MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

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MIDDLE PENINSULA PLANNING DISTRICT COMMISSION
BOARD OF COMMISSIONERS

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Middle Peninsula Planning District Commission
Saluda, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Middle Peninsula Planning District Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Middle Peninsula Planning District Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension disclosures on pages 4 - 7, page 33, and pages 36 - 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middle Peninsula Planning District Commission's basic financial statements. The schedule of revenues and expenses by program on pages 31 – 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November xx, 2018, on our consideration of Middle Peninsula Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Middle Peninsula Planning District Commission's internal control over financial reporting and compliance.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 19, 2018

MIDDLE PENEINSULA PLANNING DISTRICT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the annual financial report of the Middle Peninsula Planning District Commission (the "Commission"), management provides a narrative discussion and an analysis of its financial activities for the fiscal year that ended June 30, 2018. Responsibility for the accuracy of the data as well as the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly represent the Commission's financial position and the result of operations of its various funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Commission's financial activities have been included. The Commission's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

The financial statements presented herein included all of the activities of the Commission using the integrated approach as prescribed by GASB Statement No. 34. Management's Discussion and Analysis (MD&A) is intended to introduce the Commission's financial statements. In addition to this Management's Discussion and Analysis (MD&A), the report consists of the enterprise fund financial statements, and the notes to the financial statements. These financial statements are designed to be more corporate-like in that all activities of the Commission are considered to be business-type activities.

Required Financial Statements

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap shot view of the assets the Commission has, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Business-type activities are reported on the accrual basis of accounting. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position details the Commission's revenues and expenses by functional type, and the net operating result of the current year. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The Statement of Cash Flows shows the cash flows from the Commission's operating, capital and related financing, and investing activities.

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Commission's financial condition.

The MD&A is intended to explain the significant changes in financial position and the differences in operation between the current year and prior years. Significant changes from the prior year are explained in the following paragraphs.

Financial Analysis

Summary Statements of Net Position
June 30,

	2018	2017
Current Assets	$ 874,413	$ 817,019
Loans Receivable	277,082	173,067
Capital Assets (net)	4,323	7,654
Total Assets	1,155,818	997,740
Deferred Outflows of Resources	13,015	29,862
Current Liabilities	228,465	152,538
Long-Term Liabilities	230,768	170,536
Total Liabilities	459,233	323,074
Deferred Inflows of Resources	157,347	187,306
Invested in Capital Assets	4,323	7,654
Unrestricted	547,930	509,568
Total Net Position	$ 552,253	$ 517,222

Current assets increased during the year by approximately $57,000 primarily due to a grant from the US Dept of Interior Fish and Wildlife Service of $75,000 which remains mostly unspent. This is a multiyear project and funds were received up-front as opposed to being reimbursed.

Loans receivable increased approximately $104,000 during the year as a result of the start of a new revolving loan program to encourage homeowners to install living shorelines in support of the Commonwealth's policy.

Deferred outflows of resources associated with the differences in projected and actual experience of the pension plan was reduced by approximately $16,800 during the year.

Current liabilities increased approximately $76,000 during the year primarily as a result of increases in the various revolving loan fund capitalizations including the new Living Shoreline Loan Program and an increase in deferred revenue as a result of the US Dept of Interior project discussed above.

Deferred inflows of resources associated with the differences in projected and actual experience of the pension plan and differences between projected and actual earnings of the plan assets was reduced by $30,000 during the year.

Long-term liabilities increased by approximately $60,000 during the current year, as the Commission continued its septic repair loan program and implemented a new revolving loan program funded by a loan through the Virginia Resources Authority. VRA loans have a delayed payback period of 2-3 years resulting in an increase of $116,200 in loans payable. There was also a $27,700 reduction in the net pension liability.

Total net position increased by approximately $35,031 this year primarily due to increase in cash, a decrease in pension liabilities, and an increase in current assets.

Summary Statements of Activities
For the Years Ended June 30,

	2018	2017
Revenues		
Operating revenues	$752,125	$910,513
Interest	8,954	3,371
Total Revenues	761,079	913,884
Expenses		
General and administration	107,228	60,351
Project costs	659,609	840,627
Total Expenses	766,837	900,978
GASB 68 pension benefit	40,789	38,902
Change in net position	35,031	51,808
Net position at beginning of year	517,222	465,414
Net position at end of year	$552,253	$517,222

Operating revenues decreased by approximately $158,000 and project expenses decreased by approximately $181,000 from the prior year. It is not uncommon for these figures to change substantially from year to year due to differences in the Commission's work program based on changes in the Commission's priorities and the availability of funding to implement the work program.

