

**NORTHERN NECK PLANNING
DISTRICT COMMISSION**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

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

NORTHERN NECK PLANNING DISTRICT COMMISSION
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NORTHERN NECK PLANNING DISTRICT COMMISSION
BOARD OF COMMISSIONERS
JUNE 30, 2024

EXECUTIVE COMMITTEE MEMBERS

James M. Long – Chairman
Darryl E. Fisher – Vice Chairman
F. Lee Sanders – Treasurer
Jason Bellows – Past Chairman

MEMBERS

Lancaster County

Jason Bellows
Ernest Palin
Ronald Davenport
Charles R. Lee

Northumberland County

James M. Long
Alfred C. Fisher
Joseph Allison
Henry Lane Hull

Westmoreland County

Darryl E. Fisher
Jeffrey McCormack
Zebulon Brundage
Wallace McGinness

Richmond County

F. Lee Sanders
Robert B. Pemberton
Richard Thomas
Vanelia Gallagher

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

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Chantilly, VA 20151

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Northern Neck Planning District Commission

Opinion

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the aggregate remaining fund information of the Northern Neck Planning District Commission (the Commission) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and the aggregate remaining fund information of the Commission as of June 30, 2024 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of revenues and expenditures by program and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025, on our consideration of the 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 the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Certified Public Accountants
Chantilly, Virginia

February 28, 2025

Northern Neck Planning District Commission Management's Discussion and Analysis

This section of the Northern Neck Planning District Commission's (NNPDC) annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

Overview of the Financial Statements

Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the Commission's finances. Within this view, all Commission operations are categorized and reported as either governmental or business-type activities. Governmental activities include planning services and administration. The Commission's business-type activities include the leasing operations of the building complex. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Commission.

Required Financial Statements

The Statement of Net Position sets focus 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. Government 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 Activities focuses on gross and net costs of the Commission's programs and the extent to which such programs rely upon general revenues. 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.

Fund financial statements focus separately on governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. Statements for the Commission's proprietary fund follow the governmental funds and include net position, revenue, expenditures and changes in net position, and cash flow.

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.

Financial Analysis
Summary Statements of Net Position as of June 30,

	Governmental Activities		Business-Type Activities	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current Assets	\$3,263,883	\$2,645,284	\$ 128,534	\$ 104,732
Noncurrent Assets	414,046	292,600	647,445	738,696
Capital Assets (net)	<u>21,062</u>	<u>29,256</u>	<u>1,023,029</u>	<u>1,057,196</u>
Total Assets	<u>3,698,991</u>	<u>2,967,140</u>	<u>1,799,008</u>	<u>1,900,624</u>
Deferred Outflows	<u>10,070</u>	<u>17,839</u>	<u>-</u>	<u>-</u>
Current Liabilities	2,186,534	1,804,920	73,654	71,724
Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>574,138</u>	<u>647,792</u>
Total Liabilities	<u>2,186,534</u>	<u>1,804,920</u>	<u>647,792</u>	<u>719,516</u>
Deferred Inflows	<u>73,794</u>	<u>60,846</u>	<u>733,458</u>	<u>811,308</u>
Invested in Capital Assets	21,062	29,256	375,237	337,680
Unrestricted	<u>1,427,671</u>	<u>1,089,957</u>	<u>42,521</u>	<u>32,120</u>
Total Net Position	<u>\$1,448,733</u>	<u>\$1,119,213</u>	<u>\$ 417,758</u>	<u>\$ 369,800</u>

Governmental Activities

The Commission had an increase in net position of \$228,791 in its governmental activities as of June 30, 2024 as a result of the current year operations. The Commission had several fixed price contract and grants with administrative fee clauses that produced positive results for the year. They also had an \$100,729 pension benefit for the year due to strong earnings on plan investments.

Total current assets increased by \$618,599 and current liabilities increased by \$381,614 largely due to a timing difference of local government contributions to the Northern Neck Broadband grant received and on hand in but not spent until the current year, and the current year amount of revenues over expenses.

Noncurrent assets increased by \$121,446 due to the net pension asset which increased in the current year as a result of the annual actuarial valuation.

Deferred inflows relating to the Commission's pension plan increased \$12,948 due to net differences between projected and actual earnings on plan investments as noted in the annual actuarial pension valuation.

