

Preliminary FY2025 Financial Performance and Strategic Position

This memorandum provides a condensed overview of the Belomar Regional Council's financial performance for the fiscal year ended June 30, 2025, based on draft, unaudited financial statements. The preliminary results reveal a year of significant, well-managed programmatic expansion, culminating in a substantially improved financial position for the organization.

Key Financial Highlights

- **Programmatic Growth:** Total program revenues grew by 9.3% to over \$11.7 million. This growth was concentrated in the Management Services and Transportation Planning departments, which expanded by over 150% and 108% respectively, reflecting a successful year of grant acquisition and project execution.
- **Positive Operational Results:** The Council's operations generated a positive Change in Net Position of \$78,855. This surplus performance further builds the Council's equity base and reinforces its financial stability.

Strategic Context and Risk Assessment

The year's financial success stems directly from the successful administration of major federal and state grants for critical regional initiatives, including EPA Brownfields projects, Community Development Block Grants (CDBG), and various infrastructure and transportation planning programs.

While the overall financial picture is strong, the Board must address two key risk factors:

1. **Revenue Concentration:** The Council remains highly dependent on governmental funding sources, which are subject to political and economic shifts.
2. **Custodial Credit Risk:** A significant and urgent risk exists regarding the Council's cash deposits. Of approximately \$1.84 million in cash, **\$1,589,697 was uninsured and uncollateralized** at year-end, exposing the Council to substantial potential loss. This is based on the Mt Zion Cemetery project.

Forward Outlook and Recommendations

The Council's initiative to complete its first Annual Comprehensive Financial Report (ACFR) is a major strategic step that will enhance transparency and accountability. To build on the year's success and mitigate identified risks, we recommend the Board prioritize the following:

1. **Monitor Growth and Capacity:** Continue to oversee the administrative capacity needed to support the growing complexity of the Council's grant portfolio.
2. **Support the ACFR Initiative:** Champion the resources and effort required to successfully complete the inaugural ACFR, viewing it as a long-term investment in the Council's credibility.

A more detailed briefing will be provided upon the finalization of the annual audit.

Belomar Regional Council and Interstate Planning Commission

Financial Statements (unaudited)

06/30/25



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Belomar Regional Council and Interstate Planning Commission
Management's Discussion and Analysis
For the Year Ended 06/30/25

This section of the Belomar Regional Council's (the "Council") annual financial report presents a discussion and analysis of the Council's financial performance for the fiscal year ended June 30, 2025. This analysis is designed to provide an objective and easily readable overview of the Council's financial activities based on currently known facts, decisions, and conditions. It should be read in conjunction with the Council's financial statements and the accompanying notes, which follow this section.

A key best practice for governmental financial reporting is recognized by the Government Finance Officers Association (GFOA) through its Certificate of Achievement for Excellence in Financial Reporting Program. This program encourages state and local governments to prepare comprehensive annual financial reports that evidence a spirit of transparency and full disclosure. This MD&A is crafted to align with these principles, aiming to provide a clear and comprehensive narrative of the Council's financial activities.

The structure and content of this Management's Discussion and Analysis (MD&A) are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. This standard confines the MD&A to five specific topics to enhance the focus and effectiveness of the analysis.

1. Overview of the Financial Statements

The Council's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private-sector business. These statements, which include the Statement of Net Position and the Statement of Activities, are prepared using the accrual basis of accounting.

- The Statement of Net Position presents information on all of the Council's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.
- The Statement of Activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The governmental activities of the Council include transportation planning, management services, and aging services. The Council does not have any business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower, a reconciliation is provided to facilitate the comparison between the fund statements and the government-wide financial statements.

2. The Financial Summary

The following tables present condensed financial information derived from the government-wide financial statements, comparing the results of the current year to the prior year.