In FY 2018 actual operating revenues were under budget by approximately $34,000 as several projects were delayed due to forces beyond the Commission's control. These were projects primarily either administered or carried out by outside entities. Project costs for contractual costs were under budget by $38,700 for the same reasons, and project costs for construction were under budget by $38,300 due to delays in septic repair projects leading to an extension of the current septic repair program grant.

Actual expenses exceeded budgeted expenses for personnel costs by approximately $46,500 as a result of the Commission's performance compensation program whereby management is authorized to obtain additional funding to enable and enhance the Commission's work program and increase staff salaries proportionately as additional funding is obtained. The ability to allow for a fluctuation in personnel costs based on availability of funding allows for greater flexibility in applying for additional funding to advance the Commission's priorities without increased staffing. Fringe benefits were $15,500 higher due to an increase in FICA/medicare taxes related to the increased compensation and increases in utilization of health insurance for dependent coverage by staff. Bad debt expense exceeded the budget by $12,000 as it was determined that several receivables were unlikely to be paid and hence written off. This action does not preclude continuing efforts to pursue collection on this debt.

There was an increase of approximately $47,000 in general Administration expenses as the Commission directed staff to work with the General Assembly and other entities to explore blue/green infrastructure environmental and economic development issues for which external resources were not identified.

Capital Assets

The capital assets in the governmental funds consist of computer equipment and vehicles used in the business-type activities of the Commission.

Long-Term Debt

Long-term debt consists of four loans from the Virginia Water Facilities Revolving Fund. The first loan was originally made in 1997 in the amount of $250,000, but through regular annual payments has been reduced to $12,500. In 2011 the Commission received another $250,000 loan from the Virginia Water Facilities Revolving Fund to increase the revolving loan fund for wastewater loans. This loan consisted of a $125,000 no interest loan and a $125,000 "principal forgiveness" loan. As of June 30, 2018, $125,000 had been drawn on this loan and an additional $125,000 on the "principal forgiveness loan". This loan has been reduced by regular annual payments to $62,500. During FY2016 the Commission received another loan in the amount of $250,000 loan from the Virginia Water Facilities Revolving Fund to increase the revolving loan fund for wastewater loans. As of June 30, 2018, only $75,902 had been drawn on this loan but through regular annual payments has been reduced to $65,902. A fourth loan in the amount of a $250,000 loan from the Virginia Water Facilities Revolving Fund to capitalize the new revolving loan fund for living shoreline projects was settled in FY2018. As of June 30, 2018, only $120,723 drawn down on this loan.

Economic Factors and Future Outlook

Presently, management of the Commission is aware of the changing federal, state, regional and local economic climate and is working to comprehensively understand, address and plan for the future security of the Commission consistent with the evolving new economic model. Management realizes the risk to the organization of the high dependency on grants to fund operations especially during periods of economic stress and continues to explore other options to fund its essential programs including increased local funding. Management continues to work with the MPPDC leadership to explore strategies to fund the Commission, provide for a motivated and adequately compensated staff, and increase performance while maintaining compliance with the requirements of OMB Uniform Guidance and the needs and resources of the member localities. Currently the Commission is exploring increased use of consultants to provide staffing needs as a means to providing more and varied expertise for increasingly complicated projects being undertaken by the Commission in regards to environmental and economic development projects.

Contacting the Commission's Financial Management Staff

This financial report is designed to provide a general overview of the Commission's finances and show the Commission's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Commission's Executive Director at 125 Bowden Street in Saluda, Virginia.

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
Current Assets	
Cash and cash equivalents	$ 737,358
Restricted cash	29,167
Accounts receivable	107,888
Total Current Assets	874,413
Noncurrent Assets	
Capital assets, net	4,323
Loans receivable	277,082
Total Noncurrent Assets	281,405
Total Assets	1,155,818
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after the measurement date	11,043
Differences between expected and actual experience	1,972
Total Deferred Outflows of Resources	13,015
LIABILITIES	
Current Liabilities	
Accounts payable	16,741
Deferred revenue	110,453
Accrued leave payable	47,938
Current portion of notes payable	53,333
Total Current Liabilities	228,465
Noncurrent Liabilities	
Notes payable, net of current portion	208,292
Net pension liability	22,476
Total Liabilities	459,233
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience	140,095
Changes of assumptions	5,730
Net difference between projected and actual earnings on plan investments	11,522
Total Deferred Inflows of Resources	157,347
NET POSITION	
Invested in capital assets, net of related debt	4,323
Unrestricted	547,930
Total Net Position	$ 552,253