Business-Type Activities

Net position of the business-type activities increased during the year by \$47,958 as a result of rental income on the property exceeding expenses for maintenance and debt service.

Capital assets in the business-type activities decreased by \$34,167 due to annual depreciation on the building.

Current and noncurrent assets and deferred inflows were added to the statement of net position to reflect the recognition of a rental receivable for leases with a term greater than one year and the related deferred inflows as a result of the adoption of GASB 87 in the current year.

Noncurrent liabilities decreased by \$73,654 and noncurrent liabilities decreased by a similar amount as the mortgage loan had a principal payment due in the current fiscal year.

Summary Statements of Activities for the Years Ended June 30,

	Governmental Activities		Business-Type Activities	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Revenues</u>				
Operating revenues				
Operating grants/contributions	\$ 107,971	\$ 107,971	\$ -	\$ -
Charges for services	4,704,117	12,123,510	163,692	165,031
General revenues				
GASB 68 Pension Benefit	100,729	28,911	-	-
Transfer	3,291	22,084	(3,291)	(22,084)
Interest	4,045	3,936	32,937	35,225
Total Revenues	<u>4,920,153</u>	<u>12,286,412</u>	<u>193,338</u>	<u>178,172</u>
<u>Expenses</u>				
General and administration	18	1,517	145,380	126,273
Project costs	<u>4,590,615</u>	<u>12,075,414</u>	-	-
Total Expenses	<u>4,590,633</u>	<u>12,076,931</u>	<u>145,380</u>	<u>126,273</u>
Change in net position	329,520	209,481	47,958	51,899
Net position at beginning of year	<u>1,119,213</u>	<u>909,732</u>	<u>369,800</u>	<u>317,901</u>
Net position at end of year	<u>\$ 1,448,733</u>	<u>\$ 1,119,213</u>	<u>\$ 417,758</u>	<u>\$ 369,800</u>

Governmental Activities

It is not unusual for charges for service and project costs to change substantially from year to year. Such revenues and related costs are dependent upon the Commission acquiring new grants and the requirements of those projects.

Overall, charges for services decreased by \$7,419,393 as the Commission spent down funding for the region's broadband project and housing assistance grants. Related project costs, primarily contract services, decreased by \$7,484,799 as the Commission neared completion on these grant programs for the benefit of residents in the Northern Neck region.

The GASB 68 pension benefit of \$100,729 was based on the most recent actuarial valuation performed on the Virginia Retirement Service pension plan. The benefit occurred as a result of changes in assumptions, and strong earnings on plan investments.

Federal grant revenue was lower than budgeted by \$2,315,332, due to timing differences on spending from the broadband, housing, and other grants, total grant revenue was lower by \$1,246,732 and miscellaneous revenue was lower by \$1,428,204.

Contractual services expenses were lower than budgeted by \$5,374,379 as a result of the timing differences of expenses on the Northern Neck broadband and housing grants.

Business-Type Activities

Overall operating expenses for business-type activities increased by \$19,107 from the prior year. Higher property maintenance and utilities costs were the primary components of that increase.

Capital Assets

The capital assets in the governmental funds consist of computer equipment and furniture used in the governmental activities of the Commission.

Included in proprietary fund fixed assets is an office-building complex located in Warsaw, Virginia. The buildings were purchased in August 2003 for \$1,004,885, with a \$457,000 building improvement project completed in FY2020. The Commission's offices occupy a portion of the building, with the remainder leased out primarily to other state and local entities.

Long-Term Debt

The Commission's General fund long-term debt consists of a ten-year term mortgage loan with a local bank that is secured by the Commission's land and buildings in the amount of \$647,792. The loan requires interest payments of 2.69% on March 1 and September 1 of each year, and an annual principal payment each March 1 through 2032.

Economic Factors and Future Outlook

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

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 457 Main Street, Warsaw, Virginia, 22572.