Belomar Regional Council and Interstate Planning Commission
Management's Discussion and Analysis
For the Year Ended 06/30/25

2. The Financial Summary (Continued)

Condensed Statement of Net Position

	2025	2024	\$ Change	% Change
Current and other assets	3,502,371	3,608,984	(106,613)	-2.95%
Capital assets, net	135,205	142,457	(7,252)	-5.09%
Total Assets	3,637,576	3,751,441	(113,865)	-3.04%
Current and other liabilities	3,449,313	3,496,461	(47,148)	-1.35%
Noncurrent liabilities	71,207	100,490	(29,283)	-29.14%
Total Liabilities	3,449,313	3,496,461	(47,148)	-1.35%
Net Position				
Invested in capital assets	16,046	(2,326)	18,372	-789.85%
Unrestricted net position	112,149	51,666	60,483	117.07%
Total Net Position	128,195	49,340	78,855	159.82%

Condensed Changes in Net Position

	2025	2024	\$ Change	% Change
Program Revenues				
Transportation Planning	517,781	216,192	301,589	139.50%
Management Services	1,090,886	435,365	655,521	150.57%
Aging Services	9,437,448	9,452,778	(15,330)	-0.16%
Agency	654,891	604,073	50,818	8.41%
Total Program Revenues	11,701,006	10,708,408	992,598	9.27%
Expenses				
Transportation Planning	570,404	273,482	296,922	108.57%
Management Services	1,093,205	436,591	656,614	150.40%
Aging Services	9,437,448	9,452,778	(15,330)	-0.16%
Agency	533,364	464,453	68,911	14.84%
Total Expenses	11,634,421	10,627,304	1,007,117	9.48%
Net (Expense)/Revenue	66,585	81,104	(14,519)	-17.90%
Total General Revenues	12,270	12,389	(119)	-0.96%
Change in Net Position	78,855	93,493	(14,638)	-15.66%
Net Position - Beginning	49,340	(44,153)		
Net Position - Ending	128,195	49,340		

3. Detailed Analyses of Financial Position and Results of Operations

The Council's overall financial position improved during the fiscal year ended June 30, 2025. Its total net position increased by \$78,855, resulting in an ending net position of \$128,195. This analysis explains the reasons for significant changes in the Council's financial position and operations.

Analysis of Operations

The Council's programmatic activity grew substantially in fiscal year 2025, driven by an expansion of grant-funded projects in its Management Services and Transportation Planning departments. Total program revenues increased by \$992,598 (9.3%), while total expenses increased by a corresponding \$1,007,117 (9.5%). This demonstrates that the growth in spending was directly tied to the delivery of expanded services to the region.

The primary drivers for this growth were:

- **Management Services:** Program revenues and expenses both grew by over \$655,000 (150%). This significant increase is a direct result of the department's active administration of numerous federal and state grants for community and economic development. Projects administered during the year included EPA Brownfields Coalition grants, Community Development Block Grants (CDBG) for several member communities, and various water, sewer, and broadband infrastructure projects. The increase in expenses reflects the personnel, contractual, and administrative costs necessary to manage these complex regional initiatives.
- **Transportation Planning:** Revenues in this department grew by over \$300,000 (139.5%), with a corresponding expense increase of nearly \$297,000 (108.6%). This reflects intensified activity related to the Council's role as the designated Metropolitan Planning Organization for the Wheeling urbanized area. Work during the year focused on maintaining the Transportation Improvement Program, updating digital databases and transit mapping through the GIS program, and coordinating with local transit authorities.

In contrast, the Aging Services department, which represents the largest portion of the Council's budget, remained stable, with both revenues and expenses showing a negligible decrease.

Analysis of Financial Position

The Council's net position of \$128,195 is comprised of \$16,046 invested in capital assets and \$112,149 in unrestricted net position, which is available to meet the Council's ongoing obligations. The improvement in financial position was also supported by effective management of liabilities. Total liabilities decreased by \$76,431, primarily due to a \$29,283 (29.1%) reduction in noncurrent liabilities, reflecting the Council's progress in meeting its long-term obligations.

4. Significant Capital Asset and Long-Term Financing Activity

Capital Assets

As of June 30, 2025, the Council's investment in capital assets, net of accumulated depreciation, was \$135,205. This compares to \$142,457 at the end of the prior fiscal year. The Council's capital assets consist of equipment and leasehold improvements. During the fiscal year, there were three capital asset additions totaling \$64,476 and two disposals totaling \$44,120. The net impact of this activity, when combined with annual depreciation, resulted in the overall decrease in net capital assets of \$7,252. There were no new commitments for the purchase of capital assets during the fiscal year.

4. Significant Capital Asset and Long-Term Financing Activity (Continued)

Long-Term Financing

The Council continued to reduce its long-term obligations during the year. Noncurrent liabilities decreased from \$100,490 to \$71,207. The Council did not enter into any new long-term financing arrangements, such as debt, leases, or Subscription-Based Information Technology Arrangements (SBITAs), during the fiscal year ended June 30, 2025.

