5 hours for the first five years of employment, 202.5 hours for the sixth through the tenth year, and 217.5 hours for eleven years and beyond. PTO time of up to 21 days can be paid upon termination or retirement.

The Board has outstanding accrued vacation pay that totals \$734,328, sick leave accrual of \$594,963 and PTO accrual of \$524,231 as of June 30, 2020.

8. Surety Bond

The Board maintains a surety bond insurance policy as part of its regular liability insurance. The insurance is maintained with VaCorp and the amount of coverage is \$250,000.

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

13. Restricted Cash

The Board has a loan with Rural Development which requires a reserve equal to one year's payment be accumulated. This reserve is to be accumulated at a rate of 10% per year until the entire amount of \$60,588 is accumulated and restricted. At June 30, 2020, an amount of \$60,588 has been reflected as restricted cash for this purpose.

14. Defined Benefit Pension Plan

Plan Description

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

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

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | <u>Members</u> |
|--|----------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>81</u> |
| Inactive members: | |
| Vested inactive members | 40 |
| Non-vested inactive members | 66 |
| Inactive members active elsewhere in VRS | <u>37</u> |
| Total inactive members | <u>143</u> |
| Active members | <u>586</u> |
| Total covered employees | <u>810</u> |

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

14. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 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 and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

Long-Term Expected Rate of Return

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

| <u>Asset Class (Strategy)</u> | <u>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 | 100.00% | | 4.80 |
| Inflation | | | 2.50 |
| *Expected arithmetic nominal return | | | 7.30% |

* The above allocation provides for 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 rate of 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%.

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

14. Defined Benefit Pension Plan (Continued)

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

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

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|---------------------------------------|--|---------------------------------------|
| Political subdivision's net pension liability | \$ 12,752,965 | \$ 5,626,062 | \$ 4,649 |

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

For the year ended June 30, 2020, the Board recognized pension expense of \$1,140,515. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 159,010 | \$ 1,213,053 |
| Change in assumptions | 1,342,977 | 379,894 |
| Net difference between projected and actual earnings on pension plan investments | - | 384,863 |
| Employer contributions subsequent to the measurement date | 1,576,893 | - |
| Total | \$ 3,078,880 | \$ 1,977,810 |

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

15. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Plan Descriptions (Continued)

Group Life Insurance Program (Continued)

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

| | |
|----------------------------|---|
| Governed by: | <i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i> |
| Total rate: | 1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution. |
| June 30, 2020 Contribution | \$135,241 |
| June 30, 2019 Contribution | \$127,546 |

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

The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

| | | |
|--|----|-----------|
| June 30, 2020 proportionate share of liability | \$ | 2,021,000 |
| June 30, 2019 proportion | | 0.12417% |
| June 30, 2018 proportion | | 0.11886% |
| June 30, 2020 expense | \$ | 84,835 |

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

15. Other Postemployment Benefits Liability – Virginia Retirement System Plans Continued

Actuarial Assumptions

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

| | |
|--|--------------|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| • Locality – general employees | 3.50 – 5.35% |
| Investment rate of return, net of expenses, including inflation* | GLI: 6.75% |

- * 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 rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 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 the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 14.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

| | <u>Group Life Insurance Program</u> |
|---|---|
| Total OPEB liability | \$ 3,390,238 |
| Plan fiduciary net position | 1,762,972 |
| Employers' net OPEB liability (asset) | 1,627,266 |
| Plan fiduciary net position as a percentage of total OPEB liability | 52.00 % |

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

16. Litigation

At June 30, 2020, there were no matters of litigation involving the Board or which would materially affect the Board's financial position should any court decisions on pending matters not be favorable to the Board.

(Continued)

MOUNT ROGERS COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

19. Upcoming Pronouncements (Continued)

In August 2018, the GASB issued **Statement No. 90**, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91**, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, Replacement of Interbank Offered Rates. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

(Continued)

**REQUIRED
SUPPLEMENTARY INFORMATION**

Plan Year Ended June 30,

| 2016 | 2015 | 2014 |
|---------------|---------------|---------------|
| \$ 2,084,897 | \$ 2,052,217 | \$ 2,029,879 |
| 2,457,389 | 2,300,997 | 2,063,206 |
| 169,967 | (1,120,054) | - |
| - | - | - |
| (1,140,872) | (857,080) | (535,063) |
| 3,571,381 | 2,376,080 | 3,558,022 |
| 35,676,000 | 33,299,920 | 29,741,898 |
| 39,247,381 | 35,676,000 | 33,299,920 |
| 1,526,709 | 1,534,637 | 2,012,595 |
| 966,873 | 971,352 | 960,348 |
| 564,555 | 1,259,817 | 3,448,725 |
| (1,140,872) | (857,080) | (535,063) |
| (17,332) | (15,399) | (16,211) |
| (227) | (275) | 182 |
| 1,899,706 | 2,893,052 | 5,870,576 |
| 29,227,539 | 26,334,487 | 20,463,911 |
| 31,127,245 | 29,227,539 | 26,334,487 |
| \$ 8,120,136 | \$ 6,448,461 | \$ 6,965,433 |
| 79.31% | 81.92% | 79.08% |
| \$ 19,674,596 | \$ 19,578,839 | \$ 19,099,555 |
| 41% | 33% | 36% |

MOUNT ROGERS COMMUNITY SERVICES

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2020**

| <u>Entity Fiscal Year Ended June 30,</u> | <u>Employer's Proportion of the Net OPEB Liability (Asset)</u> | <u>Employer's Proportionate Share of the Net OPEB Liability (Asset)</u> | <u>Employer's Covered Payroll</u> | <u>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u> |
|--|--|---|---|--|--|
| Virginia Retirement System – Group Life Insurance – General Employees | | | | | |
| 2020 | 0.124 | \$ 2,021,000 | \$ 25,494,860 | 7.93 % | 52.00 % |
| 2019 | 0.118 | 1,805,000 | 24,356,288 | 7.41 | 51.22 |
| 2018 | 0.115 | 1,733,000 | 22,603,742 | 7.67 | 48.86 |

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

MOUNT ROGERS COMMUNITY SERVICES
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty Disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

**OTHER
SUPPLEMENTARY INFORMATION**

| Mount Rogers Community Services, Inc. | Inter-Company Eliminations | Total |
|--|---------------------------------------|----------------------|
| \$ 39,181 | \$ - | \$ 16,346,130 |
| - | - | 4,174,292 |
| 90,576 | - | 820,251 |
| - | (2,550) | 246,163 |
| - | - | 1,022,786 |
| <u>129,757</u> | <u>(2,550)</u> | <u>22,609,622</u> |
| - | - | 60,588 |
| - | - | 61,396 |
| - | - | 157,825 |
| - | - | 279,809 |
| <u>129,757</u> | <u>(2,550)</u> | <u>22,889,431</u> |
| - | (138,785) | - |
| <u>678,974</u> | <u>-</u> | <u>18,634,131</u> |
| <u>808,731</u> | <u>(141,335)</u> | <u>41,523,562</u> |
| - | - | 3,078,880 |
| - | - | 562,241 |
| - | - | 3,641,121 |
| <u>\$ 808,731</u> | <u>\$ (141,335)</u> | <u>\$ 45,164,683</u> |

| Mount Rogers Community Services, Inc. | Inter-Company Eliminations | Total |
|--|---------------------------------------|----------------------|
| \$ 2,550 | \$ (2,550) | \$ 1,259,225 |
| - | - | 50,249 |
| 138,785 | (138,785) | 17,022 |
| - | - | 2,007,529 |
| - | - | 83,422 |
| - | - | 275,873 |
| <u>141,335</u> | <u>(141,335)</u> | <u>3,693,320</u> |
| - | - | 1,853,822 |
| - | - | 5,626,062 |
| - | - | 2,021,000 |
| - | - | 3,603,133 |
| - | - | 13,104,017 |
| - | - | 157,825 |
| <u>141,335</u> | <u>(141,335)</u> | <u>16,955,162</u> |
| - | - | 1,977,810 |
| - | - | 129,000 |
| - | - | 2,106,810 |
| 678,974 | - | 14,755,125 |
| - | - | 121,984 |
| <u>(11,578)</u> | <u>-</u> | <u>11,225,602</u> |
| <u>667,396</u> | <u>-</u> | <u>26,102,711</u> |
| <u>\$ 808,731</u> | <u>\$ (141,335)</u> | <u>\$ 45,164,683</u> |

| Mount Rogers Community Services, Inc. | Inter-Company Eliminations | Total |
|--|---------------------------------------|---------------|
| \$ - | \$ - | \$ 35,035,235 |
| - | - | 11,896,604 |
| 57,085 | (57,085) | 93,361 |
| 12,520 | - | 12,520 |
| - | (7,012,463) | - |
| 20,708 | - | 377,525 |
| 90,313 | (7,069,548) | 47,415,245 |
| - | (7,012,463) | 32,230,836 |
| - | - | 74,573 |
| 7,815 | - | 2,009,055 |
| 1,590 | - | 6,395,327 |
| - | - | 649,744 |
| 59,635 | (57,085) | 15,769,998 |
| 1,059 | - | 360,475 |
| 26,755 | - | 1,601,861 |
| 96,854 | (7,069,548) | 59,091,869 |
| (6,541) | - | (11,676,624) |
| - | - | 118,837 |
| - | - | (178,984) |
| (371) | - | 41,612 |
| - | - | 14,455,304 |
| - | - | 2,487,352 |
| - | - | 577,937 |
| (371) | - | 17,502,058 |
| (6,912) | - | 5,825,434 |
| 674,308 | - | 20,277,277 |
| \$ 667,396 | \$ - | \$ 26,102,711 |

| Employee Benefit Trust | Mount Rogers Community Services, Inc. | Total |
|---------------------------------------|--|----------------------|
| \$ 7,141,856 | \$ 90,313 | \$ 54,069,361 |
| (6,823,410) | (158,489) | (25,836,593) |
| - | - | (39,772,710) |
| 318,446 | (68,176) | (11,539,942) |
| - | - | 17,930,250 |
| - | - | 17,930,250 |
| - | (50,296) | (1,240,785) |
| - | - | 41,983 |
| - | - | 3,180 |
| - | - | (626,687) |
| - | 138,785 | - |
| - | - | 5,000 |
| - | - | (182,492) |
| - | 88,489 | (1,999,801) |
| 28,978 | - | 118,966 |
| 28,978 | - | 118,966 |
| 347,424 | 20,313 | 4,509,473 |
| 2,586,173 | 18,868 | 11,897,245 |
| <u>\$ 2,933,597</u> | <u>\$ 39,181</u> | <u>\$ 16,406,718</u> |

| Employee Benefit Trust | Mount Rogers Community Services, Inc. | Total |
|---------------------------------------|--|------------------------|
| \$ 2,933,597 | \$ 39,181 | \$ 16,346,130 |
| - | - | 60,588 |
| <u>\$ 2,933,597</u> | <u>\$ 39,181</u> | <u>\$ 16,406,718</u> |
| \$ 275,800 | \$ (6,541) | \$ (11,676,624) |
| - | 26,755 | 1,601,861 |
| - | - | (343,587) |
| (34,038) | (90,576) | (208,328) |
| 79,044 | - | (71,845) |
| - | - | 172,535 |
| - | - | (1,703,578) |
| (2,360) | 2,186 | (312,024) |
| - | - | (4,048) |
| - | - | (336,150) |
| - | - | 1,851,218 |
| - | - | (509,372) |
| <u>\$ 318,446</u> | <u>\$ (68,176)</u> | <u>\$ (11,539,942)</u> |

COMPLIANCE SECTION

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 13, 2020

Report on Compliance for the Major Federal Program (Continued)

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion the response.

Report on Internal Control over Compliance

Management of the Board 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 Board's internal control over compliance with the types of requirements that could have a direct and material effect on the 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 Board's internal control over compliance.