See accompanying notes

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Operating Revenues	
Grants and appropriations	
Federal grants	$ 345,613
State grants and appropriations	205,719
Local grants and appropriations	179,829
Miscellaneous	20,964
Total Operating Revenues	752,125
Operating Expenses	
Salaries	307,019
Consultant and contractual	148,975
Fringe benefits	97,041
Construction	72,545
Promotion and advertising	39,591
Rent and utilities	30,948
Bad debt	12,039
Printing and duplicating	11,447
Legal and accounting	10,860
Workshops and conferences	8,860
Lodging and staff expense	4,399
Dues and memberships	4,310
Depreciation	3,331
Telephone	2,863
Office supplies	2,608
Meeting supplies and expenses	2,248
Insurance	2,045
Website and internet	1,828
Vehicle costs	1,613
Postage	1,253
Miscellaneous	831
Subscriptions and publications	183
Total Operating Expenses	766,837
Operating Income (Loss)	(14,712)
Non-Operating Revenues	
Interest income	8,954
GASB 68 pension benefit	40,789
Change in Net Position	35,031
Net Position - Beginning of Year	517,222
Net Position - End of Year	$ 552,253

See accompanying notes

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION
STATEMENT OF CAH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities	
Received from customers	$ 1,367,548
Paid to suppliers for goods and services	(864,331)
Paid to employees for services	(301,040)
Net Cash Flows Provided by Operating Activities	202,177
Cash Flows from Capital and Related Financing Activities	
Proceeds from notes payable	151,242
Principal paid on notes payable	(35,000)
Net Cash Flows Provided by Capital and Related Financing Activities	116,242
Cash Flows from Investing Activities	
Disbursement for new loans made	(116,242)
Loan payments received	12,227
Interest income	8,954
Net Cash Flows Used in Investing Activities	(95,061)
Net Change in Cash and Cash Equivalents	223,358
Cash and Cash Equivalents - Beginning of Year	543,167
Cash and Cash Equivalents - End of Year	$ 766,525

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income (loss)	$ (14,712)
Depreciation	3,331
Changes in Assets and Liabilities	
Accounts receivable	165,964
Accounts payable	7,208
Deferred revenue	34,407
Accrued annual leave	5,979
Net Cash Flows from Operating Activities	$ 202,177

See accompanying notes

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Accounting Policies

The Middle Peninsula Planning District Commission (the "Commission") was established April, 1972, pursuant to the provisions of Section 15.1-1403 of the Virginia code (the 1968 Virginia Area Development Act) as an authorized regional planning district commission. The Commission's primary duty is to promote orderly and efficient development of the physical, social and economic elements of the district by planning, encouraging and assisting governmental subdivisions to plan for the future. The Commission is a subsidiary organization of the counties of Essex, Gloucester, King and Queen, King William, Mathews, Middlesex and the towns of Tappahannock, Urbanna and West Point. Commission funding is obtained from member jurisdictions' contributions, funds provided by the Commonwealth of Virginia, and Federal, state and local grants and contracts for specified projects designed to further the Commission's goals and objectives.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies followed in the preparation of these financial statements:

(a) Reporting Entity – The Commission's governing body is composed of members appointed by the nine member jurisdictions. The Commission is not a component unit of any of the member governments, and there are no component units to be included in the Commission's financial statements.

(b) Basis of Accounting – The accounting and reporting policies of the Commission relating to the accompanying basic financial conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and by the Financial Accounting Standards Board (when applicable).

    Management believes that the periodic determination of revenues earned, expenses incurred and net income is desirable for purposes of facilitating management control and accountability. Therefore, the activities of the Commission are accounted for as a proprietary fund which uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The Commission considers grant revenue as earned when the grant expenditure is incurred.

    Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

    The Commission generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Commission may defer the use of restricted assets based on a review of the specific transaction.

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

(c) Project Expenditures – The costs of goods and services that are identifiable for indirect costs are allocated to projects as described in Note 9. Personnel costs for Commission employees, including overtime and compensatory time, are direct charges to the appropriate projects. Expenses for paid leave and fringe benefits are allocated to projects as described in Notes 10 and 11.

(d) Concentrations of Credit and Market Risk – Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions which, at times, may exceed federally insured limits. Credit exposure is limited to any one institution. The Commission has not experienced any losses on its cash equivalents.

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

(f) Accounts Receivable – Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables related to non-exchange transactions are recognized when their eligibility requirements have been met. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivables collectible at June 30, 2018, and no allowance for doubtful accounts has been provided. Concentration of credit risk with respect to accounts receivable is limited due to the number of grantors, man of which are federal government grants.