5. Currently Known Facts, Decisions, or Conditions

The Council's funding is an aggregation of federal, state, and local sources. The availability of this funding, particularly for federal and state grants that support a majority of the Council's programs, can be affected by prevailing political and economic circumstances, creating a degree of financial uncertainty from year to year. Management must always consider these financial realities when evaluating the Council's fiscal integrity.

As such, management and the Board of Directors actively monitor legislative changes and economic trends that could impact future funding for regional planning, economic development, transportation, and aging services. The Council is proactively engaged in seeking diverse grant opportunities and demonstrating the value of its programs to ensure continued financial

Belomar Regional Council and Interstate Planning Commission
Statement of Net Position
06/30/25

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,839,697
Prepaid expenses	11,139
Investments	199,248
Receivables -	
Grants and contracts	1,456,723
Other	6,703
Capital assets, net of accumulated depreciation	135,205
Total assets	3,648,715
Liabilities	
Accounts payable and accrued liabilities	1,139,255
Line of credit	60,496
Unearned revenue	2,041,720
Compensated absences	159,890
Lease liabilities, current	47,952
Lease liabilities, non-current	71,207
Total liabilities	3,520,520
Net Position	
Invested in capital assets	16,046
Unrestricted	112,149
Total net position	\$ 128,195

Belomar Regional Council and Interstate Planning Commission
Statement of Activities
For the Year Ended 06/30/25

Governmental Activities					
	Total	Agency	Transportation Planning	Management Services	Aging Services
Expenses					
Salaries and wages	\$ 547,608	\$ 139,721	\$ 119,145	\$ 188,858	\$ 99,884
Fringe benefits	399,284	119,154	83,349	140,387	56,394
Travel	19,574	13,166	2,587	2,928	893
Printing and supplies	42,497	21,683	11,158	4,172	5,484
Communications	6,234	1,105	309	4,820	-
Other expenses	504,779	152,033	352,746	-	-
Equipment	-	-	-	-	-
Utilities	29,590	29,590	-	-	-
Interest	4,795	4,795	-	-	-
Aging expenses	9,201,747	-	-	-	9,201,747
Other program expenses	826,196	-	1,110	752,040	73,046
Depreciation and amortization	52,117	52,117	-	-	-
Total Expenses	11,634,421	533,364	570,404	1,093,205	9,437,448
Program Revenues					
Operating grants and contributions	11,639,042	592,927	517,781	1,090,886	9,437,448
Per capita dues	61,964	61,964	-	-	-
Net Program Revenue (Expense)	\$ 66,585	\$ 121,527	\$ (52,623)	\$ (2,319)	\$ -
General Revenues					
Unrestricted investment gain	10,301				
Interest	1,969				
Total General Revenues	12,270				
Change in Net Position	78,855				
Net Position - beginning (restated)	49,340				
Net Position - ending	\$ 128,195				

Belomar Regional Council and Interstate Planning Commission
Balance Sheet - Governmental Fund
06/30/25

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 1,839,697
Prepaid expenses	11,139
Investments	199,248
Receivables -	
Grants and contracts	1,456,723
Other	<u>6,703</u>
Total assets	<u><u>\$ 3,513,510</u></u>
Liabilities	
Accounts payable and accrued liabilities	\$ 1,139,255
Line of credit	60,496
Unearned revenue	2,041,720
Accrued vacation payable	<u>23,080</u>
Total liabilities	<u>3,264,551</u>
Fund Balance	
Unassigned	<u>248,959</u>
Total fund balance	<u>248,959</u>
Total liabilities and fund balance	<u><u>\$ 3,513,510</u></u>

Belomar Regional Council and Interstate Planning Commission
Reconciliation of Fund Balance of Governmental Fund to Net Position of Governmental Activities
06/30/25

Fund balance - governmental fund	\$ 248,959
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	135,205
Lease liabilities have been reflected in the governmental fund only for the portion of estimated future payments that will use current expendable resources.	(119,159)
Accrued vacation payable has been reflected in the governmental fund only for the portion of estimated future payments that will use current expendable resources.	<u>(136,810)</u>
Net position of governmental activities	<u><u>\$ 128,195</u></u>

Belomar Regional Council and Interstate Planning Commission
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended 06/30/25