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

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

MOUNT ROGERS COMMUNITY SERVICES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass- Through Entity Identifying Number | Federal Expenditures |
|--|------------------------------------|--|---------------------------------|
| Department of Health and Human Services: | | | |
| Pass-Through: | | | |
| Virginia Department of Behavioral Health and Developmental Services: | | | |
| Block Grants for Community Mental Health Services | 93.958 | N/A | \$ 302,948 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | N/A | 660,841 |
| Substance Abuse & Mental Health Services – Projects of Regional & National Significance | 93.243 | N/A | 256,593 |
| Opioid STR | 93.788 | N/A | <u>897,264</u> |
| Total Department of Health and Human Services | | | 2,117,646 |
| Direct Grant: | | | |
| Demonstration Programs to Improve Community Mental Health Services | 93.829 | N/A | 25,956 |
| United States Department of Transportation | | | |
| Direct Grant: | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | N/A | 36,823 |
| United States Department of Justice | | | |
| Direct Grant: | | | |
| Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 | N/A | 138,157 |
| Department of Education: | | | |
| Pass-Through: | | | |
| Virginia Department of Education: | | | |
| Special Education – Grants for Infants and Families | 84.181 | N/A | <u>58,304</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,376,886</u> |

MOUNT ROGERS COMMUNITY SERVICES

SUMMARY OF COMPLIANCE MATTERS

June 30, 2020

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Board's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

MOUNT ROGERS COMMUNITY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT (Continued)

Effect:

The report was not filed timely.

Recommendation:

In order to ensure that necessary financial reports can be filed timely, the monthly close should be completed in a more timely manner.

Views of Responsible Officials and Planned Corrective Actions:

Management understands the importance of meeting filing dates set by the Department of Behavioral Health and Developmental Services (DBHDS). The purpose of the Federal Balance Report is to enable DBHDS to return federal funds to the granting agency in a timely manner. Issues in closing the September accounting records delayed the preparation of the report. Management chose to delay the filing to ensure the accuracy of the report. The Agency strives to meet all reporting dates set by State and Federal Agencies.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

BLUERIDGECROSSROADS

economic development authority

Carroll – Galax – Grayson VIRGINIA

Carroll-Grayson-Galax Regional Industrial Facilities Authority
Regular Meeting Agenda
Monday, December 28, 2020
Time: 3:00 PM

Location: Crossroads Institute

Join Zoom Meeting

<https://zoom.us/j/98089038347>

Meeting ID: 980 8903 8347

16465588656 (New York)

1. Call to Order
2. Consent Agenda:
 - a. Minutes from the November 26th meeting
 - b. Treasurer's report for November
3. SBDC Report
 - a. SBDC 2021 Budget Proposal
4. Wildwood Commerce Park
 - a. Schedule for Natural Gas to serve Wildwood – Update on Carroll County discussions with Appalachian Natural Gas
 - b. Twin County Airport
5. Director's Report
6. Announcements
7. Adjourn

The Blue Ridge Crossroads Region is Virginia's "Entrepreneurial Region."

1117 East Stuart Drive . Galax, Virginia 24333
Tel: 276.236.0391 www.brceda.org

BLUERIDGE**CROSSROADS**

economic development authority

Carroll – Galax – Grayson VIRGINIA

Carroll-Grayson-Galax Regional Industrial Facilities Authority
November 23, 2020 Minutes

Amended to show meeting by electronic means (Zoom) pursuant to continuation of emergency ordinance held by Carroll County, Grayson County and Galax City due to Covid-19. The nature of the emergency makes it impractical or unsafe to physically assemble as a Board, due to the rising numbers of COVID-19 cases in the area. The purpose of the meeting is to discuss or transact business necessary to continue the Authority's operations or discharge it's lawful purposes, duties, and responsibilities. A transcript of the meeting will be made available on the Authority's website within ten working days.

Roll Call

- | | | |
|-------------------|--------------------------|---------|
| • Mike Watson- | Carroll County | present |
| • Rex Hill- | Carroll County | absent |
| • Keith Barker- | City of Galax | present |
| • C.M. Mitchell- | City of Galax | absent |
| • Bill Shepley - | Grayson County | present |
| • Kenneth Belton- | Grayson County | present |
| • Robbie McCraw- | Carroll alternate | absent |
| • Mike Larrowe- | Galax alternate | absent |
| • Mike Hash- | Grayson alternate | absent |
| • Others present- | | |
| ○ Mandy Archer- | SBDC Director | |
| ○ Ginny Plant- | Administrative Assistant | |
| ○ Nichole Hair- | BRCEDA Director | |
| ○ Steve Durbin- | Sands Anderson | |

Call to Order

Mr. Belton called the meeting to order at 3:03PM.

Consent Agenda

Mr. Shepley made the motion to approve the consent agenda, including the minutes and treasurer's report, as presented. Mr. Barker seconded the motion, which carried unanimously.

SBDC Report

Ms. Archer stated a detailed report is included. Please reach out with questions. She noted that 75% of the been spent. On November 13 we attended a ribbon cutting for Manna Graphics. Ms.

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BLUERIDGECROSSROADS

economic development authority

Carroll – Galax – Grayson VIRGINIA

Catron has been working with 11 clients. We are working on a training calendar for 2021. Ms. Archer presented food class information at WCC in October which went well. The SBDC website is live. The link is provided in your packet. Client application assistance for the Rebuild VA grant is still available for businesses. The last report we have is that there are 30K applications in the queue and \$50 million out of the \$100 million left. We are also helping our clients with appeals. Please remember that November 28th is Small Business Saturday. We are working to get swag out to businesses and local partners.

Ms. Archer discussed how the SBDC has extra money left over this year do to unused funds from Covid-19 such as travel, etc. She is asking the board to allow a bonus for full-time staff. She is also asking for a 3.5% COLA for full time employees and salary to keep Ms. Catron on until the end of 2021. The full-time staff has not received a COLA since 2018 and 2013 before that.

Mr. Barker made a motion to approve a bonus for SBDC full-time employees. Mr. Watson seconded the motion, which passed with three voting aye and one voting nah.

Mr. Barker made a motion to table the COLA on the 2021-year budget until the next board meeting. Mr. Watson seconded the motion, which carried unanimously.

Wildwood Commerce Park

Ms. Hair reported that we are still waiting for the December 7 GOVA board meeting for the grant match for natural gas.

Director's Report

Ms. Hair stated that her directors report is included. She will get in touch with Mr. Dalton regarding the easement situation. There has been new legislation with AEP and that may open some options. Josh and Nichole will be speaking to a contractor about a shell building on December 3rd. If anyone has heard from anyone interested in putting up a shell building, please let her know so she may contact them.

Announcements

With no further business, the meeting adjourned.

Respectfully Submitted- Keith E. Barker, Secretary

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BLUERIDGE**CROSSROADS**

economic development authority
Carroll – Galax – Grayson VIRGINIA

C. M. Mitchell - Chairman

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BLUE RIDGE CROSSROADS EDA
BALANCE SHEET
NOVEMBER 30, 2020

ASSETS

| | | |
|------------------------------|----|-----------------------------|
| CURRENT ASSETS | | |
| REGULAR CHECKING ACCOUNT | \$ | 341,922.70 |
| MONEY MARKET - GNB | | 328,010.57 |
| DESIGNATED FUNDS-MARKETING | | 40,941.55 |
| LAND INVENTORY | | <u>13,290,000.04</u> |
| TOTAL CURRENT ASSETS | | 14,000,874.86 |
| PROPERTY AND EQUIPMENT | | |
| EQUIPMENT | | 33,178.75 |
| OFFICE EQUIPMENT | | 1,553.15 |
| ACCUMULATED DEPRECIATION | | <u>(20,607.63)</u> |
| TOTAL PROPERTY AND EQUIPMENT | | 14,124.27 |
| OTHER ASSETS | | |
| DEFERRED OUTFLOWS PENSION | | 2,484.00 |
| DEFERRED OUTFLOWS - OPEB | | <u>172.00</u> |
| TOTAL OTHER ASSETS | | <u>2,656.00</u> |
| TOTAL ASSETS | \$ | <u><u>14,017,655.13</u></u> |

LIABILITIES AND CAPITAL

| | | |
|-----------------------------|----|-----------------------------|
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ | 2,278.51 |
| ST PORTION OF LT DEBT | | <u>109,430.60</u> |
| TOTAL CURRENT LIABILITIES | | 111,709.11 |
| LONG-TERM LIABILITIES | | |
| NOTES PAYABLE - MRPDC | | 164,793.18 |
| NOTES PAYABLE - GNB | | 4,496,452.82 |
| DEFERRED INFLOWS PENSION | | 14,128.00 |
| DEFERRED INFLOWS - OPEB | | 448.00 |
| NET PENSION LIABILITY | | 8,947.00 |
| NET OPEB LIABILITY | | <u>3,561.00</u> |
| TOTAL LONG-TERM LIABILITIES | | <u>4,688,330.00</u> |
| TOTAL LIABILITIES | | 4,800,039.11 |
| CAPITAL | | |
| FUND BALANCE | | 9,127,180.61 |
| NET INCOME | | <u>90,435.41</u> |
| TOTAL CAPITAL | | <u>9,217,616.02</u> |
| TOTAL LIABILITIES & CAPITAL | \$ | <u><u>14,017,655.13</u></u> |

UNAUDITED - FOR MANAGEMENT PURPOSES ONLY

BLUE RIDGE CROSSROADS EDA
INCOME STATEMENT
FOR THE FIVE MONTHS ENDING NOVEMBER 30, 2020

| | Current Month | | Year to Date | |
|-----------------------------|----------------|------------|--------------|--------|
| REVENUES | | | | |
| CITY OF GALAX | \$ 0.00 | 0.00 | \$ 71,120.00 | 33.30 |
| COUNTY OF GRAYSON | 0.00 | 0.00 | 71,120.00 | 33.30 |
| COUNTY OF CARROLL | 0.00 | 0.00 | 71,120.00 | 33.30 |
| OTHER INCOME | (300.00) | (116.79) | 0.00 | 0.00 |
| INTEREST INCOME | 43.13 | 16.79 | 206.18 | 0.10 |
| TOTAL REVENUES | (256.87) | (100.00) | 213,566.18 | 100.00 |
| COST OF SALES | | | | |
| TOTAL COST OF SALES | 0.00 | 0.00 | 0.00 | 0.00 |
| GROSS PROFIT | (256.87) | (100.00) | 213,566.18 | 100.00 |
| EXPENSES | | | | |
| CONSULTING & CONTRACT SERVI | 0.00 | 0.00 | 40,000.00 | 18.73 |
| ACCOUNTING FEES | 165.00 | 64.23 | 1,190.00 | 0.56 |
| LEGAL FEES | 1,144.00 | 445.36 | 6,518.00 | 3.05 |
| TELECOMMUNICATIONS | 119.57 | 46.55 | 614.99 | 0.29 |
| OFFICE SUPPLIES | 0.00 | 0.00 | 159.20 | 0.07 |
| OFFICE RENTAL | 0.00 | 0.00 | 1,500.00 | 0.70 |
| REPAIRS & MAINT | 900.00 | 350.37 | 3,520.00 | 1.65 |
| INTEREST EXPENSE | 13,652.37 | 5,314.89 | 68,524.95 | 32.09 |
| DEPRECIATION EXPENSE | 210.83 | 82.08 | 1,054.15 | 0.49 |
| TAX WITHHELD ON INVESTMENTS | 10.35 | 4.03 | 49.48 | 0.02 |
| TOTAL EXPENSES | 16,202.12 | 6,307.52 | 123,130.77 | 57.65 |
| NET INCOME | \$ (16,458.99) | (6,407.52) | \$ 90,435.41 | 42.35 |

FOR MANAGEMENT PURPOSES ONLY

BLUE RIDGE CROSSROADS EDA
General Ledger Trial Balance
As of Nov 30, 2020

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

| Account ID | Account Description | Debit Amt | Credit Amt |
|---------------|--------------------------|---------------------|---------------------|
| 1010 | REGULAR CHECKING AC | 341,922.70 | |
| 1020 | MONEY MARKET - GNB | 328,010.57 | |
| 1025 | DESIGNATED FUNDS-MA | 40,941.55 | |
| 1200 | LAND INVENTORY | 13,290,000.0 | |
| 1500 | EQUIPMENT | 33,178.75 | |
| 1530 | OFFICE EQUIPMENT | 1,553.15 | |
| 1700 | ACCUMULATED DEPRECI | | 20,607.63 |
| 1801 | DEFERRED OUTFLOWS | 2,484.00 | |
| 1802 | Deferred Outflows - OPEB | 172.00 | |
| 2000 | ACCOUNTS PAYABLE | | 2,278.51 |
| 2110 | NOTES PAYABLE - MRPD | | 164,793.18 |
| 2650 | NOTES PAYABLE - GNB | | 4,496,452.82 |
| 2655 | ST PORTION OF LT DEBT | | 109,430.60 |
| 2801 | DEFERRED INFLOWS PE | | 14,128.00 |
| 2803 | Deferred inflows - OPEB | | 448.00 |
| 2810 | NET PENSION LIABILITY | | 8,947.00 |
| 2811 | Net OPEB liability | | 3,561.00 |
| 3900 | FUND BALANCE | | 9,127,180.61 |
| 4050 | CITY OF GALAX | | 71,120.00 |
| 4055 | COUNTY OF GRAYSON | | 71,120.00 |
| 4060 | COUNTY OF CARROLL | | 71,120.00 |
| 4800 | INTEREST INCOME | | 206.18 |
| 6030 | CONSULTING & CONTRA | 40,000.00 | |
| 6037 | ACCOUNTING FEES | 1,190.00 | |
| 6038 | LEGAL FEES | 6,518.00 | |
| 6071 | TELECOMMUNICATIONS | 614.99 | |
| 6072 | OFFICE SUPPLIES | 159.20 | |
| 6073 | OFFICE RENTAL | 1,500.00 | |
| 6120 | REPAIRS & MAINT | 3,520.00 | |
| 6600 | INTEREST EXPENSE | 68,524.95 | |
| 6800 | DEPRECIATION EXPENS | 1,054.15 | |
| 8000 | TAX WITHHELD ON INVES | 49.48 | |
| Total: | | 14,161,393.5 | 14,161,393.5 |