(g) Employee Leave Benefits – Commission policy allows employees to accumulate unused vacation leave up to certain maximum hours. Commission employees earn from twelve to eighteen vacation days a year, depending on the length of their employment. Annual leave may be carried over from one fiscal year to the next, subject to certain limitations. The liability for accrued vacation is $34,415 as of June 30, 2018.

All employees receive fifteen sick days a year. Sick leave may be carried over from one fiscal year to the next. Upon termination or retirement, employees with five or more years of continuous salaried service may receive up to 25% of their unused sick leave balances up to a maximum of $5,000. The liability for accrued sick leave is $13,523 as of June 30, 2018.

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

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

(i) Capital Assets – Capital assets are recorded at historical or estimated historical cost if actual historical cost is not available for items exceeding $1,000. Depreciation is taken on the straight-line method over the estimated useful life of the respective asset.

The estimated lives are as follows:

Equipment	3-5 years
Furniture	7 years

Assets that have been purchased with grantor funds may revert to the grantor in the event the program is discontinued.

(j) Budgets and Budgetary Accounting – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the adopted budgets as amended.

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

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

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

(m) Pension – 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 Commission's Virginia Retirement System (VRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by 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.

NOTE 2 – Cash and Investments

State statute authorizes the Commission to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Deposits are carried at cost, which approximates fair value.

At June 30, 2018 the carrying amount of the Commission's deposits with banks was $378,070 and the bank balances were $428,739. All of the bank balances were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Investments in 2a7-like pools are valued based on the value of pool shares. The Commission invests a 2a7-like pool, the Local Government Investment Pool, managed by the Virginia Department of Treasury. Permitted investments in the pool include U.S. government obligations, repurchase agreements, certificates of deposit, banker's acceptances, commercial paper, short-term corporate notes, and short-term taxable municipal obligations. The investment pool has not been assigned a risk category since the Commission is not issued securities, but rather owns an undivided interest in the assets of the pool. The Commission's balance in the investment pool was $388,455 at June 30, 2018.

NOTE 3 – Restricted Cash

The Virginia Resources Authority has required the Commission to provide a loan loss reserve of one year's worth of debt service on the 2015 Septic Repair Revolving Loan Fund note payable and for the 2015 Living Shoreline Revolving Loan Fund. Restricted cash accounts in the amount of $12,500 and $16,667, respectively, have been established.

NOTE 4 – Property and Equipment

A summary of property and equipment as of June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Equipment	$ 65,730	$ -	$(7,535)	$ 58,195
Accumulated Depreciation	(58,076)	(3,331)	7,535	(53,872)
Net	$ 7,654	$(3,331)	$ -	$ 4,323

NOTE 5 – Pension Plan

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

Plan Description

All full-time, salaried permanent employees of the 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 a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NOTE 5 – Pension Plan (Continued)

Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *** Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is requited to match those voluntary contributions according to specified percentages.

NOTE 5 – Pension Plan (Continued)

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

NOTE 5 – Pension Plan (Continued)

		Vesting (continued) • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four years or more, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component: VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

NOTE 5 – Pension Plan (Continued)

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

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

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

Political subdivision hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td>
</tr>
<tr>
<td>Earliest Unreduced Retirement Eligibility VRS:
Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Political subdivision hazardous duty employees: Age 60 with at least five years (60 months) of creditable service or at age 50 with at least 25 years of creditable service.</td>
<td>Earliest Unreduced Retirement Eligibility VRS:
Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.

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

Political subdivision hazardous duty employees: Not applicable.

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

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

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

Political subdivision hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td>
</tr>
<tr>
<td>Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

<u>Eligibility:</u>
For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

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

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

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

NOTE 5 – Pension Plan (Continued)

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

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

<u>Exceptions to COLA Effective Dates:</u>
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
• The member retires on disability.
• The member retires directly from short-term to long-term disability under the Virginia Sickness and Disability Program (VSDP).
• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement (continued)

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

<u>Exceptions to COLA Effective Dates:</u>
Same as Plan 1 and Plan 2.</td></tr>
<tr><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</td>
<td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</td>
<td>Disability Coverage
Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

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

NOTE 5 – Pension Plan (Continued)

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

		Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits		2
Inactive Members		
Vested inactive members	1	
Non-vested inactive members	1	
Inactive members active elsewhere in VRS	0	
Total Inactive Members		2
Active Members		5
Total covered employees		9

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Commission's contractually required contribution rate for the year ended June 30, 2018 was 5.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTE 5 – Pension Plans (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were $11,043 and $13,393 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The Commission's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 5 – Pension Plans (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 125% of rates.