	General Fund
Revenues	
Federal	\$ 4,261,112
State	6,745,674
Local	632,256
Per capita dues	61,964
Investment loss	10,301
Interest	1,969
Total revenues	11,713,276
 Expenditures	
Current programs	
Agency	500,165
Transportation planning	572,480
Management services	1,083,469
Aging services	9,439,160
Debt service	
Lease financing - principal	45,187
Lease financing - interest	5,026
Total expenditures	11,645,487
Excess (deficiency) of revenues over expenditures	67,789
Net change in fund balance	67,789
Fund balance, beginning (restated)	181,170
Fund balance, ending	\$ 248,959

Belomar Regional Council and Interstate Planning Commission
Reconciliation of Net Changes in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
For the Year Ended 06/30/25

Amounts reported for governmental activities in the Statement of Net Position are different

Net change in fund balance - government fund \$ 67,789

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. 25,303

Depreciation expense on capital assets is reported in the statement of activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (52,118)

Governmental funds report lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in lease liabilities. 45,187

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. (7,306)

Change in net position of governmental activities \$ 78,855

1 Summary of Significant Accounting Policies

- **Reporting entity:** The Belomar Interstate Planning Commission was established in 1969 by the states of Ohio and West Virginia. Belmont, Ohio and Marshall Counties were included. In 1971, WV Code §8-25 created the Region 10 Planning and Development Council for the counties of Ohio, Marshall and Wetzel. Later the Belomar Interstate Planning Commission's official name was changed to the Belomar Regional Council and Interstate Planning Commission (Belomar) covering the four counties of Belmont, Ohio, Marshall and Wetzel. Belomar's governing board is composed primarily of mayors and county commissioners with representation provided to business/industry, minorities, transportation entities and the elderly population. Belomar appoints an Executive Director to manage its operations and to direct a staff. Belomar's office is located at 105 Bridge Street Plaza, Wheeling, West Virginia. Belomar is empowered to provide more efficient solutions to common economic, transportation and social problems and needs of the communities within the four counties in its jurisdiction. These solutions are commonly defined through the provision of technical assistance offered by the professional staff of the council. This assistance includes, but is not limited to, community development planning, project development, project funding assistance, project coordination and administration, intergovernmental review coordination, transportation planning and the delivery of social services. There are three departments within the organization. The departments are: Management Services, Transportation Planning, and Aging Services. Belomar's operations are funded through a variety of federal, state and local sources. Presently, the Belmont county membership pays dues of 38¢ per capita. The West Virginia membership contributes 43¢ per capita. Dues are based on the most recent U.S. Census.
- **Government-wide and governmental 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 government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses have been included as part of program expenses on the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenue. Major individual governmental funds are reported as separate columns in the fund financial statements. The effect of internal activity has been removed from these statements. Belomar has one governmental fund (General Fund) which is supported primarily by intergovernmental revenues. There are no business-type activities at Belomar.
- **Measurement focus, basis of accounting, and financial statement presentation:** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Grants and similar items are recognized as revenue in the fund financial statements as soon as all eligibility requirements imposed by the provider have been met and the resources become available.

Belomar Regional Council and Interstate Planning Commission
Notes to Financial Statements
06/30/25

- **Fund Accounting:** The accounts of Belomar are organized on the basis of funds or groups of accounts, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in this report are reported under the broad fund category: Governmental Funds - General Fund The General Fund is the general operating fund of Belomar. It is used to account for all financial resources.

- **Revenues - Non-Exchange Transactions:** Belomar's primary source of non-exchange revenue is derived from grants. On an accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which Belomar must provide local resources to be used for a specific purpose, and expenditure requirements.

- **Expenses/Expenditures:** On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

- **Cash and Cash Equivalents:** Cash and cash equivalents include cash on hand, deposits with financial institutions and money market deposits with trust departments.

- **Capital Assets:** Purchased capital assets are reported at cost. Capital assets are depreciated using the straight-line method over their estimated useful lives less any salvage value. Belomar's policy is to capitalize any purchase of \$5,000 or more as a capital asset.

- **Investments:** Investments consist of mutual funds and are stated at fair value based on quoted market prices.

- **Compensated Absences:** The Council's policy permits employees to accumulate earned but unused vacation and sick pay benefits. A liability for these amounts is reported in the government-wide financial statements as employees earn the rights to the benefits. The liability is measured based on the number of hours accumulated at the employee's current hourly rate. For sick leave, the liability includes the portion that is considered more likely than not (a likelihood of more than 50% based on historical data) to be paid out upon termination. The total liability for both vacation and sick amounts includes the Council's share of payroll taxes and required pension plan contributions.