NORTHERN NECK PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,706,209	\$ -	\$ 2,706,209
Accounts receivable	542,929	-	542,929
Lease receivable	-	773,401	773,401
Accrued interest	-	2,578	2,578
Prepaid expenses	14,745	-	14,745
Net pension asset	414,046	-	414,046
Capital assets, net	21,062	1,023,029	1,044,091
Total Assets	<u>3,698,991</u>	<u>1,799,008</u>	<u>5,497,999</u>
DEFERRED OUTFLOWS OF RESOURCES			
Employer contributions subsequent to the measurement date	10,070	-	10,070
Total Deferred Outflows of Resources	<u>10,070</u>	<u>-</u>	<u>10,070</u>
LIABILITIES			
Accounts payable and accrued expenses	180,178	-	180,178
Accrued annual leave	28,864	-	28,864
Deferred revenue	1,836,728	-	1,836,728
Revolving loan fund	140,764	-	140,764
Long-term liabilities			
Due within one year	-	73,654	73,654
Due in more than one year	-	574,138	574,138
Total Liabilities	<u>2,186,534</u>	<u>647,792</u>	<u>2,834,326</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on plan investments	73,794	-	73,794
Lease related	-	733,458	733,458
Total Deferred Inflows of Resources	<u>73,794</u>	<u>733,458</u>	<u>807,252</u>
NET POSITION			
Net investment in capital assets	21,062	375,237	396,299
Unrestricted	1,427,671	42,521	1,470,192
Total Net Position	<u>\$ 1,448,733</u>	<u>\$ 417,758</u>	<u>\$ 1,866,491</u>

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

NORTHERN NECK PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities						
General government and administration	\$ 18	\$ -	\$ 107,971	\$ 107,953	\$ -	\$ 107,953
Projects	4,590,615	4,704,117	-	113,502	-	113,502
Total Governmental Activities	4,590,633	4,704,117	107,971	221,455	-	221,455
Business-type activities						
Rental	145,380	163,692	-	-	18,312	18,312
Total Business-Type Activities	145,380	163,692	-	-	18,312	18,312
Total government	\$ 4,736,013	\$ 4,867,809	\$ 107,971	221,455	18,312	239,767
General revenues and transfers:						
GASB 68 pension adjustment				100,729	-	100,729
Transfers				3,291	(3,291)	-
Lease interest				-	32,937	32,937
Investment earnings				4,045	-	4,045
Total general revenues and transfers				108,065	29,646	137,711
Change in net position				329,520	47,958	377,478
Net position - beginning of year				1,119,213	369,800	1,489,013
Net position - end of year				<u>\$ 1,448,733</u>	<u>\$ 417,758</u>	<u>\$ 1,866,491</u>

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

NORTHERN NECK PLANNING DISTRICT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2024

	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,706,209
Accounts receivable	542,929
Prepaid expenses	<u>14,745</u>
Total Assets	<u><u>\$ 3,263,883</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 180,178
Deferred revenue	1,836,728
Revolving loan fund	<u>140,764</u>
Total Liabilities	<u>2,157,670</u>
FUND BALANCES	
Nonspendable	14,745
Unassigned	<u>1,091,468</u>
Total Fund Balances	<u>1,106,213</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,263,883</u></u>
Reconciliation of governmental funds balance sheet to the statement of net position	
Fund balances - total governmental funds	\$ 1,106,213
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	21,062
Long-term liabilities and related deferred items, are not due and payable in the current period and therefore are not reported in the funds	
Employer contributions subsequent to the measurement date	10,070
Net pension asset	414,046
Accrued annual leave	(28,864)
Net difference between projected and actual earnings on plan investments	<u>(73,794)</u>
Net Position of Governmental Activities	<u><u>\$ 1,448,733</u></u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

REVENUES

Grants and appropriations:	
Federal grants	\$ 1,349,097
State grants and appropriations	792,813
Local grants and appropriations	322,768
Other revenue:	
Interest	4,045
Miscellaneous	2,347,058
Total Revenues	<u>4,815,781</u>

EXPENDITURES

Current Operating:	
Local share of tax collection	2,121,747
Contractual services	1,508,686
Salaries	424,213
Employee benefits and payroll taxes	203,380
Marketing and promotion	90,757
In-kind	64,500
Office rent	30,000
Supplies	20,667
Travel	17,436
Memberships	14,388
Professional fees	12,637
Equipment lease	12,555
Miscellaneous	12,420
Telephone	11,025
Postage	10,087
Insurance	9,991
Commissioners expense	5,376
Printing	5,307
Total Expenditures	<u>4,575,172</u>
Excess of Revenues Over Expenditures	240,609