BLUE RIDGE CROSSROADS EDA
Account Reconciliation
As of Nov 30, 2020
1010 - REGULAR CHECKING ACCOUNT
Bank Statement Date: November 30, 2020

Filter Criteria includes: Report is printed in Detail Format.

| | | | |
|------------------------------|--------------|------|--------------------------|
| Beginning GL Balance | | | 401,614.08 |
| Add: Cash Receipts | | | |
| Less: Cash Disbursements | | | (59,691.38) |
| Add (Less) Other | | | |
| Ending GL Balance | | | <u>341,922.70</u> |
| Ending Bank Balance | | | <u>382,864.25</u> |
| Add back deposits in transit | | | |
| Total deposits in transit | | | |
| (Less) outstanding checks | | | |
| Total outstanding checks | | | |
| Add (Less) Other | Nov 30, 2020 | 11-4 | <u>(40,941.55)</u> |
| Total other | | | (40,941.55) |
| Unreconciled difference | | | <u>0.00</u> |
| Ending GL Balance | | | <u><u>341,922.70</u></u> |



999-99-99-99 02867 D C 001 30 50 004
BLUE RIDGE CROSSROADS ECONOMIC DEV AGCY
1117 E STUART DR STE 178
GALAX VA 24333-2656

Your consolidated statement

For 11/30/2020

Contact us



BBT.com



(800) BANK-BBT or
(800) 226-5228

Summary of your accounts

| ACCOUNT NAME | ACCOUNT NUMBER | BALANCE(\$) | DETAILS ON |
|--|----------------|-------------|------------|
| BASIC PUBLIC FUND CHECKING | 0000* | 382,864.25 | page 1 |
| BASIC PUBLIC FUND CHECKING | 0000 | 41,737.85 | page 1 |
| BASIC PUBLIC FUND CHECKING | 0000* | 9,283.53 | page 2 |
| Total checking and money market savings accounts | | 5433,865.63 | |



Checking and money market savings accounts

■ BASIC PUBLIC FUND CHECKING 0000*

Account summary

| | |
|---|----------------|
| Your previous balance as of 10/30/2020 | \$442,555.63 |
| Checks | - 59,691.38 |
| Other withdrawals, debits and service charges | - 0.00 |
| Deposits, credits and interest | + 0.00 |
| Your new balance as of 11/30/2020 | = \$382,864.25 |

Checks

| DATE | CHECK # | AMOUNT(\$) | DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|-------|---------|------------|
| 11/04 | 2357 | 22,597.70 | 11/20 | 2360 | 20,000.00 |
| 11/13 | 2358 | 50.06 | 11/16 | 2361 | 900.00 |
| 11/13 | 2359 | 5,374.00 | 11/18 | 2362 | 66.45 |

* indicates a skip in sequential check numbers above this item

| DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|
| 11/10 | 2363 | 8,249.10 |
| 11/10 | *2365 | 300.00 |
| 11/10 | 2366 | 2,154.07 |

Total checks = \$59,691.38

■ BASIC PUBLIC FUND CHECKING 0000

Account summary

| | |
|---|---------------|
| Your previous balance as of 10/30/2020 | \$49,607.99 |
| Checks | - 18,573.31 |
| Other withdrawals, debits and service charges | - 0.00 |
| Deposits, credits and interest | + 10,703.17 |
| Your new balance as of 11/30/2020 | = \$41,737.85 |

Checks

| DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|
| 11/02 | 1552 | 43.90 |
| 11/03 | *1557 | 120.00 |
| 11/04 | 1558 | 17,465.22 |

* indicates a skip in sequential check numbers above this item

| DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|
| 11/13 | 1559 | 50.06 |
| 11/10 | 1560 | 180.03 |

| DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|
| 11/13 | *1563 | 123.00 |
| 11/18 | *1565 | 591.10 |

Total checks = \$18,573.31

Deposits, credits and interest

| DATE | DESCRIPTION | AMOUNT(\$) |
|-------|-------------|------------|
| 11/10 | DEPOSIT | 300.00 |
| 11/10 | DEPOSIT | 2,164.07 |
| 11/10 | DEPOSIT | 8,249.10 |

Total deposits, credits and interest = \$10,703.17

■ BASIC PUBLIC FUND CHECKING 000**Account summary**

| | |
|---|--------------|
| Your previous balance as of 10/30/2020 | \$9,263.53 |
| Checks | - 0.00 |
| Other withdrawals, debits and service charges | - 0.00 |
| Deposits, credits and interest | + 0.00 |
| Your new balance as of 11/30/2020 | = \$9,263.53 |

CROSSROADS SBDC
BALANCE SHEET
NOVEMBER 30, 2020

ASSETS

| | | |
|------------------------------|----|------------------|
| CURRENT ASSETS | | |
| REGULAR CHECKING ACCOUNT | \$ | 41,277.66 |
| CHECKING ACCOUNT SPECIAL | | 9,263.53 |
| | | <hr/> |
| TOTAL CURRENT ASSETS | | 50,541.19 |
| PROPERTY AND EQUIPMENT | | |
| FURNITURE & FIXTURES | | 4,642.43 |
| OFFICE EQUIPMENT | | 9,997.48 |
| ACCUMULATED DEPRECIATION | | (14,436.01) |
| | | <hr/> |
| TOTAL PROPERTY AND EQUIPMENT | | 203.90 |
| OTHER ASSETS | | |
| DEF OUTFLOWS PENSION | | 9,602.00 |
| DEFERRED OUTFLOW-OPEB | | 731.00 |
| | | <hr/> |
| TOTAL OTHER ASSETS | | 10,333.00 |
| | | <hr/> |
| TOTAL ASSETS | \$ | <u>61,078.09</u> |

LIABILITIES AND CAPITAL

| | | |
|-----------------------------|----|------------------|
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE - TRADE | \$ | 25,664.93 |
| DEFERRED INFLOWS PENSION | | 8,142.00 |
| DEFERRED INFLOW-OPEB | | 663.00 |
| ACCRUED LEAVE | | 8,014.00 |
| | | <hr/> |
| TOTAL CURRENT LIABILITIES | | 42,483.93 |
| LONG-TERM LIABILITIES | | |
| NET PENSION LIABILITY | | 52,198.00 |
| NET OPEB LIABILITY | | 6,268.00 |
| | | <hr/> |
| TOTAL LONG-TERM LIABILITIES | | 58,466.00 |
| | | <hr/> |
| TOTAL LIABILITIES | | 100,949.93 |
| CAPITAL | | |
| FUND BALANCE | | (62,665.03) |
| NET INCOME | | 22,793.19 |
| | | <hr/> |
| TOTAL CAPITAL | | (39,871.84) |
| | | <hr/> |
| TOTAL LIABILITIES & CAPITAL | \$ | <u>61,078.09</u> |

UNAUDITED - FOR MANAGEMENT PURPOSES ONLY

CROSSROADS SBDC
INCOME STATEMENT
FOR THE FIVE MONTHS ENDING NOVEMBER 30, 2020

| | Current Month | | Year to Date | |
|-----------------------------|----------------|------------|--------------|--------|
| REVENUES | | | | |
| SOLID WASTE AUTH SUPPORT | \$ 0.00 | 0.00 | \$ 70,875.00 | 76.26 |
| VA SBDC GRANTS | (2,154.07) | (718.02) | 19,614.38 | 21.10 |
| CARES ACT | 2,454.07 | 818.02 | 2,454.07 | 2.64 |
| TOTAL REVENUES | 300.00 | 100.00 | 92,943.45 | 100.00 |
| COST OF SALES | | | | |
| TOTAL COST OF SALES | 0.00 | 0.00 | 0.00 | 0.00 |
| GROSS PROFIT | 300.00 | 100.00 | 92,943.45 | 100.00 |
| EXPENSES | | | | |
| SALARIES & WAGES | 3,265.63 | 1,088.54 | 32,656.30 | 35.14 |
| PAYROLL TAXES | 238.82 | 79.61 | 2,388.20 | 2.57 |
| EMPLOYEE RETIREMENT | 386.65 | 128.88 | 3,866.50 | 4.16 |
| HEALTH INSURANCE | 653.00 | 217.67 | 6,541.04 | 7.04 |
| VRS INSURANCE | 43.76 | 14.59 | 437.60 | 0.47 |
| CONTRACT LABOR | 0.00 | 0.00 | 1,031.50 | 1.11 |
| PROFESSIONAL FEES | 476.25 | 158.75 | 2,196.25 | 2.36 |
| CARESACT | 1,592.96 | 530.99 | 11,030.08 | 11.87 |
| DUES AND PROFESSIONAL MEMBE | 83.90 | 27.97 | 247.80 | 0.27 |
| COMPUTER/WEBSITE MAINT | 3,296.26 | 1,098.75 | 3,544.93 | 3.81 |
| COPYING | 0.00 | 0.00 | 35.50 | 0.04 |
| POSTAGE & FREIGHT EXPENSE | 0.00 | 0.00 | 10.90 | 0.01 |
| TELECOMMUNICATIONS | 119.58 | 39.86 | 625.18 | 0.67 |
| OFFICE SUPPLIES | 0.00 | 0.00 | 861.76 | 0.93 |
| OFFICE RENTAL | 4,000.00 | 1,333.33 | 4,000.00 | 4.30 |
| MILEAGE AND FUEL EXPENSE | 167.67 | 55.89 | 283.02 | 0.30 |
| BUSINESS SEMINARS | 0.00 | 0.00 | 248.00 | 0.27 |
| DEPRECIATION EXPENSE | 29.14 | 9.71 | 145.70 | 0.16 |
| TOTAL EXPENSES | 14,353.62 | 4,784.54 | 70,150.26 | 75.48 |
| NET INCOME | \$ (14,053.62) | (4,684.54) | \$ 22,793.19 | 24.52 |

FOR MANAGEMENT PURPOSES ONLY

CROSSROADS SBDC
Account Reconciliation
As of Nov 30, 2020
1010 - REGULAR CHECKING ACCOUNT
Bank Statement Date: November 30, 2020

Filter Criteria Includes: Report is printed in Detail Format.

| | | | |
|------------------------------|--------------|------|-------------|
| Beginning GL Balance | | | 49,394.09 |
| Add: Cash Receipts | | | 10,703.17 |
| Less: Cash Disbursements | | | (18,819.60) |
| Add (Less) Other | | | |
| Ending GL Balance | | | 41,277.66 |
| Ending Bank Balance | | | 41,737.85 |
| Add back deposits in transit | | | |
| Total deposits in transit | | | |
| (Less) outstanding checks | | | |
| | Mar 13, 2020 | 1497 | (50.00) |
| | Nov 9, 2020 | 1561 | (167.67) |
| | Nov 9, 2020 | 1562 | (201.14) |
| | Nov 10, 2020 | 1567 | (41.38) |
| Total outstanding checks | | | (460.19) |
| Add (Less) Other | | | |
| Total other | | | |
| Unreconciled difference | | | 0.00 |
| Ending GL Balance | | | 41,277.66 |

CROSSROADS SBDC
Account Reconciliation
As of Nov 30, 2020
1020 - CHECKING ACCOUNT SPECIAL
Bank Statement Date: November 30, 2020

Filter Criteria includes: Report is printed in Detail Format.