- **Fund Balance:** In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are Nonspendable, Restricted, Committed, Assigned, and Unassigned. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, then assigned funds, and

- **Net Position:** Net position presents the difference between assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments. Net position is reported as invested in capital assets for the portion of net position related to the historical cost of capital assets less any accumulated depreciation and less any debt that remains outstanding that was used to finance those capital assets. All other net position is reported as unrestricted. When an expense is incurred that can be paid using either restricted or unrestricted resources, Belomar's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.
- **Indirect Cost Allocation:** An indirect cost allocation plan is developed annually so that indirect costs incurred can be allocated to certain grants, based on rates devised by Belomar. These costs are adjusted to the actual costs at the end of each fiscal year.
- **Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.
- **New Accounting Pronouncements:** For the fiscal year ended June 30, 2025, the Council implemented GASB Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences, and GASB Statement No. 102, Certain Risk Disclosures, which requires disclosure of essential information about risks related to certain concentrations or constraints.

The Council also early implemented GASB Statement No. 103, Financial Reporting Model Improvements, which makes targeted enhancements to key components of the financial reporting model, and GASB Statement No. 104, Disclosure of Certain Capital Assets, which requires certain capital assets, such as intangible right-to-use assets, to be disclosed separately from owned capital assets.

2 Budgetary Basis of Accounting

Although the Council is not legally required to adopt a budget, the Council's Board of Directors adopts an annual budget for the General Fund on a basis consistent with generally accepted accounting principles (GAAP). This budget serves as the financial plan for the fiscal year. A Budgetary Comparison Schedule for the General Fund is presented as Required Supplementary Information (RSI) to demonstrate compliance with the adopted budget.

3 Retirement Plan and Other Post-Employment Benefits

- **Defined Contribution Pension Plan:** Belomar sponsors a defined contribution money purchase pension plan covering substantially all full-time employees. The plan is administered by the MissionSquare, and the authority to establish and amend plan provisions rests with the Council's Board of Directors. For the fiscal year ended June 30, 2025, the plan covered 28 employees. Contributions are based on a percentage of each eligible employee's compensation. The employer contributes 6.6% of the first \$9,600 of annual salary and 12.3% above \$9,600 of annual salary for each eligible employee. Employees are required to contribute 4% of their annual salary. Participants are 30% vested after three years of service and 100% vested after seven years. Any forfeitures are used to offset the current employer pension expense. For the year ended June 30, 2025, employer contributions were \$61,542 and
- **Other Post-Employment Benefits (OPEB):** The Council does not provide any post-employment benefits other than the pension plan described above. Employees' eligibility for health insurance benefits ceases upon termination of employment. Therefore, the Council has no OPEB liability under GASB Statement No. 75.

Belomar Regional Council and Interstate Planning Commission
Notes to Financial Statements
06/30/25

4 Capital Assets

In accordance with GASB Statement No. 104, *Disclosure of Certain Capital Assets*, the Council's owned capital assets are presented separately from its intangible right-to-use assets obtained through lease agreements. A summary of changes in capital assets for the fiscal year ended June 30, 2025, is as follows:

Capital Assets, Owned

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets being depreciated/amortized				
Leasehold improvements	\$ 21,150			\$ 21,150
Equipment	6,351	25,071	(6,351)	25,071
	<u>27,501</u>	<u>25,071</u>	<u>(6,351)</u>	<u>46,221</u>
Less: Accumulated depreciation for:				
Leasehold improvements	19,034	2,116		21,150
Equipment	6,351	3,104	(6,351)	3,104
	<u>25,385</u>	<u>5,220</u>	<u>(6,351)</u>	<u>24,254</u>
Total depreciation and amortization	<u>25,385</u>	<u>5,220</u>	<u>(6,351)</u>	<u>24,254</u>
Total capital assets, net	<u>\$ 2,116</u>	<u>19,851</u>	<u>-</u>	<u>\$ 21,967</u>