OTHER FINANCING SOURCES

Transfers in	<u>3,291</u>
Net Change in Fund Balances	243,900
FUND BALANCES - Beginning of year	<u>862,313</u>
FUND BALANCES - End of year	<u><u>\$ 1,106,213</u></u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

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

Net Change in Fund Balances - Total Government Funds	\$ 243,900
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Amounts reported for governmental activities in the statement of
activities are different because:

The net revenue (expense) of internal service funds is reported with governmental activities on the Statement of Activities.	47,958
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Some items reported in the statement of activities do not require
the use of current financial resources and therefore are not reported
as expenditures in the government funds. These activities consist of:

GASB 68 pension adjustment	100,729
Decrease in accrued annual leave	(6,915)

Government 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. In the current period
these amounts are:

Depreciation expense	<u>(8,194)</u>
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Change in net position of governmental activities	<u><u>\$ 377,478</u></u>
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NORTHERN NECK PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

ASSETS

Capital assets, net	\$ 1,023,029
Lease receivable	773,401
Accrued interest	<u>2,578</u>
 Total Assets	 <u>1,799,008</u>

LIABILITIES

Long-term liabilities	
Due within one year	73,654
Due in more than one year	<u>574,138</u>
 Total Liabilities	 <u>647,792</u>

DEFERRED INFLOWS OF RESOURCES

Lease related	<u>733,458</u>
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NET POSITION

Net investment in capital assets	375,237
Unrestricted	<u>42,521</u>
 Total Net Position	 <u><u>\$ 417,758</u></u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

Operating Revenue	
Rent income	\$ 163,692
Total Operating Revenue	<u>163,692</u>
Operating Expenses	
Depreciation and amortization	34,167
Salaries	23,092
Building maintenance	38,025
Utilities	18,708
Indirect costs	5,298
Insurance	3,132
Fringe benefits	1,910
Real estate tax	1,134
Contractual and professional	227
Supplies	21
Total Operating Expenses	<u>125,714</u>
Operating Income	<u>37,978</u>
Non-Operating Revenues (Expenses)	
Interest income	32,937
Interest expense	<u>(19,666)</u>
Total Non-Operating Revenues (Expenses)	<u>13,271</u>
Income Before Transfers	51,249
Transfers out	<u>(3,291)</u>
Change in Net Position	<u>47,958</u>
Net Position - Beginning of Year	<u>369,800</u>
Net Position - End of Year	<u><u>\$ 417,758</u></u>

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

NORTHERN NECK PLANNING DISTRICT COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:	
Cash received from customers	\$ 186,228
Cash payments to suppliers	<u>(91,547)</u>
Net Cash Provided by Operating Activities	<u>94,681</u>
Cash flows from capital and related financing activities:	
Transfer to general fund	(3,291)
Principal payment on loans	(71,724)
Interest payments on debt	<u>(19,666)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(94,681)</u>
Change in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>
 Reconciliation of Operating Income	
to Net Cash Provided by Operating Activities	
Operating income	\$ 37,978
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities:	
Depreciation and amortization	34,167
GASB 87 rental adjustment	<u>22,536</u>
Net Cash Provided by Operating Activities	<u><u>\$ 94,681</u></u>

NORTHERN NECK PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Accounting Policies

The Northern Neck Planning District Commission No. 17 (The "Commission") was established September 1, 1979 under the Virginia Area Development Act (Title 15.1, Chapter 34, Sections 15.1 - 1400, et seq., Code of Virginia (1950) as amended). The Commission promotes, encourages and assists the counties of Northumberland, Richmond, Westmoreland and Lancaster in the orderly and efficient development for the future. Commission funding is obtained from member jurisdictions' contributions, from funds provided by the Commonwealth of Virginia, and from Federal, state and local grants and contracts for specified projects designed to further the Commission's goals and objectives. 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 four 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) Financial Statement Presentation - The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities. The governmental activities of the Commission are supported by intergovernmental revenues.