| | |
|------------------------------|-----------------|
| Beginning GL Balance | 9,263.53 |
| Add: Cash Receipts | |
| Less: Cash Disbursements | |
| Add (Less) Other | |
| Ending GL Balance | <u>9,263.53</u> |
| Ending Bank Balance | 9,263.53 |
| Add back deposits in transit | |
| Total deposits in transit | |
| (Less) outstanding checks | |
| Total outstanding checks | |
| Add (Less) Other | |
| Total other | |
| Unreconciled difference | <u>0.00</u> |
| Ending GL Balance | <u>9,263.53</u> |



999-99-99 02867 0 C 001 30 50 004
BLUE RIDGE CROSSROADS ECONOMIC DEV AGCY
1117 E STUART DR STE 178
GALAX VA 24333-2656

Your consolidated statement

For 11/30/2020

Contact us



BBT.com



(800) BANK-BBT or
(800) 226-5228

Summary of your accounts

| ACCOUNT NAME | ACCOUNT NUMBER | BALANCE(\$) | DETAILS ON |
|--|----------------|--------------|------------|
| BASIC PUBLIC FUND CHECKING | 00001 | 382,864.25 | page 1 |
| BASIC PUBLIC FUND CHECKING | 00002 | 41,737.85 | page 1 |
| BASIC PUBLIC FUND CHECKING | 00003 | 9,263.53 | page 2 |
| Total checking and money market savings accounts | | \$433,865.63 | |



Checking and money market savings accounts

■ BASIC PUBLIC FUND CHECKING 0000

Account summary

| | |
|---|----------------|
| Your previous balance as of 10/30/2020 | \$442,555.63 |
| Checks | - 59,691.38 |
| Other withdrawals, debits and service charges | - 0.00 |
| Deposits, credits and interest | + 0.00 |
| Your new balance as of 11/30/2020 | = \$382,864.25 |

Checks

| DATE | CHECK # | AMOUNT(\$) | DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|-------|---------|------------|
| 11/04 | 2357 | 22,597.70 | 11/20 | 2360 | 20,000.00 |
| 11/13 | 2358 | 50.06 | 11/16 | 2361 | 900.00 |
| 11/13 | 2359 | 5,374.00 | 11/18 | 2362 | 66.45 |

* indicates a skip in sequential check numbers above this item

| DATE | CHECK # | AMOUNT(\$) |
|--------------|---------|---------------|
| 11/10 | 2363 | 8,249.10 |
| 11/10 | *2365 | 300.00 |
| 11/10 | 2366 | 2,154.07 |
| Total checks | | = \$59,691.38 |

■ BASIC PUBLIC FUND CHECKING 0000

Account summary

| | |
|---|---------------|
| Your previous balance as of 10/30/2020 | \$49,607.99 |
| Checks | - 18,573.31 |
| Other withdrawals, debits and service charges | - 0.00 |
| Deposits, credits and interest | + 10,703.17 |
| Your new balance as of 11/30/2020 | = \$41,737.85 |

Checks

| DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|
| 11/02 | 1552 | 43.90 |
| 11/03 | *1557 | 120.00 |
| 11/24 | 1558 | 17,465.22 |

| DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|
| 11/13 | 1559 | 50.06 |
| 11/10 | 1560 | 180.03 |

| DATE | CHECK # | AMOUNT(\$) |
|-------|---------|------------|
| 11/13 | *1563 | 123.00 |
| 11/18 | *1565 | 581.10 |

icates a skip in sequential check numbers above this item

Total checks = \$18,573.31

Deposits, credits and Interest

| DATE | DESCRIPTION | AMOUNT(\$) |
|-------|-------------|------------|
| 11/10 | DEPOSIT | 300.00 |
| 11/10 | DEPOSIT | 2,154.07 |
| 11/10 | DEPOSIT | 8,249.10 |

Total deposits, credits and Interest

= \$10,703.17

■ BASIC PUBLIC FUND CHECKING 0000:**Account summary**

| | |
|---|--------------|
| Your previous balance as of 10/30/2020 | \$9,263.53 |
| Checks | - 0.00 |
| Other withdrawals, debits and service charges | - 0.00 |
| Deposits, credits and Interest | + 0.00 |
| Your new balance as of 11/30/2020 | = \$9,263.53 |

SBDC Director Report: 12/20/2020 (Nov 16 – Dec 15)

VA State Office SBDC Updates (Funding)

- SEE ATTACHED for CY 2020 Update
- The CY 2021 Budget is attached for your approval. ACTION ITEM

REVENUE: \$151,104

SBA Support: \$75,552

Local Cash Match: \$70,875

In-Kind Match: \$4,677

EXPENSES:

- Includes a 3.5% COLA for full time staff.
- Includes 3 months wages for PT staff through end of year. The PT person is funded through CARES money that will expire September 30, 2021.
- We were advised to anticipate two state meetings and one national conference in 2021.
- Fund including to contract with UVA-Wise to offer training to small businesses on subjects such as QuickBooks and marketing. These classes will be “subsidized” for maximum participation.

Blue Ridge Crossroads SBDC Updates

SBDC Public Appearances, Significant Meetings and Event Attendance:

- 11/18/2020 – VA SBDC Weekly Meeting (all)
- 11/18/2020 – VA SBDC Director Meeting (MA)
- 11/19/2020 – Rally SWVA (MA/GP)
- 11/19/2020 – United Way of SWVA Project Alice update (MA)
- 12/2/2020 – VA SBDC Weekly Call (GP)
- 12/2/2020 – Mt Rogers Steering Team Meeting (MA)
- 12/3/2020 – Rally Reunite Call (all)
- 12/7/2020 – VTC Call (GP)
- 12/8/2020 – Opportunity SWVA (MA)
- 12/9/2020 – Rebuild VA updates (all) – money depleted
- 12/9/2020 – VA SBDC Weekly Call (all)
- 12/9/2020 – Mike Watson, Carroll County Administrator (MA)
- 12/10/2020 – GENEDGE – Business Continuity Project (MA)
- 12/10/2020 – Friends of SWVA Board Meeting (MA)

Professional Development & Trainings:

- 11/21/2020 – Changing Landscape of Insurance – Post COVID (MA)
- 12/3/2020 – I spy accounting error. (GP)
- 12/8/2020 – Communicating Effectively (GP)
- 12/14/2020 – Is your client charging enough? (GP)
- 12/15/2020 – VA1 Tourism Summit (TC)

On Demand Professional Development:

- America's SBDC Online Event, review presentations and listen to guest speakers (all staff)

SBDC Projects

CARES funding program updates:

- Active with 11 clients
- Social media and marketing calendar for 2021 to coordinate with monthly trainings - CONTINUING/CURATING
- Continued marketing of SBDC (entering Phase 1 of "Reopen Restore GROW Southwest Virginia" campaign)
- Staying up to date on the fluid COVID-19 situation regarding financing/grants/loans
- Maintaining a finger on the pulse of small businesses owners' fears/concerns/needs while providing and/or developing ways to assist them
- Attending educational webinars and conferences
- Designing and scheduling graphics for 2021 social media calendar

Presentations:

- 11/16/2020: Skyline National Bank – Rebuild VA and other funding sources

Mount Rogers Asset Analysis and Development Plan:

- Contract negotiations in process.
- Stakeholder meetings will begin in early Spring. These will be in-person or virtual, depending on COVID guidelines.

Upcoming Client Training / Events / Seminars

Refocus & Rebuild Series 3: Technology & IT Needs

Date: February 4 – June 10th

Every other Thursday @ Noon - Virtual

QuickBooks Online

VIRTUAL– 15 seats available

Date: February 2021

Partnership with UVA-Wise

2021 Training Calendar being developed

Additional Webinars and recordings available www.virginiashdc.org/recoveryresourcecenter

Client Interaction Update:

Blue Ridge Crossroads SBDC

COVID-19 Response & Client Update

as of November 30, 2020

151

COVID Customers Consulted

130

Non-COVID Customers Consulted

235

Unique Clients Served

26

**Host or Co-host of Training or
Community Information Sessions**

1,126

**Participants in Training Events or
Community Info Sessions**

**Impact as reported by
clients:**

**\$753,747 Capital
2 Business Starts
12 jobs created
46 jobs retained**

**Keep up to date on
webinars, programs
and resource:**



brcrossroadssbdc



brcsbdc.org

Community Involvement & Partner Updates

- Businesses and community members are invited to participate in check-in calls with these organizations:
 - Virginia Tourism Corporation Check-in (Monthly)
 - Rally Reunited (Thursday @ 10:00am – will resume in January)

BRCEDA

Virginia Enterprise Zone –

- We received notification on December 18th that the boundary amendment for Galax was approved.
- How to Apply JCG and RPIG webinars were held on December 17th. Phone calls and/or invitations to attend were sent to the following potential applicants.
 - Metalworx
 - Mohawk Industries
 - New River Polymers
 - Parkdale Industries
 - Moog Components
 - Twin County Shopping Center owner
 - Pat Crosby – Food City Shopping Center owner
 - Joe Harding – Roses Shopping Center

Boards & Committees

Galax City Career and Technical Education Advisory Board – No update

New River/Mount Rogers Workforce Investment Board / Business Solutions Unit –

- They are in the beginnings of our Strategic Planning process. They want everyone in the service region to complete a survey that can be found here. <https://www.surveymonkey.com/r/NRMR-SWOT-20>. The survey will help identify the Strengths, Weaknesses, Opportunities and Threats to the workforce system.
- If someone needs assistance in trying to navigate their unemployment benefits, they can schedule an online appointment through a scheduler. I have those numbers if needed.

Opportunity SWVA

- SWVA is in process of hiring a business counselor in agriculture. The position is funded by GO Virginia.

Friends of SWVA

- Chris Cannon resigned effective November 30th. Jenna Wagner is Interim Director.
- Emily Mayo resigned beginning of November to accept a position with AT Trail Visitor Center in Damascus.
- Friends of SWVA Marketing Advisory Committee – Businesses and localities can participate in the Marketing Access Program. Info found here: <https://friendsofswva.org/map/>

Funding Opportunities, Questions and Statements:

Congress is considering another round of economic stimulus relief. The highlights of legislation being considered by Congress as of 12/18/2020.

- an opportunity for businesses that have already received PPP funding to apply again
- the bill appears to have language that would allow for the deductibility of business expenses that are paid with the proceeds from PPP loans
- businesses that are again applying for funding must show at least a 30% drop in revenue during one of the quarters of 2020
- industry-specific funding for businesses still especially struggling (such as tourism and hospitality businesses)
- option for organizations such as chambers of commerce and trade associations to apply

Grants:

- 1) Rebuild Virginia – *closed, funding exhausted*
- 2) City of Galax – *closed, funding exhausted*
- 3) Carroll County – check on status
- 4) Grayson County – *closed, funding exhausted*
- 5) Grayson County Non-Profit Grant – check on status
- 6) LISC – next round opens December 29th. One more round in 2021.
- 7) VA 30 Day Fund – open until December 31st, 2023
- 8) Coronavirus Food Assistance Program Round 2 for ag producers – *closed*

Loans:

- 1) PPP – Streamlined forgiveness process for loans less than \$50,000
- 2) EIDL applications being accepted but advances are no longer being provided
- 3) USDA – Loan guarantees through B&I program

Currently the SBA guidelines call for EIDL advances to be deducted from the PPP forgivable amount.