Intangible Right-to-Use Assets, Leased

	Beginning Balance	Additions	Deductions	Ending Balance
Intangible assets being amortized				
Leased office space (intangible asset)	\$ 235,803			235,803
Leased equipment (intangible asset)	-	4,076		4,076
Leased vehicle (intangible asset)	37,769	35,329	(37,769)	35,329
	<u>273,572</u>	<u>39,405</u>	<u>(37,769)</u>	<u>275,208</u>
Less: Accumulated amortization for:				
Leased office space (intangible asset)	119,562	39,855		159,417
Leased equipment (intangible asset)	-	1,359		1,359
Leased vehicle (intangible asset)	13,669	5,683	(18,158)	1,194
	<u>133,231</u>	<u>46,897</u>	<u>(18,158)</u>	<u>161,970</u>
Total amortization	<u>133,231</u>	<u>46,897</u>	<u>(18,158)</u>	<u>161,970</u>
Total intangible assets, leased, net	<u>\$ 140,341</u>	<u>(7,492)</u>	<u>(19,611)</u>	<u>\$ 113,238</u>

5 Deposits and Investments

Belomar's investment authority is held by the Board of Directors. The Board of Directors has the right to invest the funds as they deem appropriate.

- **Custodial Credit Risk - Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Council's deposits may not be returned to it. At June 30, 2025, the carrying amount of the Council's deposits was \$1,839,697. Of this balance, \$250,000 was covered by Federal Deposit Insurance Corporation (FDIC) insurance. The remaining balance of \$1,589,697 was uninsured and uncollateralized, exposing the Council to custodial credit risk.

5 Deposits and Investments (Continued)

- **Investment Risk Policies:** The Council has a formal policy to manage its exposure to investment risks.

Credit Risk: It is the Council's policy to limit its investments to high-quality, rated instruments to minimize the risk of loss due to the failure of the security issuer or backer.

Concentration of Credit Risk: The policy places limits on the amount the Council may invest in any one issuer to avoid losses from overconcentration in a specific issuer. As of June 30, 2025, the Council had no investments in any one issuer that represented 5% or more of total investments.

Interest Rate Risk: To manage its exposure to fair value losses arising from increasing interest rates, the Council's policy is to structure its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Investments held by Belomar as of June 30, 2025, are summarized below:

<u>Type of Investment</u>	<u>Level (Note 6)</u>	<u>Governmental</u>
Mutual funds	1	199,248

The interest rate and credit risk ratings of these investments is as follows:

<u>Name of Investment</u>	<u>Fair Value</u>	<u>Maturity Range</u>	<u>Credit Quality</u>
WesMark Government Bond Fund	199,248	20 - 30 Years	AAA

6 Fair Value Measurement

Belomar categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

- **Methodologies:** The following is a description of the valuation methodologies used by Belomar. There have been no changes in the methodologies of Belomar's investments.
- **Mutual funds:** Valued at the daily closing price as reported by the fund. Mutual funds held by Belomar are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by Belomar are actively traded.

7 Lease Commitments

The Council has entered into several noncancelable agreements to lease office space, a vehicle, and equipment. The Council recognizes a right-to-use lease asset and a lease liability at the commencement of the lease term. The lease liabilities were measured at the present value of payments expected to be made during the lease terms, discounted using the Council's incremental borrowing rate of 3.5%.

7 Lease Commitments (Continued)

Lease agreements are as follows:

- **Leased office space:** The Council leases its office space under an agreement that commenced on June 1, 2022, and ends on May 31, 2027.
- **Leased vehicle:** The Council leases a vehicle under a three-year agreement that commenced on April 18, 2025, and ends on April 17, 2028. The agreement includes an option to purchase the asset at the end of the lease term.
- **Leased postage machine:** The Council leases a postage machine under a three-year agreement that commenced on July 1, 2024, and ends on June 30, 2027.

The following is a consolidated schedule of future minimum lease payments as of June 30, 2025:

	Principle	Interest	Total Payment
2026	\$ 48,000	\$ 6,533	\$ 54,533
2027	45,713	3,802	49,515
2028	25,446	837	26,283
	\$ 119,159	11,172	130,331

8 Subscription-Based Information Technology Arrangements (SBITAs)

The Council adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement requires the recognition of a right-to-use subscription asset and a corresponding subscription liability for SBITAs with terms longer than 12 months. The Council conducted a comprehensive review of its information technology contracts and determined that it does not have any arrangements that meet the definition of a SBITA as of June 30, 2025.

9 Local Match - Grants

\$71,593 of local funds were transferred to various grant programs during the year for matching of federal grant monies, as required by grant agreements.

10 Contingencies

Belomar participates in various federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

11 Concentration of Revenue

Belomar receives a substantial amount of support from federal, state, and local governments. A significant reduction in the level of this support, if such were to occur, would have a material effect on Belomar's programs and activities. The Council has evaluated its revenue sources in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. While dependent on intergovernmental revenues, no specific concentration is known to exist that makes the Council vulnerable to the risk of a substantial impact from an event that is more likely than not to begin to occur within 12 months of the financial statement date.