The government-wide Statement of Net Position reports assets as restricted when externally imposed constraints on those assets are in effect. Internally imposed designations are not presented as restricted net assets.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate fund financial statements are provided for governmental funds and proprietary funds. The governmental funds and the proprietary funds are reported on separate balance sheets and statements of revenues, expenditures, and changes in fund balances (fund equity). The proprietary fund reporting also includes a statement of cash flows. The accounts are organized on the basis of fund classification, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Funds are transferred from the governmental fund to the proprietary fund as necessary to assist with debt payments. The various funds are grouped in the financial statements as follows:

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The individual Governmental Fund of the Commission is the General Fund, which accounts for all revenues and expenditures applicable to the general operation of the Commission that are not accounted for in other funds.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Commission's Proprietary Fund consists of an Enterprise Fund which accounts for the financing of the building of which a portion houses the Commission, and the remaining space is rented to other governmental agencies. Operating revenues consist of rent collected from tenants.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

- (c) **Basis of Accounting** - The Commission's basic financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally sixty days. The Commission considers grant revenue as available when the grant expenditure is made since the expenditure is the prime factor for determining eligibility. Expenditures are recorded when the related fund liability is incurred.

The Commission is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through February 30, 1989 that do not conflict with or contradict Government Accounting Standards Board (GASB) pronouncements. The Commission has chosen not to apply any FASB pronouncements after that date.

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

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted, as they are needed. The Commission may defer the use of restricted assets based on a review of the specific transaction.

- (f) **Project Expenditures** - The costs of goods and services which are identifiable for specific projects are directly charged to those projects at the time costs are incurred. Indirect costs are allocated to projects as described in Note 9. Personnel costs for Commission employees, including overtime and compensatory time worked are direct charges to the appropriate projects. Expenses of annual, sick, and other types of paid leave and fringe benefits are allocated to projects as described in Note 10 and Note 11.
- (g) **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.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

- (h) Accounts Receivable - Accounts receivable is reported at their gross value when earned as the underlying exchange transaction occurs. Receivables related to non-exchange transactions are recognized when their eligibility requirements have been met. Receivables are reduced by the estimated portion that is expected to be uncollectible based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivable's collectible at June 30, 2024, and no allowance for doubtful accounts has been provided.
- (i) Capital Assets - Capital outlays are recorded as expenditures of the Governmental Funds and as assets in the government-wide financial statements to the extent the Commission's capitalization threshold of \$1,000 is met.

All capital assets are valued at historical cost. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

The estimated lives are as follows:

Equipment	3-5 years
Furniture	7 years
Buildings	15-39 years

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

- (j) 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 and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period.

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

- (k) Employee Leave Benefits - 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, but the maximum amount carried over may not exceed twenty days of such leave. The liability for accrued vacation is \$28,864 as of June 30, 2024. Because this amount is expected to be liquidated with the expendable available financial resources, it has been recorded as a liability in the General Fund.

All employees receive eighteen sick days a year. Sick leave may be carried over from one fiscal year to the next, but the maximum accumulated may not exceed 120 days. Upon termination or retirement, employees are entitled to receive compensation at their current base salary for all unused vacation leave. Unused sick leave is canceled upon termination of employment, with no compensation to the employee.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

- (l) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (m) Advertising Costs - Advertising costs are expensed as incurred.
- (n) Interfund Transfers - Transfers between the governmental and business-type funds are made based on funds required for debt service over or under the net cash flows from the activity.

NOTE 2 - Cash and Cash Equivalents

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. Cash and cash equivalents include amounts in demand deposits as well as short-term, highly liquid investments with a maturity date within three months of the date acquired by the Commission. Deposits are carried at cost, which approximates fair value. At year end, the carrying value of the Commission's checking account balances was \$75,044, and the balance in the account was \$245,166. The Commission's balance in their money market account as of June 30, 2024 was \$2,631,165.

There is no custodial credit risk to these accounts, as the entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FSLIC limits. The State Treasury Board is responsible for monitoring compliance by banks and savings and loans. Accordingly, there is no custodial risk for either of the accounts as they are fully collateralized. In addition, there is no interest rate risk as the interest rates are adjusted daily.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 3 - Loans Receivable

The Commission operated a revolving loan program to provide low or no interest loans for wastewater projects in the Northern Neck region. All loans were retired in the current year. Bad debt expense for the year was \$0.