Blue Ridge Crossroads SBDC 2020 Budget

| Line Item | Budget CY 2020 | Spent thru 11/30/20 | Invoices in Process | Estimated Total Spent thru 12/2/2020 | Expected Expenses | Estimated Total | Over/Under |
|-------------------------------------|----------------------|----------------------|---------------------|--------------------------------------|--------------------|---------------------|------------------|
| Salaries* | \$ 81,835.00 | \$ 61,042.13 | \$ 6,531.26 | \$ 67,573.39 | \$15,562.52 | \$ 83,135.91 | \$ (1,300.91) |
| Fringe* | \$ 34,311.00 | \$ 26,948.89 | \$ 2,644.46 | \$ 29,593.35 | \$ 5,324.33 | \$ 34,917.68 | \$ (606.68) |
| Travel | \$ 3,759.00 | \$ 1,699.96 | | \$ 1,699.96 | \$ 150.00 | \$ 1,849.96 | \$ 1,909.04 |
| Equipment | | | | \$ - | | \$ - | \$ - |
| Supplies | \$ 3,991.00 | \$ 1,228.01 | \$ 1,506.64 | \$ 2,734.65 | \$ 1,500.00 | \$ 4,234.65 | \$ (243.65) |
| Contractual | | | | \$ - | | \$ - | \$ - |
| Rent | \$ 4,000.00 | | \$ 4,000.00 | \$ 4,000.00 | | \$ 4,000.00 | \$ - |
| Meeting Space In Kind | \$ 4,190.00 | \$ 3,627.50 | | \$ 3,627.50 | \$ 472.50 | \$ 4,100.00 | \$ 90.00 |
| Accounting Services | \$ 1,975.00 | \$ 1,930.00 | \$ 160.00 | \$ 2,090.00 | \$ 150.00 | \$ 2,240.00 | \$ (265.00) |
| Accounting Contract for Clients | \$ 2,235.00 | \$ 1,331.25 | \$ 206.25 | \$ 1,537.50 | \$ 200.00 | \$ 1,737.50 | \$ 497.50 |
| Legal Contract for Clients | \$ 470.00 | \$ 220.00 | \$ 110.00 | \$ 330.00 | | \$ 330.00 | \$ 140.00 |
| Computer Repairs & Maintnenace (IT) | \$ 2,100.00 | \$ 2,090.50 | | \$ 2,090.50 | | \$ 2,090.50 | \$ 9.50 |
| Cybersecurity Insurance | \$ 800.00 | | | \$ - | \$ 800.00 | \$ 800.00 | \$ - |
| Other Contract Labor | \$ 4,500.00 | | | \$ - | \$ 2,499.00 | \$ 2,499.00 | \$ 2,001.00 |
| Consultants | \$ 250.00 | \$ 350.00 | | \$ 350.00 | | \$ 350.00 | \$ (100.00) |
| Other | | | | \$ - | | \$ - | \$ - |
| Copying | \$ 125.00 | \$ 126.05 | | \$ 126.05 | | \$ 126.05 | \$ (1.05) |
| Postage | \$ 100.00 | | | \$ - | | \$ - | \$ 100.00 |
| Printing/Publications | | | | \$ - | \$ 2,500.00 | \$ 2,500.00 | \$ (2,500.00) |
| Dues/Subscriptions | \$ 200.00 | \$ 282.89 | \$ 83.90 | \$ 366.79 | | \$ 366.79 | \$ (166.79) |
| Telephones | \$ 1,400.00 | \$ 1,370.62 | \$ 119.58 | \$ 1,490.20 | \$ 119.58 | \$ 1,609.78 | \$ (209.78) |
| Computer Software | \$ 1,100.00 | \$ 1,136.43 | \$ 31.00 | \$ 1,167.43 | \$ 31.00 | \$ 1,198.43 | \$ (98.43) |
| Website | \$ 2,000.00 | | \$ 1,800.00 | \$ 1,800.00 | | \$ 1,800.00 | \$ 200.00 |
| Marketing | \$ 250.00 | | | \$ - | \$ 580.00 | \$ 580.00 | \$ (330.00) |
| | | | | \$ - | | \$ - | \$ - |
| Non designated | | | | \$ - | | \$ - | \$ - |
| | | | | \$ - | | \$ - | \$ - |
| Miscellaneous | \$ 875.00 | \$ - | | \$ - | | \$ - | \$ 875.00 |
| | | | | | | \$ - | \$ - |
| TOTAL | \$ 150,466.00 | \$ 103,384.23 | \$17,193.09 | \$120,577.32 | \$29,888.93 | \$150,466.25 | \$ (0.25) |

CALENDAR YEAR 2021 **DRAFT 11/20/20**
ESTIMATED OPERATING COSTS **PRESENTED 12/28/20**
Blue Ridge Crossroads **SBDC** **APPROVED:**

| DESCRIPTION | SBA | LOCAL CASH | LOCAL IN-KIND | INDIRECT | TOTAL |
|---|------------------|------------------|-----------------|------------------|-------------------|
| A. PERSONNEL | | | | | |
| Key Personnel Costs (include all paid personnel) | | | | | \$ - |
| Mandy Archer, Director | \$ 49,955 | | | | \$ 49,955 |
| Ginny Plant, Administrative Assistant | | \$ 31,165 | | | \$ 31,165 |
| Teresa Catron, PT Staff. 12 weeks @ 30 hours/ week @ \$20/ | \$ 6,000 | | | | \$ 6,000 |
| Hourly Wage, 250 hrs @ 8.00 /hr | | | | | \$ - |
| Student Wage. hrs @ . /hr | | | | | \$ - |
| | \$ 55,955 | \$ 31,165 | \$ - | | \$ 87,120 |
| B. FRINGE BENEFITS | | | | | |
| Faculty - % | \$ 16,922 | | | | \$ 16,922 |
| Admin Faculty - % | | \$ 13,505 | | | \$ 13,505 |
| Classified - % | | | | | \$ - |
| Wage - % rate | \$ 525 | | | | \$ 525 |
| Total Fringe Benefits | \$ 17,447 | \$ 13,505 | \$ - | | \$ 30,952 |
| C. TRAVEL | | | | | |
| In-state: 2500 miles @ .575 /mi. | | \$ 1,438 | | | \$ 1,438 |
| In-state: Lodging: \$128*10 days | | \$ 1,280 | | | \$ 1,280 |
| In-state: Meals: \$66*10 days | | \$ 660 | | | \$ 660 |
| In-State: Parking or other \$15*8 days | | \$ 120 | | | \$ 120 |
| Registration Fees for Continuing Education | | \$ 750 | | | \$ 750 |
| Out-of-state: (ASBDC Annual Meeting) | | | | | \$ - |
| Airfare or Mileage: 1000 miles @ .575/mi. | | \$ 575 | | | \$ 575 |
| Lodging: 4 nights @ 200 /nt. | | \$ 800 | | | \$ 800 |
| Meals: 4 days @ 65 /day | | \$ 260 | | | \$ 260 |
| Parking or other 4 days @ 10 per day | | \$ 40 | | | \$ 40 |
| Registration | | \$ 750 | | | \$ 750 |
| Total Travel | \$ - | \$ 6,673 | \$ - | | \$ 6,673 |
| D. EQUIPMENT | | | | | |
| (Specify each item) | | | | | \$ - |
| Total Equipment | \$ - | \$ - | \$ - | | \$ - |
| E. SUPPLIES | | | | | |
| General office, operational, and computer supplies | \$ 2,150 | | | | \$ 2,150 |
| Total Supplies | \$ 2,150 | \$ - | \$ - | \$ - | \$ 2,150 |
| F. CONTRACTUAL | | | | | |
| Accounting Services | | \$ 2,000 | | | \$ 2,000 |
| Computer Repairs & Maintenance/ IT Contract | | \$ 2,000 | | | \$ 2,000 |
| Cybersecurity Insurance | | \$ 800 | | | \$ 800 |
| Training Services - UVA Wise | | \$ 3,000 | | | \$ 3,000 |
| Total Contractual | \$ - | \$ 7,800 | \$ - | | \$ 7,800 |
| G. CONSULTANTS | | | | | |
| Accounting Contract Services (Client) 15hrs@\$85/hr | | \$ 1,275 | | | \$ 1,275 |
| Legal Accounting Contract Services (Client) 5hrs@\$150/hr | | \$ 750 | | | \$ 750 |
| Staff support for delivery of training events | | | \$ 677 | | \$ 677 |
| Total Consultants | \$ - | \$ 2,025 | \$ 677 | | \$ 2,702 |
| H. OTHER | | | | | |
| Copying | | \$ 500 | | | \$ 500 |
| Postage | | \$ 50 | | | \$ 50 |
| Printing/Publications | | \$ 200 | | | \$ 200 |
| Dues/Subscriptions | | \$ 200 | | | \$ 200 |
| Telephones | | \$ 1,500 | | | \$ 1,500 |
| Computer Software | | \$ 1,173 | | | \$ 1,173 |
| Website | | \$ 300 | | | \$ 300 |
| Marketing | | \$ 1,050 | | | \$ 1,050 |
| Rent, 2 offices (inc. phones, internets, support serv.) 264 Sq ft @ \$15.15 / sq. ft | | \$ 4,000 | | | \$ 4,000 |
| Facility Usage Fees | | | \$ 4,000 | | |
| H1. MISCELLANEOUS | | \$ 734 | | | \$ - |
| Total Other | \$ - | \$ 9,707 | \$ 4,000 | | \$ 13,707 |
| TOTAL DIRECT COSTS | \$ 75,552 | \$ 70,875 | \$ 4,677 | | \$ 151,104 |
| REVENUE | \$ 75,552 | \$ 70,875 | \$ 4,677 | AUTO CALC | \$ 151,104 |
| TOTAL BUDGET | \$ 75,552 | \$ 70,875 | \$ 4,677 | AUTO CALC | \$ 151,104 |

NOTES

BLUERIDGECROSSROADS

economic development authority

Carroll – Grayson – Galax Regional Industrial Facilities Authority

Date: December 18, 2020
To: BRCEDA Board of Directors
From: Nichole Hair
Re: Director's report

Wildwood Commerce Park

- a. GO Virginia State Board approved our grant. Contract signing will be in January, due to the holidays.
- b. AEP Transmission Line – AEP is requesting a few hundred yards on the landowner's property and he previously refused ROW/Easement Allowance. Mr. Dalton has offered to assist with this project. I will continue to work on this with Mr. Dalton and AEP.
- c. Following up with the request of the Board to study possibilities of constructing a shell building on one of the smaller lots at Wildwood Commerce Park. Mr. Lewis and I met with Agracel, Inc. on December 3, 2020. Agracel, Inc. could be an option. They facilitate the building design and provide complete project supervision. Agracel's success is with the sale-leaseback model. They have developed buildings for localities with an agreement for a reduced lease rate after 18 months. The building is constructed to general specifications that allows for expansion and customization for a business to occupy it. During the building process, Agracel is marketing the site to their clients and have a wide network to conduct this process.

Projects/Prospects

- a. Number of RFI responses during last 30 days = 2.
- b. Number of prospect visits during last 30 days = 1.

While this report is currently short in nature, I am sure it will continue to grow. Please let me know of any questions. Thank you.

The Blue Ridge Crossroads Region is Virginia's "Entrepreneurial Region."

1117 East Stuart Drive . Galax, Virginia 24333
Tel: 276.236.0391 www.brceda.org



December 2020

Finding a way...

Home Delivered Meals Holiday Deliveries

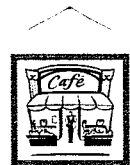
The Home Delivered Meals delivery routes are being altered to accommodate for adverse weather conditions as well as the holiday season. Clients are receiving holiday cards along with their meals from District Three staff. Staff are also delivering a Quarantine Relief Kit to each client during the month of December. Each kit will contain an activity book, Ensure, toilet paper, tissues, hand sanitizer, chap stick, a washable face mask, and a plush blanket. During these troubling times, it's important that seniors know everyone can use some help and they are not alone.

Public Guardianship Program Plans Holiday Deliveries

The Public Guardianship Program is spending most of the month of December delivering holiday gifts to each of its clients. For many Guardianship clients, the agency's program staff are the only 'family' they have, and staff works to ensure that each person has something under the tree. This is a monumental task. Agency staff would like to thank each person or group that took a name off the Guardianship angel tree and provided gifts for our clients. We had 26 names on the tree and we still have 6 who need to be adopted. The Guardianship Program will deliver gifts to 118 individuals in the month of December. Thank you all for your support!!

Congregate Meals Begins New Voucher Program

District Three Governmental Cooperative Friendship Cafés will remain closed until we are safely able to reopen with guidance from the Health Department. Staff is continuing to deliver monthly frozen/shelf stable meals to each site, drive-thru style.



*Friendship
& Cafe*

We are currently developing a Meal Voucher Program with Food City that will allow seniors to receive a hot meal and drink from Food City's deli. Seniors will receive four vouchers and nutrition education with their meal box each month. They will be able to redeem these at any Food City deli in the District Three service area. This program is currently being tested at the Marion Congregate sight with hopes to distribute to all the members in January 2021.

Benefits Enrollment Center

The Benefits Enrollment Center started their new grant period October 1, 2020. The counselors have already assisted 340 Medicare Beneficiaries and Adults with Disabilities with multiple public benefits applications. The Center has partnered with numerous community agencies and five other Area Agencies on Aging to ensure assistance is available in all of the Benefits Enrollment Center's service areas.

2021 Medicare Parts A & B Premiums and Deductibles



The Centers for Medicare & Medicaid Services (CMS) has announced the 2021 premiums, deductibles, and coinsurance amounts for the Medicare Part A and Part B programs.