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-Hazardous Duty:

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

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

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

NOTE 5 – Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
* Expected arithmetic nominal return			7.30%

* The above allocation provides a one-year return 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

NOTE 5 – Pension Plans (Continued)

Additional Financial and Actuarial Information

Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules (including the financial statements and the unmodified audit opinion thereon, and required supplementary information) is presented in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR is publicly available through http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, PO Box 2500 Richmond, VA 23218-2500.

Change in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2016	$687,926	$637,773	$50,153
Changes for the year:			
Service cost	33,694	-	33,694
Interest	47,499	-	47,499
Changes of assumptions	(7,504)	-	(7,504)
Differences between expected and actual experience	2,582	-	2,582
Contributions – employer	-	13,393	(13,393)
Contributions – employee	-	12,257	(12,257)
Net investment income	-	78,809	(78,809)
Benefit payments, including refunds of employee contributions	(18,748)	(18,748)	-
Administrative expense	-	(440)	440
Other changes	-	(71)	71
Net changes	57,523	85,200	(27,677)
Balances at June 30, 2017	$745,449	$722,973	$ 22,476

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Commission's Net Pension Liability	$136,507	$22,476	$(72,372)

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

For the year ended June 30, 2018, the Commission recognized pension benefit of $40,789. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 5 – Pension Plans (Continued)

Summary of Deferred Outflows of Resources and Inflows of Resources (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,972	$140,095
Change in assumptions	-	5,730
Net difference between projected and actual earnings on plan investments	-	11,522
Employer contributions subsequent to the Measurement Date	11,043	-
Total	$13,015	$157,347

$11,043 reported as deferred outflows of resources related to pensions resulting from Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2019	$(54,327)
2020	(46,513)
2021	(46,657)
2022	(7,878)
2023	-
Thereafter	-

NOTE 6 – Lease Commitments

The Commission was obligated under a non-cancelable operating lease for office facilities. The ten-year facility lease expired in March 2006. The lease has been continued on a month-to-month basis in the amount of $1,800. Rent expense for this lease was $21,600 for the year ended June 30, 2018.

NOTE 7 – Loans Receivable

The Commission operates several loan programs to provide low or no interest loans for wastewater, small business and housing projects. The loans are carried at the net realizable value, and all amounts are believed collectible as of June 30, 2018. Loan loss reserves exist for several of the programs.

NOTE 8 – Notes Payable

On October 1, 1997 the Commission entered into a financing agreement with the Virginia Water Facilities Revolving Fund to receive a $250,000 loan to finance project costs of small water facility projects. The loan is non-interest bearing, and calls for semi-annual repayments of $6,250 commencing on November 1, 1999. The balance of this loan was $12,500 at June 30, 2018.

On February 10, 2011 the Commission entered into a financing agreement with the Virginia Water Facilities Revolving Fund to receive a $125,000 loan to finance project costs of small water facility projects. The loan is non-interest bearing, and calls for semi-annual repayments of $6,250 commencing on August 1, 2013. The balance of this loan was $62,500 at June 30, 2018.

On December 16, 2014 the Commission entered into a financing agreement with the Virginia Water Facilities Revolving Fund to receive a $200,000 loan to finance project costs of small water facility projects. The loan is non-interest bearing, and calls for semi-annual repayments of $10,000 commencing on June 1, 2018. As of June 30, 2018, $75,902 had been drawn down against this note. The balance of this loan was $65,902 at June 30, 2018.

On June 14, 2017 the Commission entered into a financing agreement with the Virginia Water Facilities Revolving Fund to receive a $250,000 loan to finance project costs of small water facility projects. The loan is non-interest bearing, and calls for semi-annual repayments of $8,333 commencing on June 1, 2019. As of June 30, 2018, $120,723 had been drawn down against this note.