NOTE 4 - Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Governmental Activities:				
Equipment	\$ 70,088	\$ -	\$ -	\$ 70,088
Less:				
Accumulated Depreciation	<u>40,832</u>	<u>8,194</u>	<u>-</u>	<u>49,026</u>
Governmental activities				
Capital Assets, net	<u>\$ 29,256</u>	<u>\$ (8,194)</u>	<u>\$ -</u>	<u>\$ 21,062</u>
Business-Type Activities:				
Buildings	\$1,492,553	\$ -	\$ -	\$1,492,553
Bond insurance	8,974	-	-	8,974
Refinance costs	19,313	-	-	19,313
Less:				
Accumulated Depreciation	<u>463,644</u>	<u>34,167</u>	<u>-</u>	<u>497,811</u>
Business-Type Activities				
Capital Assets, net	<u>\$1,057,196</u>	<u>\$(34,167)</u>	<u>\$ -</u>	<u>\$1,023,029</u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 - Lease Receivables

The Commission entered into various agreements to sub-lease a portion of their office space. The Commission recognized \$131,084 in lease revenue and \$32,937 in interest revenue during the current fiscal year related to long-term leases. As of June 30, 2024, the Commission's receivable for lease payments was \$773,401. Also, the Commission has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June, 30, 2024, the balance of deferred inflow of resources was \$733,458.

NOTE 6 - Loan Payable

On August 8, 2019, the Commission obtained an \$800,000 construction loan to pay off the existing bonds payable and fund certain building improvements. The loan called for monthly interest payments at a rate of 5.5% for the first two years of the loan, annual payments of principal and interest in the amount of \$67,388 in years three through five, with a balloon payment of the remaining balance to be paid on August 8, 2025. On April 7, 2022, the loan was modified with a fixed interest payment of 2.69% paid twice annually, and an annual principal payment on March 1 of each year beginning March 1, 2023.

Mandatory debt service requirements consist of the following:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 73,654	\$17,425	\$ 91,079
2026	75,635	15,444	91,079
2027	77,669	13,410	91,079
2028	79,759	11,320	91,079
2029	81,960	9,119	91,079
Thereafter	<u>259,115</u>	<u>14,124</u>	<u>273,239</u>
Total	<u>\$647,792</u>	<u>\$80,842</u>	<u>\$728,634</u>

NOTE 7 - Debt Service Payments

	Opening Balance	Increases	Decreases	Ending Balance
Mortgage Payable	<u>\$719,516</u>	<u>\$ -</u>	<u>\$71,724</u>	<u>\$647,792</u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - 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 a 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 defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Same as Plan 1.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

<p>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.</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • 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. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>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.</p>
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NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a 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.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>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 required to match those voluntary contributions according to specified percentages</p>
<p>Service Credit Creditable service includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total 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.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

<p>Vesting (continued) Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>Vesting (continued) <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> • 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 or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> 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.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

<p>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%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>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.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>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%.</p> <p>Eligibility: Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contribution Component: Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

<p><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:</p> <ul style="list-style-type: none"> • 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 or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>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.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>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.</p>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.
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Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	9
Inactive Members	
Vested inactive members	1
Non-vested inactive members	3
Inactive members active elsewhere in VRS	8
Total Inactive Members	12
Active Members	5
Total covered employees	26

Contributions

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

The Commission's contractually required contribution rate for the year ended June 30, 2024 was 2.90% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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. Contribution to the pension plan from the Commission were \$10,706 and \$9,421 for the years ended June 30, 2024 and 2023, respectively.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension asset determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension asset was measured as of June 30, 2023. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions – General Employees

The total pension asset for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forwards 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forwards 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRC Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS – Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP – Private Investment Partnerships	2.00%	7.18%	0.14%
PIP – Private Investment Partnerships	<u>1.00%</u>	1.20%	<u>0.01%</u>
Total	100.00%		5.75%
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return*		<u>8.25%</u>

* The above allocation provides a one-year return 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023 the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Change in Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances at June 30, 2022	\$1,790,127	\$2,082,727	\$ (292,600)
Changes for the year:			
Service cost	43,648	-	43,648
Interest	121,737	-	121,737
Changes of assumptions	-	-	-
Differences between expected and actual experience	(125,999)	-	(125,999)
Contributions – employer	-	9,355	(9,355)
Contributions – employee	-	18,355	(18,355)
Net investment income	-	134,406	(134,406)
Benefit payments, including refunds of employee contributions	(60,542)	(60,542)	-
Administrative expense	-	(1,338)	1,338
Other changes	-	54	(54)
Net changes	(21,156)	100,290	(121,446)
Balances at June 30, 2023	<u>\$1,768,971</u>	<u>\$2,183,017</u>	<u>\$ (414,046)</u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Pension Plan (Continued)