Medicare Part B covers physician services, outpatient hospital services, certain home health services, durable medical equipment, and other items. The standard monthly premium for Medicare Part B enrollees will be \$148.50 for 2021, an increase of \$3.90 from 2020.

CMS also announced that the annual deductible for all Medicare Part B beneficiaries will be \$203 in 2021, the deductible was \$198 in 2020. Premiums and deductibles for Medicare Advantage and Medicare Prescription Drug plans are already finalized and are unaffected by this announcement.

Medicare Part A covers inpatient hospital, skilled nursing facility, and some home health care services. About 99 percent of Medicare beneficiaries do not have a Part A premium since they have at least 40 quarters of Medicare-covered employment.

The Medicare Part A annual inpatient hospital deductible that beneficiaries pay when admitted to the hospital will be \$1,484 per benefit period in 2021, an increase of \$76 from \$1,408 in 2020.

Chore Program Continues Ramp Construction

Our Chore Service continues to see an increase in the need for handicap ramps and grab bars. Due to the high volume of COVID cases in our service areas the all in-home requests will be put on hold until further notice. Our crew will however, continue to provide services for ramps and other small repairs to the outside of residences. The crew members practice social distancing and the wearing of face masks at all times. The Chore Supervisor will contact clients before services are rendered with a date and time of expected service.

If you have any questions please contact Becky Freeman at 276-783-8157.

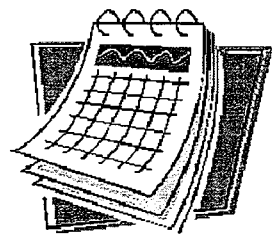
If possible, have a backup source of heat available for power outages or when fuel runs out. Small propane space heaters can meet that need on a temporary basis but should only be used with a carbon monoxide detector.

Beware of ice and other slip hazards when you must go outdoors. Mittens are warmer than gloves. Don't freeze! If you have done all you can but still can't stay safely warm, notify your local department of social services, community action agency, or agency on aging. Get medical help immediately if your body temperature falls below 96 degrees.

Personnel Notes

Employees leaving the agency: Roger Cox, Transit Driver-Marion

Employees joining the agency: Beverly Duke, Guardianship Care Manager-Marion



District Three Events Calendar:

| | |
|---------------------|---|
| December 9, 16 | Triennial Training 10 a.m. – 2 p.m. |
| December 17 | Safety Committee Meeting 10:00 a.m. |
| December 24, 25, 26 | Holidays (Offices closed, Public Transit not running) |
| January 1, 18 | Holidays (Offices closed, Public Transit not running) |
| January 18 | Annual Transit safety training and awards meeting |
| January 21 | Board of Commissioners, Central Office, 7:00 p.m. (Also, public hearing on transit applications) |
| February 3 | Long Term Care Committee 10:30 a.m. |

District Three Governmental Cooperative, operating as District Three Senior Services and District Three Public Transit, receives funding from the U S Administration on Community Living, the Federal Transit Administration, and other federal sources; the Virginia Department for Aging and Rehabilitative Services, the Department of Rail and Public Transportation, and other state sources; the six counties, two cities and three major towns in Virginia's third planning district, as well as contributions and other community sources. In compliance with appropriate state and federal statutes, the agency does not discriminate in admission to programs or activities, or in employment opportunities. If you feel you have been discriminated against, you have a right to file a complaint with the agency by calling (276) 783-8157.

District Three Governmental Cooperative Summary of Fiscal Year 2020 Services

For the fiscal year that ended September 30, 2020, District Three Senior Services provided core services such as meals and home repairs to 9,749 area seniors, while Mountain Lynx Public Transit logged over 144,000 one-way trips.

This was an unprecedented year due in large part to the COVID-19 pandemic. The Coronavirus outbreak had an impact on a majority of the agency's aging programs; however, most programs were able to operate as normal with some adjustments made to safeguard clients and staff from exposure to the virus. The outbreak also altered public transit operations and measures were established to aid in social distancing, increase sanitization processes, and establish a freeze on fares to reduce contact and exposure.

Even though the overall service numbers were down there were some programs, including Benefits Enrollment, Congregate Meals, VICAP, Chore home repair service, Money Management, Guardianship, and Title V job training service programs saw an increase in service/participants from the previous year.

District Three once again received a sustainability grant from the National Council on Aging to continue assisting Medicare Beneficiaries and Adults with Disabilities in applying for public benefits. The Benefits Enrollment Center has partnered with several agencies throughout Southwest Virginia to provide this service to more than 3,700 individuals with more than 4,300 applications for public benefits saving them over \$3 million.

With an annual operating budget of about \$6 million, District Three Governmental Cooperative employs about 150 area residents and operates a field office in Galax in addition to its headquarters near Marion.

The agency provided the following services during the fiscal year that ended September 30, 2020:

144,013 passenger trips were provided by Mountain Lynx Transit. The **42** transit vehicles logged over **526,000** miles transporting riders of all ages to commercial centers, nutrition sites, health care facilities and other destinations. The Mountain Lynx Transit system includes the municipal transit services in Abingdon, Galax, Marion, and Wytheville, as well as the county systems in Bland, Carroll, Grayson, Smyth, Washington and Wythe counties.



212 persons received emergency services to help deal with financial emergencies such as lack of funds for fuel and medicines.

209 people received Money Management and related fiduciary services.

192 clients received help with civil legal matters through a contract with Southwest Virginia Legal Aid (1,169 hours).

130 individuals received Guardianship services under a program funded by the Virginia Department for the Aging.

94 people received air conditioners and /or fans through the Cooling Assistance Program last summer.

32 victims of abuse received assistance. The Abuse in Later Life Program assists victims of abuse with navigating the court system, emergency financial assistance, emergency housing and relocation assistance, safety planning, and monitoring client progress through a grant from the Department of Criminal Justice System Victims of Crime Act.

27 people received case management services. This program assists the most frail elderly individuals by developing a personalized plan of care, coordinating a broad range of services, and monitoring client progress.

27 people received employment training and job placement services through the agency's senior employment programs.

District Three Governmental Cooperative also is active in a variety of other areas, including:

- Utility Trailer Manufacturing is partnering with District Three to assist seniors in need. The employees of Utility Trailer's program called Utility Employees Changing Communities (UECC) provided funds to assist seniors during the COVID-19 pandemic as well as throughout the years. Utility and District Three partnered to provide "Utility Cares" bags for area seniors during the pandemic. These bags had a variety of items such as puzzle books, dish soap, shampoo, trash bags, lip balm, toilet paper, and tissues in a reusable shopping bag. Prior to the pandemic funds had been used to assist seniors with liquid dietary supplements, senior medical transportation, air conditioners, fuel/electric emergency requests, and chore assistance to build ramps.
- Leadership in the activities of the region's long-term care coordinating committee.
- Information and counseling aimed at reducing fraud in the Medicare and Medicaid programs.



MOUNT ROGERS PLANNING DISTRICT COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

**MOUNT ROGERS PLANNING DISTRICT COMMISSION
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

**To the Members of the Board
Mount Rogers Planning District Commission
Marion, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Mount Rogers Planning District Commission, as of and for the year ended June 30, 2020, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

Basic Financial Statements

Mount Rogers Planning District Commission
Statement of Net Position
As of June 30, 2020

| | Primary Government | | |
|---|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 918,792 | \$ - | \$ 918,792 |
| Cash and cash equivalents - restricted | 114,608 | 500,987 | 615,595 |
| Accounts receivable | 37,704 | - | 37,704 |
| Prepaid items | 12,332 | - | 12,332 |
| Interest receivable | - | 7,006 | 7,006 |
| Notes receivable, net allowance for uncollectables - current | - | 124,549 | 124,549 |
| Internal balances | 4,950 | (4,950) | - |
| Notes receivable, net allowance for uncollectables - noncurrent | - | 498,196 | 498,196 |
| Capital assets (net of accumulated depreciation): | | | |
| Land | 36,273 | - | 36,273 |
| Building and building improvements | 95,373 | - | 95,373 |
| Machinery and equipment | 16,833 | - | 16,833 |
| Total assets | \$ 1,236,865 | \$ 1,125,788 | \$ 2,362,653 |
| LIABILITIES | | | |
| Accounts payable | \$ 103,300 | \$ - | \$ 103,300 |
| Accrued interest payable | - | 1,466 | 1,466 |
| Unearned revenue | 482,092 | - | 482,092 |
| Customer deposits | 500 | - | 500 |
| Long-term liabilities: | | | |
| Due within one year | 36,110 | 54,896 | 91,006 |
| Due in more than one year | 12,036 | 549,792 | 561,828 |
| Total liabilities | \$ 634,038 | \$ 606,154 | \$ 1,240,192 |
| NET POSITION | | | |
| Investment in capital assets | \$ 148,479 | \$ - | \$ 148,479 |
| Restricted for revolving loan program | - | 519,634 | 519,634 |
| Restricted for rural rehab. program | 1,266 | - | 1,266 |
| Restricted for building improvements | 2,107 | - | 2,107 |
| Unrestricted | 450,975 | - | 450,975 |
| Total net position | \$ 602,827 | \$ 519,634 | \$ 1,122,461 |

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

Mount Rogers Planning District Commission
Balance Sheet
Governmental Funds
As of June 30, 2020

ASSETS

| Current assets: | General Fund | Building Fund | Total |
|--|--------------|---------------|--------------|
| Cash and cash equivalents | \$ 916,685 | \$ 2,107 | \$ 918,792 |
| Cash and cash equivalents - restricted | 114,608 | - | 114,608 |
| Prepaid items | 12,332 | - | 12,332 |
| Accounts receivable | 37,704 | - | 37,704 |
| Due from other funds | 4,950 | - | 4,950 |
| Total assets | \$ 1,086,279 | \$ 2,107 | \$ 1,088,386 |

LIABILITIES

Liabilities:

Current liabilities:

| | | | |
|-------------------|------------|------|------------|
| Accounts payable | \$ 103,300 | \$ - | \$ 103,300 |
| Unearned revenue | 482,092 | - | 482,092 |
| Customer deposits | 500 | - | 500 |
| Total liabilities | \$ 585,892 | \$ - | \$ 585,892 |

FUND BALANCES

| | | | |
|--------------------------------------|--------------|----------|--------------|
| Nonspendable | \$ 12,332 | \$ - | \$ 12,332 |
| Restricted | | | |
| Restricted for rural rehab program | 1,266 | - | 1,266 |
| Restricted for building improvements | - | 2,107 | 2,107 |
| Unassigned | 486,789 | - | 486,789 |
| Total fund balances | \$ 500,387 | \$ 2,107 | \$ 502,494 |
| Total liabilities and fund balances | \$ 1,086,279 | \$ 2,107 | \$ 1,088,386 |

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

Mount Rogers Planning District Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

| | General Fund | Building Fund | Total |
|---|-----------------|------------------|--------------|
| Revenues: | | | |
| Revenue from use of money - interest income | \$ 66 | \$ - | \$ 66 |
| Charges for services | 175,820 | - | 175,820 |
| Administrative projects | 130,532 | - | 130,532 |
| Indoor plumbing | 2,063 | - | 2,063 |
| Revenue from use of property - rental income | 8,400 | - | 8,400 |
| Local contributions | 169,346 | - | 169,346 |
| Miscellaneous | 21 | - | 21 |
| State and Federal grants | 1,946,030 | - | 1,946,030 |
| Total revenues | \$ 2,432,278 | \$ - | \$ 2,432,278 |
| Expenditures: | | | |
| Community development | \$ 2,424,286 | \$ - | \$ 2,424,286 |
| Total expenditures | \$ 2,424,286 | \$ - | \$ 2,424,286 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 7,992 | \$ - | \$ 7,992 |
| Other financing sources (uses): | | | |
| Transfers in | \$ 8,844 | \$ - | \$ 8,844 |
| Total other financing sources (uses) | \$ 8,844 | \$ - | \$ 8,844 |
| Net change in fund balances | \$ 16,836 | \$ - | \$ 16,836 |
| Fund balance, beginning of year | 483,551 | 2,107 | 485,658 |
| Fund balance, end of year | \$ 500,387 | \$ 2,107 | \$ 502,494 |

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

Mount Rogers Planning District Commission
Statement of Net Position
Proprietary Funds
As of June 30, 2020