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Beginning	Additions	Deductions	Ending
VRA 1997 Note	$ 25,000	$ -	$12,500	$ 12,500
VRA 2011 Note	75,000	-	12,500	62,500
VRA 2015 Note	41,433	34,469	10,000	65,902
VRA 2017 Note	3,950	116,773	-	120,723
Total	$145,383	$151,242	$35,000	$261,625

Mandatory debt service requirements consist of the following:

Year ending June 30,	Total
2019	$ 53,333
2020	49,167
2021	49,167
2022	35,069
2023	29,167
Thereafter	45,722
Total	$261,625

NOTE 9 – Indirect Costs

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries, leave, and fringe benefits to total direct salaries, leave, and fringe benefits (excluding temporary help). The indirect cost rate for the fiscal year ended June 30, 2018, was 49.98%, and is calculated as follows:

Indirect costs	$158,923	
Total direct salaries, leave, and fringe benefits	$317,959	= 49.98%

The following are included in indirect costs allocated to projects:

Salaries	$ 63,416
Rent	22,152
Fringe benefits	19,055
Printing and duplicating	11,447
Consulting/contractual services	9,018
Accounting	7,393
Utilities	4,944
Facility maintenance	3,851
Telephone	2,864
Depreciation	2,687
Dues and memberships	2,460
Office supplies	2,275
Public officials insurance	1,860
Website/internet	1,796
Postage	1,191
Vehicle insurance	1,152
Vehicle operating costs	613
Miscellaneous	564
Facility insurance	185
Total	$158,923

NOTE 10 – Leave Allocation

The leave allocation includes annual leave expense which is based on the amount of leave earned during the year. Other types of leave (i.e., holiday leave, administrative leave, etc.) are based on the amount of leave actually taken. Components for the leave allocation for the year ended June 30, 2018, are shown below:

Leave	
Annual	$20,574
Holiday	18,424
Sick	10,450
Total	$49,448

The leave allocation rate for the fiscal year ended June 30, 2018, is calculated as follows:

Leave allocation	$ 49,448	
Total salaries excluding leave	$257,571	= 19.20%

NOTE 11 – Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total salaries. The fringe benefit rate for the fiscal year ended June 30, 2018 was 31.60%, and is calculated as follows:

Fringe benefit expense	$ 97,041	
Total salaries	$307,019	= 31.60%

Components of fringe benefit expense for the year ended June 30, 2018, are shown below:

Fringe benefits	
Group health insurance	$45,589
Retirement and special pension	24,950
Social Security taxes	23,346
Group life insurance	2,640
Workers compensation insurance	475
Unemployment	41
Total Fringe Benefits	$97,041

NOTE 12 – Commitments

The Commission participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Commission may be required to reimburse. As of June 30, 2018, the Commission believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Commission.

NOTE 13 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 19, 2018, the date which the financial statements were available to be issued.

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
For the Year Ended June 30, 2018

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
For the Year Ended June 30, 2018

	Local Programs	Rural Trans-portation Planning	TDM	MPBDP Support	WQIF
Revenues					
Federal	$ -	$ 56,078	$ -	$ -	$ -
State	76,721	-	67,846	-	54,748
Local	109,981	-	-	-	-
Interest	6,954	-	-	1,156	-
Other	8,190	-	-	(72)	-
Total Revenues	201,846	56,078	67,846	1,084	54,748
Expenses					
Salaries	41,326	24,135	20,923	493	6,168
Fringe benefits	16,259	7,603	6,600	155	1,946
Office supplies	40	-	-	-	-
Meeting supplies	2,026	-	-	-	-
Private mileage	92	61	40	-	-
Lodging and staff expense	717	-	-	-	-
Travel	-	-	-	-	-
Dues and memberships	-	-	1,775	-	-
Conferences	1,310	70	2,378	-	-
Accounting and audit	21	-	-	98	-
Legal services	1,387	493	-	-	-
Consultant and contractual	4,368	22,037	-	-	-
Construction	-	-	-	-	58,077
Postage	13	-	-	-	13
Promotion and advertising	16	-	39,477	-	-
Miscellaneous	144	-	32	-	-
Deferred/forgiven loan expense	-	-	-	-	-
Quarterly meeting	-	-	-	-	-
Depreciation	644	-	-	-	-
Bad debt expense	11,788	-	-	12	-
Indirect expense	27,077	15,928	13,813	326	4,072
Total Expenses	107,228	70,327	85,038	1,084	70,276
Revenues Over (Under) Expenses	94,618	(14,249)	(17,192)	-	(15,528)
General Fund Support	(100,376)	14,249	17,192	-	15,528
Revenues and General Fund Support Over (Under) Expenses	$ (5,758)	$ -	$ -	$ -	$ -