12 Litigation

In the normal course of operations, Belomar is a defendant related to claims and lawsuits. Belomar maintains comprehensive insurance coverage with private carriers to protect itself from such claims and lawsuits.

13 Risk Management

Belomar is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. Belomar participates with Brickstreet Insurance for workers' compensation coverage and with the West Virginia Bureau of Employment Programs for unemployment coverage. Belomar continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years and there has been no significant reduction in insurance coverage from coverage in prior years.

14 Prior Period Restatement

For the fiscal year ended June 30, 2025, a prior period adjustment was made to beginning net position. The restatement was necessary to correct errors in the calculation of the liability for accrued compensated absences, to recognize prepaid expenses that were previously expensed, and to write off a management services receivable determined to be uncollectible due to disallowed funding. The impact of the adjustment is as follows:

	Statement of Activities – Government Wide	Statement of Revenues, Expenditures, and Changes in Fund Balance – Fund Financial
	<u> </u>	<u> </u>
Net position, as previously stated	\$ 154,490	\$ 171,791
Compensated absences prior year adjustment	(114,529)	
Prepaid expense beginning balance adjustment	9,960	9,960
Disallowed management service receivable	(581)	(581)
	<u> </u>	<u> </u>
Net position, as restated	\$ 49,340	\$ 181,170

Belomar Regional Council and Interstate Planning Commission
 Schedule of Indirect Rate Calculation
 For the Year Ended 06/30/25

Indirect:

Direct Labor \$ 407,887

Indirect Calculation:

Administration	\$	139,721
Indirect Fringes		119,154
Other Indirect		274,489
Less: Agency Other(Dues)		<u>(10,614)</u>

Total Indirect	<u>\$ 522,750</u>	=	<u>1.2816</u>
Total Direct Labor	<u>\$ 407,887</u>		

Fringe Benefits:

	<u>Aging</u>	<u>Transportation</u>	<u>Management Services</u>	<u>Totals</u>
Direct Salaries	<u>\$ 99,884</u>	<u>\$ 119,145</u>	<u>\$ 188,858</u>	<u>\$ 407,887</u>
Direct Fringes	<u>\$ 56,394</u>	<u>\$ 83,349</u>	<u>\$ 140,387</u>	<u>\$ 280,130</u>
Fringe Rate	<u>0.5646</u>	<u>0.6996</u>	<u>0.7433</u>	<u>0.6868</u>

Belomar Regional Council and Interstate Planning Commission
 Schedule of Expenditures of State Awards
 For the Year Ended 06/30/25

	<u>Identification Number</u>	<u>State Expenditures</u>
<i>Direct Programs:</i>		
Legislative Assistance to Regional Councils		\$ 36,000
WV State Road User Tax	SFY25 MPO CPG	49,217
Ohio Highway Gas Tax	SFY25 MPO CPG	29,186
Northwestern Area Agency on Aging - In-Home	22535	64,048
Northwestern Area Agency on Aging - LIFE	22535	24,916
Northwestern Area Agency on Aging - Program Elderly	22535	20,008
Aging Title III B State	22535	454,573
Aging Title III C State	22535	2,059,720
Aging Title III C State	22535	732
Congressional Spending Grant	22435A	743,174
Legislative Initiative For the Elderly	22502	3,130,000
Governor's Justice Grant	22435	88,652
EDA Match		45,447
Total Expenditures of State Awards		<u>\$ 6,745,674</u>

Belomar Regional Council and Interstate Planning Commission
 Budgetary Comparison Schedule
 For the Year Ended 06/30/25

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
Expenses			
Salaries and wages	\$ 536,635	\$ 547,608	\$ 10,973
Fringe benefits	366,561	399,284	32,723
Travel	12,416	19,574	7,158
Printing and supplies	24,525	42,497	17,972
Communications	19,850	6,234	(13,616)
Other expenses	478,800	504,779	25,979
Utilities	27,600	29,590	1,990
Interest		4,795	4,795
Aging expenses	8,953,004	9,201,747	248,743
Other program expenses	394,547	826,196	431,649
Depreciation and amortization	45,330	52,117	6,787
Total Expenses	<u>10,859,268</u>	<u>11,634,421</u>	<u>775,153</u>
Program Revenues			
Operating grants and contributions	10,814,058	11,639,042	824,984
Per capita dues	61,964	61,964	-
Net Program Revenue (Expense)	<u>\$ 16,754</u>	<u>\$ 66,585</u>	<u>\$ 49,831</u>
General Revenues			
Unrestricted investment gain	-	10,301	10,301
Interest	-	1,969	1,969
Total General Revenues	<u>-</u>	<u>12,270</u>	<u>12,270</u>
Change in Net Position	16,754	78,855	62,101