ASSETS

| | Enterprise Fund |
|---|----------------------------|
| Current assets: | |
| Cash and cash equivalents - restricted | \$ 500,987 |
| Interest receivable | 7,006 |
| Notes receivable, net allowance for uncollectables - current portion | <u>124,549</u> |
| Total current assets | \$ <u>632,542</u> |
| Noncurrent assets: | |
| Notes receivable, net allowance for uncollectables - noncurrent portion | \$ <u>498,196</u> |
| Total assets | \$ <u><u>1,130,738</u></u> |

LIABILITIES

| | |
|------------------------------------|-------------------|
| Current liabilities: | |
| Accrued interest payable | \$ 1,466 |
| Due to other fund | 4,950 |
| Revenue bonds - current portion | <u>54,896</u> |
| Total current liabilities | \$ <u>61,312</u> |
| Noncurrent liabilities | |
| Revenue bonds - noncurrent portion | \$ <u>549,792</u> |
| Total liabilities | \$ <u>611,104</u> |

NET POSITION

| | |
|---------------------------------------|----------------------------|
| Restricted: | |
| Restricted for revolving loan program | \$ <u>519,634</u> |
| Total liabilities and net position | \$ <u><u>1,130,738</u></u> |

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

Mount Rogers Planning District Commission
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

| | Enterprise Fund |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers (program loans) | \$ 137,737 |
| Payments to suppliers | (100) |
| Net cash provided by (used for) operating activities | <u>\$ 137,637</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers to other funds | \$ (10,174) |
| Principal payments on bonds | (54,764) |
| Interest payments on bonds | (6,194) |
| Net cash provided by (used for) noncapital financing activities | <u>\$ (71,132)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest received | 42 |
| Net cash provided by (used for) investing activities | <u>\$ 42</u> |
| Net increase (decrease) in cash and cash equivalents | \$ 66,547 |
| Cash and cash equivalents - beginning (includes restricted cash of \$434,440) | 434,440 |
| Cash and cash equivalents - ending (including restricted cash of \$500,987) | <u><u>\$ 500,987</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | |
| Operating income (loss) | \$ 8,415 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | |
| (Increase) decrease in interest receivable | (1,306) |
| Increase (decrease) in notes receivable | 130,528 |
| Net cash provided by operating activities | <u><u>\$ 137,637</u></u> |

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

MOUNT ROGERS PLANNING DISTRICT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS AS OF JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Mount Rogers Planning District Commission (the Commission) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The Mount Rogers Planning District Commission was formed pursuant to Title 15.2, Chapter 42 of the *Code of Virginia, 1950 as amended* to encourage and facilitate local government cooperation and state-local cooperation in addressing on a regional basis problems of greater than local significance. Functional areas in which the Commission may assist participating jurisdictions include, but are not limited to: (i) economic and physical infrastructure development; (ii) solid waste, water supply and other environmental management; (iii) transportation; (iv) criminal justice; (v) emergency management; (vi) human services; and (vii) recreation. The Commission was formed to serve the cities of Bristol and Galax and the counties of Bland, Carroll, Grayson, Smyth, Washington, and Wythe.

The Mount Rogers Planning District Commission's financial statements include the accounts of all the Commission's operations. The criteria for including organizations as component units within the Commission's reporting entity include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Commission holds the corporate powers of the organization
- the Commission appoints a voting majority of the organization's board
- the Commission is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Commission
- there is fiscal dependency by the organization on the Commission

The Mount Rogers Development Corporation was incorporated with the purpose to own and manage property for the Commission. Based on the aforementioned criteria, the Mount Rogers Development Corporation is a blended component unit of the Commission. The component unit does not issue separately audited financial statements. The Corporation is included in the Commission's financial statement and reported in the Governmental Activities column of the entity-wide financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission (primary government). For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are other charges between the Commission's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Mount Rogers Planning District Commission
Notes to the Financial Statements
As of June 30, 2020 (continued)

Note 1-Summary of Significant Accounting Policies: (continued)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The Commission reports the following major governmental funds:

The General Fund is the Commission's primary operating fund. It accounts for and reports all financial resources of the Commission, except those required to be accounted for in other funds.

The Building Fund is a special revenue fund that accounts for and reports activity of the Commission's blended component unit, the Mount Rogers Development Corporation.

The Commission reports the following major proprietary funds:

Business-type activities include activities related to the Commission's Business Loan Fund. This Fund includes activity of four loan programs (intermediary re-lending programs 1, 2 and 3 along with the revolving loan program) that lend funds to area businesses which are repaid over time based on pre-established interest rates and payment terms.

Mount Rogers Planning District Commission
Notes to the Financial Statements
As of June 30, 2020 (continued)

Note 1-Summary of Significant Accounting Policies: (continued)

E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance
(continued)

5. *Capital Assets (continued)*

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the Commission are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------------------|--------------|
| Machinery and equipment | 3-5 |
| Building and building improvements | 20 |

6. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The Commission accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide financial statements.

7. *Long-term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources in the statement of revenues, expenditures and changes in fund balance and is not presented as a liability in the balance sheet.

8. *Fund Balance*

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;

Mount Rogers Planning District Commission
Notes to the Financial Statements
As of June 30, 2020 (continued)

Note 1-Summary of Significant Accounting Policies: (continued)

E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance
(continued)

9. *Net Position (continued)*

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g. restricted bond and 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.

F. Interfund Transfers and Liabilities

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. The Commission transferred funds totaling \$8,844 from the Enterprise Fund to the General Fund to cover administrative costs related to operation of the Enterprise Fund. At year end, the Enterprise Fund owed the General Fund \$4,950 related to the aforementioned transfer.

G. Budgets and Budgetary Accounting

A budget is prepared for information and fiscal planning purposes. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses.

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.

Mount Rogers Planning District Commission
Notes to the Financial Statements
As of June 30, 2020 (continued)

Note 3-Long-Term Obligations: (continued)

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term obligations transactions of the Enterprise Fund for the year ended June 30, 2020:

| | Balance July 1, 2019 | Issuances | Retirements | Balance June 30, 2020 |
|---|-------------------------|-----------|-------------|--------------------------|
| Revenue bonds from direct borrowings and direct placements | \$ 659,452 | \$ - | \$ (54,764) | \$ 604,688 |

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

| Year Ending June 30, | Revenue bonds from direct borrowings and direct placements | |
|-------------------------|--|-----------|
| | Principal | Interest |
| 2021 | \$ 54,896 | \$ 6,063 |
| 2022 | 55,444 | 5,515 |
| 2023 | 55,999 | 4,960 |
| 2024 | 56,559 | 4,400 |
| 2025 | 60,679 | 3,834 |
| 2026-2030 | 198,492 | 12,179 |
| 2031-2035 | 102,002 | 4,124 |
| 2036 | 20,617 | 209 |
| Totals | \$ 604,688 | \$ 41,284 |

Mount Rogers Planning District Commission
Notes to the Financial Statements
As of June 30, 2020 (continued)

Note 4-Capital Assets:

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government:
 Governmental Activities:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------|-----------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 36,273 | \$ - | \$ - | \$ 36,273 |
| Total capital assets not being depreciated | \$ 36,273 | \$ - | \$ - | \$ 36,273 |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | \$ 442,938 | \$ - | \$ - | \$ 442,938 |
| Machinery and equipment | 91,713 | 10,241 | - | 101,954 |
| Total capital assets being depreciated | \$ 534,651 | \$ 10,241 | \$ - | \$ 544,892 |
| Accumulated depreciation: | | | | |
| Buildings and building improvements | \$ (337,194) | \$ (10,371) | \$ - | \$ (347,565) |
| Machinery and equipment | (79,656) | (5,465) | - | (85,121) |
| Total accumulated depreciation | \$ (416,850) | \$ (15,836) | \$ - | \$ (432,686) |
| Total capital assets, net | \$ 154,074 | \$ (5,595) | \$ - | \$ 148,479 |

All depreciation expense was charged to the Community Development function in the Statement of Activities.

Note 5-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; and natural disasters. The Commission participates with other government entities in a public entity risk pool for their coverage of workers' compensation insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay, and discharge any liability. The Commission pays the Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims, and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims have not exceeded coverage in the past three years.

Note 6-Notes Receivable:

Notes receivable include amounts due the Commission under their re-lending programs. The total amount due the Commission at June 30, 2020 was \$664,357. The Commission has recorded an allowance for doubtful accounts of \$41,612, which results in a net note receivable amount of \$622,745. The portion expected to be collected within one year is approximately \$124,549.

Other Supplementary Information

Mount Rogers Planning District Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual
General Fund
For the Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-------------|--------------|---|
| | Original | Final | Amounts | Final Budget- Positive (Negative) |
| Revenues: | | | | |
| Revenue from local sources: | | | | |
| Interest income | \$ 50 | \$ 50 | \$ 66 | \$ 16 |
| Charges for services | 148,500 | 152,500 | 175,820 | 23,320 |
| Administrative projects | 241,525 | 222,025 | 130,532 | (91,493) |
| Indoor plumbing | - | - | 2,063 | 2,063 |
| Rental income | 9,000 | 9,000 | 8,400 | (600) |
| Local contributions | 169,349 | 169,349 | 169,346 | (3) |
| Miscellaneous | 200 | 200 | 21 | (179) |
| Total revenue from local sources | \$ 568,624 | \$ 553,124 | \$ 486,248 | \$ (66,876) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Department of Transportation | \$ 58,000 | \$ 58,000 | \$ 58,000 | \$ - |
| Water and waste water grants | - | - | 835,857 | 835,857 |
| Indoor plumbing | - | - | 230,557 | 230,557 |
| Tobacco Commission | 10,000 | 10,000 | 58,003 | 48,003 |
| Brownfields Restoration | - | - | 47,099 | 47,099 |
| Department of Housing and Community Development | 75,971 | 75,971 | 75,971 | - |
| Total revenue from the Commonwealth | \$ 143,971 | \$ 143,971 | \$ 1,305,487 | \$ 1,161,516 |
| Revenue from the Federal Government: | | | | |
| Categorical aid: | | | | |
| ARC | \$ 93,990 | \$ 93,990 | \$ 93,990 | \$ - |
| EDA | 70,000 | 70,000 | 70,000 | - |
| Indoor plumbing | - | - | 476,553 | 476,553 |
| Total revenue from the Federal Government | \$ 163,990 | \$ 163,990 | \$ 640,543 | \$ 476,553 |
| Total revenues | \$ 876,585 | \$ 861,085 | \$ 2,432,278 | \$ 1,571,193 |
| Expenditures: | | | | |
| Community Development: | | | | |
| Salaries | \$ 551,452 | \$ 551,452 | \$ 523,871 | \$ 27,581 |
| Fringe benefits | 190,725 | 190,725 | 188,039 | 2,686 |
| Contractual services | 31,100 | 36,368 | 32,619 | 3,749 |
| Travel | 47,600 | 45,600 | 22,260 | 23,340 |
| Subscriptions and publications | 1,400 | 1,400 | 1,703 | (303) |
| Dues and support | 11,250 | 11,250 | 10,390 | 860 |
| Conference and training | 12,300 | 13,500 | 3,640 | 9,860 |
| Miscellaneous expense | 19,000 | 20,000 | 7,935 | 12,065 |
| Equipment | 27,550 | 22,550 | 16,026 | 6,524 |
| Utilities | 9,400 | 7,400 | 4,960 | 2,440 |
| Supplies | 5,000 | 5,000 | 2,984 | 2,016 |
| Printing | 1,000 | 1,000 | 240 | 760 |
| Insurance | 4,613 | 4,613 | 4,862 | (249) |
| Postage | 2,000 | 2,000 | 1,042 | 958 |
| Telephone | 5,000 | 6,000 | 4,887 | 1,113 |
| Auto expense | 2,000 | 2,000 | 651 | 1,349 |
| Water and waste water grant expenditures | - | - | 835,857 | (835,857) |
| Tobacco Commission grant expenditures | - | - | 50,503 | (50,503) |
| Blue Ridge Discovery Center | - | - | 47,099 | (47,099) |
| Indoor plumbing projects and rehab projects | - | - | 664,718 | (664,718) |
| Total expenditures | \$ 921,390 | \$ 920,858 | \$ 2,424,286 | \$ (1,503,428) |
| Excess (deficiency) of revenues over (under) expenditure: | \$ (44,805) | \$ (59,773) | \$ 7,992 | \$ 67,765 |
| Other financing sources (uses): | | | | |
| Transfers in | \$ 62,500 | \$ 62,500 | \$ 8,844 | \$ (53,656) |
| Total other financing sources (uses) | \$ 62,500 | \$ 62,500 | \$ 8,844 | \$ (53,656) |
| Net change in fund balance | \$ 17,695 | \$ 2,727 | \$ 16,836 | \$ 14,109 |
| Fund balance, beginning of year | - | - | 483,551 | 483,551 |
| Fund balance, end of year | \$ 17,695 | \$ 2,727 | \$ 500,387 | \$ 497,660 |

Note: The Commission is not legally required to prepare an annual budget.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

**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 Members of the Board
Mount Rogers Planning District Commission
Marion, 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 governmental activities, the business-type activities, and each major fund of the Mount Rogers Planning District Commission as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Mount Rogers Planning District Commission's basic financial statements and have issued our report thereon dated August 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mount Rogers Planning District Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mount Rogers Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mount Rogers 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Mount Rogers Planning District Commission
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Section II - Financial Statement Findings

2020-001

Criteria: An auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report.