Water Supply Plan	Loan Management	Blue/ Green Infrastructure	MSAT/ MP/NN Reg. EOP	Energy Efficient CBG	Septic Pump out	Working Waterfronts
$ -	$ -	$ -	$ 63,004	$ -	$ 3,541	$ 26,071
-	-	-	-	-	-	-
35,889	-	-	-	-	-	-
-	395	-	-	345	-	-
-	7,846	-	-	(177)	-	-
35,889	8,241	-	63,004	168	3,541	26,071
6,746	3,391	6,437	15,826	36	1,258	11,600
1,780	1,070	1,842	4,993	11	383	3,163
-	-	30	-	-	-	-
-	-	9	-	-	-	-
-	27	177	-	-	-	61
-	-	237	35	-	-	37
20	-	112	-	-	-	27
-	-	-	-	-	-	-
-	-	1,925	1,435	-	-	479
-	367	-	-	97	-	-
-	484	-	-	-	-	-
23,065	-	-	30,594	-	1,040	5,000
-	425	-	-	-	-	-
-	-	-	-	-	36	-
-	-	-	-	-	-	-
-	-	30	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	239	-	-	-	-	-
4,278	2,238	4,155	10,449	24	824	7,409
35,889	8,241	14,954	63,332	168	3,541	27,776
-	-	(14,954)	(328)	-	-	(1,705)
-	-	14,954	328	-	-	1,705
$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
For the Year Ended June 30, 2018

	WIP	GA Lobby	VHDA Impact grant	Costal TA	Living Shorelines
Revenues					
Federal	$ 275	$ -	$ -	$ 31,559	$ 33,846
State	-	-	6,404	-	-
Local	-	20,431	-	-	-
Interest	-	-	-	-	104
Other	-	-	-	-	5,177
Total Revenues	275	20,431	6,404	31,559	39,127
Expenses					
Salaries	-	-	3,152	31,963	2,498
Fringe benefits	-	-	994	9,956	789
Office supplies	-	-	-	-	-
Meeting supplies	-	-	-	-	-
Private mileage	-	321	40	542	-
Lodging and staff expense	-	16	-	73	-
Travel	-	94	-	14	-
Dues and memberships	-	-	-	-	-
Conferences	-	-	-	84	-
Accounting and audit	-	-	-	-	104
Legal services	-	-	-	-	-
Consultant and contractual	275	20,000	138	-	32,640
Construction	-	-	-	-	-
Postage	-	-	-	-	-
Promotion and advertising	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Deferred/forgiven loan expense	-	-	-	-	-
Quarterly meeting	-	-	-	-	-
Depreciation	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Indirect expense	-	-	2,080	21,038	1,649
Total Expenses	275	20,431	6,404	63,670	37,680
Revenues Over (Under) Expenses	-	-	-	(32,111)	1,447
General Fund Support	-	-	-	32,111	(1,447)
Revenues and General Fund Support Over (Under) Expenses	$ -	$ -	$ -	$ -	$ -

MPEDRO Administration	Regional Emergency Planning	ANPDC Ecotourism	PAA Administration	PAA Master Plan	PAA ECO Business	Total
$ -	$ 71,763	$ 24,553	$ -	$ 18,736	$ 16,187	$ 345,613
-	-	-	-	-	-	205,719
9,324	-	-	4,204	-	-	179,829
-	-	-	-	-	-	8,954
-	-	-	-	-	-	20,964
9,324	71,763	24,553	4,204	18,736	16,187	761,079
4,501	35,091	15,936	1,944	2,375	7,804	243,603
1,332	11,070	4,547	613	750	2,130	77,986
-	-	-	263	-	-	333
-	130	-	83	-	-	2,248
-	889	-	-	-	13	2,263
148	306	-	-	-	-	1,569
-	-	-	-	-	-	267
-	75	-	-	-	-	1,850
-	1,035	-	-	-	-	8,716
-	-	-	-	-	-	687
416	-	-	-	-	-	2,780
-	-	800	-	-	-	139,957
-	-	-	-	14,043	-	72,545
-	-	-	-	-	-	62
-	-	-	-	-	-	39,493
-	1	-	17	-	-	224
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	644
-	-	-	-	-	-	12,039
2,927	23,166	10,280	1,284	1,568	4,986	159,571
9,324	71,763	31,563	4,204	18,736	14,933	766,837
-	-	(7,010)	-	-	1,254	(5,758)
-	-	7,010	-	-	(1,254)	-
$ -	$ -	$ -	$ -	$ -	$ -	$ (5,758)