1. Budgetary Basis of Accounting

The Council adopts an annual budget for the General Fund. This budget is prepared on a basis consistent with generally accepted accounting principles (GAAP), which is the same basis used for financial reporting. This allows for a direct comparison of actual results to the budgeted amounts.

2. Explanation of Significant Variances

Operating Grants, Aging, and Other Program Expenses: The favorable variance in Operating Grants and Contributions of \$824,984 is primarily due to an increase in pass-through grant funding for the Aging Services program and funding for the unanticipated Mt. Zion project. These increases in revenue were offset by corresponding increases in pass-through Aging Expenses (\$248,743 variance) and Other Program Expenses (\$431,649 variance).

General Operating Expenses: Unfavorable variances in several expense categories, such as Salaries and Wages, Fringe Benefits, and Printing and Supplies, were the result of activities funded by additional grants and agency revenues that were unknown at the time the original budget was adopted.

General Revenues: No general revenues were included in the budget. The actual amount of \$12,270 reflects an unrealized gain on investments that occurred during the fiscal year.

Belomar Regional Council and Interstate Planning Commission
Schedule of Expenditures of Federal Awards
For the Year Ended 06/30/25

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Appalachian Regional Commission				
Appalachian Local Development District Assistance	23.009		\$ -	\$ 137,783
Total Appalachian Regional Commission			\$ -	\$ 137,783
Department of Commerce				
Economic Development - Support for Local Planning Organizations	11.302		\$ -	\$ 83,888
Total Department of Commerce			\$ -	\$ 83,888
Department of Transportation				
Highway Planning and Construction Cluster:				
<u>West Virginia Department of Transportation</u>				
Highway Planning and Construction	20.205	000000201659	\$ -	\$ 396,312
<u>Ohio Department of Transportation</u>				
Highway Planning and Construction	20.205	0000092824	-	198,369
Total Highway Planning and Construction Cluster			\$ -	\$ 594,681
Total Department of Transportation			\$ -	\$ 594,681
Department of Health and Human Services				
<u>West Virginia Bureau of Senior Services</u>				
Aging Cluster:				
Special Programs for the Aging - Title III, Part B	93.044	000000201659	\$ 596,034	\$ 695,333
Special Programs for the Aging - Title III, Part C	93.045	000000201659	1,722,005	1,826,299
Nutrition Services Incentive Program	93.053	000000201659	198,117	198,117
Total Aging Cluster			\$ 2,516,156	\$ 2,719,749
Special Programs for the Aging - Title III, Part D	93.043	000000201659	32,075	32,075
National Family Caregiver Support - Title III, Part E	93.052	000000201659	250,995	273,178
Total West Virginia Bureau of Senior Services			\$ 2,799,226	\$ 3,025,002
Total Department of Health and Human Services			\$ 2,799,226	\$ 3,025,002
Environmental Protection Agency				
Brownfield Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		\$ -	\$ 424,628
Total Environmental Protection Agency			\$ -	\$ 424,628
Federal Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ -	\$ 25,420
Total Federal Emergency Management Agency			\$ -	\$ 25,420
Total Expenditures of Federal Awards			\$ 2,799,226	\$ 4,291,402

Belomar Regional Council and Interstate Planning Commission
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended 06/30/25

1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Belomar Regional Council and Interstate Planning Commission under programs of the federal government for the year ended 06/30/25. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Belomar Regional Council and Interstate Planning Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Belomar Regional Council and Interstate Planning Commission.

2 Summary of Significant Accounting Policies

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

3 Indirect Cost Rate

Belomar Regional Council and Interstate Planning Commission has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4 Reconciliation of Federal Revenue to Expenditures of Federal Awards

4,261,112	Federal Revenue recorded
362,018	June 2024 PY Pass-through Expenditures
(331,728)	June 2025 CY Pass-through Expenditures
<hr/>	
4,291,402	Total SEFA amount