Condition: The auditor recommended adjusting entries to ensure the Commission's records were presented in accordance with applicable reporting standards promulgated by Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB).

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Cause: During the closing process, the aforementioned adjustments were not identified for posting.

Recommendation: The auditor recommends that the auditee review audit adjustments annually and replicate same in future periods to the extent possible.

Management's Response: We would be required to hire staff and/or consultants with expertise in the preparation of financial statements using standards referred to above. The additional cost required exceeds any identified benefits. As such, management will continue to review year end audit entries and will work toward preparing financials statements in accordance with current reporting standards in future periods.

Section III - Status of Prior Audit Findings

Finding 2019-001 from fiscal year 2019 is recurring in fiscal year 2020 as 2020-001.

CARROLL COUNTY EMERGENCY SERVICES
EMS CALLS RESPONSE SUMMARY

| County-Wide Summary | | | | | | | | | | |
|---------------------|---|--------------------------|----------|-------------------------------|---------------------------|--|---|------------------------------------|--|--|
| Month | GRAND TOTAL ANSWERED CALLS ALL AGENCIES | CCFR Total Dispatched | CCFR 911 | Inter- Facility Transports | Returns to SNF / Homes | Total of Volunteer Calls Dispatched | Total Volunteer Calls Unable to Respond | Total Answered with CCFR Assist | Total Answered without CCFR Assist | % Missed Calls by all Volunteers Combined |
| Jan-20 | 402 | 315 | 276 | 24 | 15 | 158 | 56 | 26 | 76 | 35% |
| Feb-20 | 401 | 335 | 278 | 33 | 24 | 139 | 66 | 18 | 55 | 47% |
| Mar-20 | 450 | 360 | 299 | 26 | 35 | 164 | 52 | 30 | 82 | 32% |
| Apr-20 | 376 | 290 | 238 | 20 | 32 | 127 | 37 | 18 | 72 | 29% |
| May-20 | 429 | 366 | 308 | 24 | 34 | 133 | 61 | 9 | 63 | 46% |
| Jun-20 | 419 | 369 | 315 | 34 | 20 | 136 | 49 | 22 | 65 | 36% |
| Jul-20 | 413 | 361 | 321 | 24 | 16 | 154 | 83 | 19 | 52 | 54% |
| Aug-20 | 376 | 324 | 302 | 9 | 13 | 125 | 50 | 12 | 63 | 40% |
| Sep-20 | 358 | 294 | 287 | 6 | 1 | 131 | 55 | 13 | 63 | 42% |
| Oct-20 | 378 | 284 | 277 | 5 | 2 | 162 | 64 | 22 | 76 | 40% |
| Nov-20 | 414 | 312 | 310 | 0 | 2 | 157 | 54 | 23 | 80 | 34% |
| Dec-20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| 2020 TOTAL | 4416 | 3610 | 3211 | 205 | 194 | 1586 | 627 | 212 | 747 | 0% |

| Laurel Rescue | | | | | | |
|---------------|------------------|----------------------------------|---|-----------------------|-------------------------------------|--|
| Month | Total Dispatched | Total Answered w/o Assistance | Total Answered w/ CCFR Assistance | Total Not Answered | % Answered Without Assistance | % Calls Answered With and Without Assistance |
| Jan-20 | 49 | 20 | 13 | 16 | 41% | 67% |
| Feb-20 | 30 | 9 | 14 | 7 | 30% | 77% |
| Mar-20 | 36 | 11 | 15 | 10 | 31% | 72% |
| Apr-20 | 29 | 15 | 11 | 3 | 52% | 90% |
| May-20 | 27 | 11 | 6 | 10 | 41% | 63% |
| Jun-20 | 37 | 15 | 14 | 8 | 41% | 78% |
| Jul-20 | 31 | 6 | 10 | 15 | 19% | 52% |
| Aug-20 | 24 | 9 | 6 | 9 | 38% | 63% |
| Sep-20 | 23 | 8 | 6 | 9 | 35% | 61% |
| Oct-20 | 43 | 6 | 15 | 22 | 14% | 49% |
| Nov-20 | 49 | 17 | 17 | 15 | 35% | 69% |
| Dec-20 | 0 | 0 | 0 | 0 | 0% | 0% |
| 2020 TOTAL | 378 | 127 | 127 | 124 | 34% | 67% |

Outside agencies also responded to the following number of rescue calls within Carroll County:

Fries Fire & Rescue 9
Galax Grayson EMS 12

| Laurel Fork Rescue | | | | | | | Pipers Gap Rescue | | | | | |
|--------------------|------------------|----------------------------------|---|-----------------------|-------------------------------------|--|-------------------|----------------------------------|---|-----------------------|-------------------------------------|--|
| Month | Total Dispatched | Total Answered w/o Assistance | Total Answered w/ CCFR Assistance | Total Not Answered | % Answered Without Assistance | % Calls Answered With and Without Assistance | Total Dispatched | Total Answered w/o Assistance | Total Answered w/ CCFR Assistance | Total Not Answered | % Answered Without Assistance | % Calls Answered With and Without Assistance |
| Jan-20 | 27 | 0 | 0 | 27 | 0% | 0% | 82 | 56 | 13 | 13 | 68% | 84% |
| Feb-20 | 41 | 1 | 0 | 40 | 0% | 0% | 68 | 45 | 4 | 19 | 66% | 72% |
| Mar-20 | 23 | 0 | 1 | 22 | 0% | 0% | 105 | 71 | 14 | 20 | 68% | 81% |
| Apr-20 | 27 | 0 | 0 | 27 | 0% | 0% | 71 | 57 | 7 | 7 | 80% | 90% |
| May-20 | 38 | 0 | 0 | 38 | 0% | 0% | 68 | 52 | 3 | 13 | 76% | 81% |
| Jun-20 | 32 | 0 | 0 | 32 | 0% | 0% | 67 | 50 | 8 | 9 | 75% | 87% |
| Jul-20 | 38 | 0 | 0 | 38 | 0% | 0% | 85 | 46 | 9 | 30 | 54% | 65% |
| Aug-20 | 26 | 0 | 0 | 26 | 0% | 0% | 75 | 54 | 6 | 15 | 72% | 80% |
| Sep-20 | 33 | 0 | 0 | 33 | 0% | 0% | 75 | 55 | 7 | 13 | 73% | 83% |
| Oct-20 | 29 | 0 | 0 | 29 | 0% | 0% | 90 | 70 | 7 | 13 | 78% | 86% |
| Nov-20 | 30 | 0 | 0 | 30 | 0% | 0% | 78 | 63 | 6 | 9 | 81% | 88% |
| Dec-20 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 | 0 | 0% | 0% |
| 2020 TOTAL | 344 | 1 | 1 | 342 | 0% | 0% | 864 | 619 | 84 | 161 | 66% | 75% |

CARROLL COUNTY EMERGENCY SERVICES
FIRE CALLS RESPONSE SUMMARY

| County-Wide Summary | | | | | | |
|---------------------|------------------------|-----------------|---------------|-------------|-----|-------|
| Month | Total Calls Dispatched | Structure Fires | Vehicle Fires | Brush Fires | MVC | Other |
| Jan-20 | 55 | 14 | 5 | 1 | 19 | 16 |
| Feb-20 | 43 | 9 | 0 | 5 | 14 | 15 |
| Mar-20 | 67 | 16 | 4 | 8 | 15 | 24 |
| Apr-20 | 61 | 13 | 6 | 6 | 11 | 25 |
| May-20 | 50 | 11 | 6 | 3 | 19 | 11 |
| Jun-20 | 57 | 14 | 3 | 0 | 23 | 17 |
| Jul-20 | 57 | 9 | 9 | 6 | 26 | 7 |
| Aug-20 | 58 | 9 | 8 | 3 | 29 | 9 |
| Sep-20 | 49 | 9 | 6 | 2 | 25 | 7 |
| Oct-20 | 48 | 6 | 5 | 1 | 24 | 12 |
| Nov-20 | 67 | 15 | 10 | 4 | 26 | 12 |
| Dec-20 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 TOTAL | 612 | 125 | 62 | 39 | 231 | 155 |

Note:
CCFR responds on ALL calls with the volunteer fire departments to provide man-power support with air-pack qualified personnel, to be used at the discretion of the fire chief.

| Cana Fire Department | | | | | | | Laurel Fork Fire Department | | | | | |
|----------------------|------------------------|-----------------|---------------|-------------|-----|-------|-----------------------------|-----------------|---------------|-------------|-----|-------|
| Month | Total Calls Dispatched | Structure Fires | Vehicle Fires | Brush Fires | MVC | Other | Total Calls Dispatched | Structure Fires | Vehicle Fires | Brush Fires | MVC | Other |
| Jan-20 | 27 | 4 | 1 | 1 | 9 | 12 | 2 | 0 | 0 | 0 | 2 | 0 |
| Feb-20 | 17 | 2 | 0 | 3 | 4 | 8 | 14 | 4 | 0 | 0 | 6 | 4 |
| Mar-20 | 28 | 5 | 3 | 3 | 5 | 12 | 6 | 4 | 0 | 0 | 1 | 1 |
| Apr-20 | 28 | 5 | 3 | 3 | 5 | 12 | 5 | 3 | 0 | 0 | 1 | 1 |
| May-20 | 18 | 3 | 3 | 0 | 9 | 3 | 5 | 0 | 1 | 0 | 1 | 3 |
| Jun-20 | 10 | 2 | 2 | 0 | 6 | 0 | 4 | 2 | 1 | 0 | 0 | 1 |
| Jul-20 | 21 | 2 | 5 | 3 | 8 | 3 | 6 | 2 | 0 | 1 | 3 | 0 |
| Aug-20 | 25 | 3 | 5 | 0 | 12 | 5 | 4 | 1 | 0 | 1 | 1 | 1 |
| Sep-20 | 14 | 5 | 2 | 0 | 4 | 3 | 5 | 0 | 1 | 0 | 4 | 0 |
| Oct-20 | 14 | 1 | 1 | 1 | 7 | 4 | 5 | 2 | 0 | 0 | 1 | 2 |
| Nov-20 | 17 | 4 | 3 | 0 | 8 | 2 | 10 | 3 | 0 | 0 | 4 | 3 |
| Dec-20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 TOTAL | 219 | 36 | 28 | 14 | 77 | 64 | 66 | 21 | 3 | 2 | 24 | 16 |

| Hillsville Fire Department | | | | | | |
|----------------------------|------------------------|-----------------|---------------|-------------|-----|-------|
| Month | Total Calls Dispatched | Structure Fires | Vehicle Fires | Brush Fires | MVC | Other |
| Jan-20 | 26 | 10 | 4 | 0 | 8 | 4 |
| Feb-20 | 12 | 3 | 0 | 2 | 4 | 3 |
| Mar-20 | 33 | 7 | 1 | 5 | 9 | 11 |
| Apr-20 | 28 | 5 | 3 | 3 | 5 | 12 |
| May-20 | 27 | 8 | 2 | 3 | 9 | 5 |
| Jun-20 | 43 | 10 | 0 | 0 | 17 | 16 |
| Jul-20 | 30 | 5 | 4 | 2 | 15 | 4 |
| Aug-20 | 29 | 5 | 3 | 2 | 16 | 3 |
| Sep-20 | 30 | 4 | 3 | 2 | 17 | 4 |
| Oct-20 | 29 | 3 | 4 | 0 | 16 | 6 |
| Nov-20 | 40 | 8 | 7 | 4 | 14 | 7 |
| Dec-20 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 TOTAL | 327 | 68 | 31 | 23 | 130 | 75 |

Outside agencies also responded to the following number of fire calls within Carroll County:

Fries Fire Department 2
Galax Fire Department 9