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

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2018

	Actual	Budget	Favorable (Unfavorable)
Operating Revenues			
Grants and appropriations			
Federal grants	$ 345,613	$ 474,620	$ (129,007)
State grants and appropriations	205,719	143,817	61,902
Local grants and appropriations	179,829	153,423	26,406
Miscellaneous	20,964	14,500	6,464
Total Operating Revenues	752,125	786,360	(34,235)
Operating Expenses			
Salaries	307,019	260,367	(46,652)
Consultant and contractual	148,975	187,674	38,699
Fringe benefits	97,041	81,528	(15,513)
Construction	72,545	110,900	38,355
Promotion and advertising	39,591	40,435	844
Rent and utilities	30,948	30,702	(246)
Bad debt	12,039	-	(12,039)
Printing and duplicating	11,447	11,100	(347)
Legal and accounting	10,860	12,000	1,140
Workshops and conferences	8,860	9,000	140
Lodging and staff expense	4,399	7,250	2,851
Dues and memberships	4,310	3,600	(710)
Depreciation	3,331	-	(3,331)
Telephone	2,863	4,400	1,537
Office supplies	2,608	3,800	1,192
Meeting supplies and expenses	2,248	1,200	(1,048)
Insurance	2,045	3,226	1,181
Website and internet	1,828	13,000	11,172
Vehicle costs	1,613	2,000	387
Postage	1,253	2,000	747
Miscellaneous	831	-	(831)
Subscriptions and publications	183	350	167
Total Operating Expenses	766,837	784,532	17,695
Operating Income (Loss)	(14,712)	1,828	(16,540)
Non-Operating Revenues			
Interest income	8,954	2,200	6,754
GASB 68 pension benefit	40,789	-	40,789
Change in Net Position	35,031	4,028	31,003
Net Position - Beginning of Year	517,222	517,222	-
Net Position - End of Year	$ 552,253	$ 521,250	$ 31,003

See accompanying notes

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

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

To the Commissioners
Middle Peninsula Planning District Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Middle Peninsula Planning District Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Middle Peninsula Planning District Commission's basic financial statements, and have issued our report thereon dated November 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Middle Peninsula Planning District Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in 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 Middle Peninsula Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Middle Peninsula Planning District Commission's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Certified Public Accountants
Chantilly, Virginia

November 19, 2018

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION
SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	$ 33,694	$ 32,598	$ 35,411	$ 33,666
Interest on total pension liability	47,499	44,855	56,054	51,210
Differences between expected and actual experience	2,582	(27,899)	(247,777)	-
Changes in assumptions	(7,504)	-	-	-
Benefit payments, including refunds of employee contributions	(18,748)	(4,821)	(2,534)	(28,811)
Net change in total pension liability	57,523	44,733	(158,846)	56,065
Total pension liability - beginning	687,926	643,193	802,039	745,974
Total pension liability - ending (a)	$ 745,449	$ 687,926	$ 643,193	$ 802,039
Plan fiduciary net position				
Contributions - employer	$ 13,393	$ 30,454	$ 29,567	$ 41,066
Contributions - employee	12,257	14,502	14,079	15,942
Net investment income	78,809	11,707	25,306	69,634
Benefit payments, including refunds of employee contributions	(18,748)	(4,821)	(2,534)	(28,811)
Administrative expense	(440)	(340)	(299)	(348)
Other changes	(71)	(5)	(5)	4
Net change in plan fiduciary net position	85,200	51,497	66,114	97,487
Plan fiduciary net position - beginning	637,773	586,276	520,162	422,675
Plan fiduciary net position - ending (b)	$ 722,973	$ 637,773	$ 586,276	$ 520,162
Commission's Net pension liability - ending (a) - (b)	$ 22,476	$ 50,153	$ 56,917	$ 281,877
Plan fiduciary net position as a percentage of the total Pension liability	96.98%	92.71%	91.15%	64.85%
Covered - employee payroll	$ 244,398	$ 290,037	$ 281,589	$ 325,839
Commission's net pension liability as percentage of covered-employee payroll	9.20%	17.29%	20.21%	86.51%

See accompanying notes

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2009 THROUGH 2018

	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2018	$ 11,043	$ 11,043	$ -	$201,515	5.48%
2017	$ 13,393	$ 13,393	$ -	$244,398	5.48%
2016	$ 30,454	$ 30,454	$ -	$290,036	10.50%
2015	$ 29,567	$ 27,344	$ 2,223	$281,589	9.71%
2014	$ 41,968	$ 41,070	$ 898	$325,839	12.60%
2013	$ 42,064	$ 39,438	$ 2,626	$326,582	12.08%
2012	$ 29,612	$ 42,818	$ (13,206)	$263,220	16.27%
2011	$ 32,977	$ 58,815	$ (25,838)	$293,126	20.06%
2010	$ 49,084	$ 80,995	$ (31,911)	$436,300	18.56%
2009	$ 54,003	$ 80,792	$ (26,789)	$480,030	16.83%

See accompanying notes

MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

NOTE 1 – Change of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

NOTE 2 – Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

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

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

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