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

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Commission's Net Pension Liability	\$(217,538)	\$(414,046)	\$(575,901)

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

For the year ended June 30, 2024, the Commission recognized pension expense of \$(90,725). At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$40,865
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	32,929
Employer contributions subsequent to the Measurement Date	<u>10,070</u>	<u>-</u>
Total	<u>\$10,070</u>	<u>\$73,794</u>

\$10,070 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	
2025	\$ (64,712)
2026	(39,901)
2027	29,812
2028	1,007
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 *Comprehensive Annual Financial Report* (CAFR). A copy of the 2023 VRS CAFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at PO Box 2500, Richmond, VA 23218-2500.

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2024 is calculated as follows:

Indirect costs	<u>\$134,388</u>
Total direct salaries, leave, and fringe benefits	\$634,199 = 21.19%

The following are included in indirect costs allocated to projects:

Occupancy costs	\$ 30,000
Salaries	18,111
Professional fees	12,609
Supplies	11,335
Telephone	11,025
Equipment lease	9,629
Postage	8,675
Depreciation	8,193
Fringe benefits	7,201
Insurance	5,401
Commissioners expense	5,376
Memberships and subscriptions	4,987
Travel and conferences	1,276
Miscellaneous	<u>570</u>
Total	<u>\$134,388</u>

NOTE 10 - 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, 2024 is calculated as follows:

Fringe benefit expense	<u>\$127,020</u>
Total salaries	\$532,491 = 23.85%

Components of fringe benefit expense for the year ended June 30, 2024 are shown below:

Health insurance	\$ 61,250
Social Security and Medicare taxes	44,039
Retirement	15,354
Group life	<u>6,377</u>
Total Fringe Benefits	<u>\$127,020</u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 11 - 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 are based on the amount of leave actually taken. Components for the leave allocation for the year ended June 30, 2024, are shown below:

Annual	\$33,228
Holiday	26,676
Sick	<u>18,367</u>
Total	<u>\$78,271</u>

The leave allocation rate for the fiscal year ended June 30, 2024, is calculated as follows:

Leave allocation	\$ <u>78,271</u>	
Total salaries excluding leave	\$454,220	= 17.23%

NOTE 12 – Lease Commitments

The Commission leases office equipment under various five-year operating leases which expire on various dates through October 31, 2026. Rent is payable monthly in the amount of \$560, plus payments for excess copies. Total cost under these leases was \$9,629 for the year ended June 30, 2024. Future minimum lease payments required as of June 30, 2024, under operating leases that have initial non-cancelable lease terms exceeding one year, are as follows:

2025	\$ 7,776
2026	2,736
2027	<u>912</u>
Total	<u>\$11,424</u>

NOTE 13 – 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, 2024, 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 14 – Evaluation of Subsequent Events

The Commission has evaluated subsequent events through February 28, 2025, the date which the financial statements were available to be issued.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
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
Northern Neck 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, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia the financial statements of governmental activities, the business-type activities and the aggregate remaining fund information of Northern Neck Planning District Commission, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Northern Neck Planning District Commission's basic financial statements, and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants
Chantilly, Virginia

February 28, 2025

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
Chantilly, VA 20151

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commissioners
Northern Neck Planning District Commission

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Neck Planning District Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Neck Planning District Commission's major federal programs for the year ended June 30, 2024. Northern Neck Planning District Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northern Neck Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responses under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northern Neck Planning District Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriated to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northern Neck Planning District Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northern Neck Planning District Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northern Neck Planning District Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Northern Neck Planning District Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northern Neck Planning District Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Northern Neck Planning District Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion of the effectiveness of Northern Neck Planning District Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

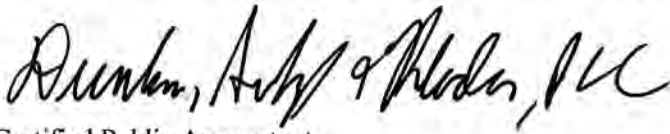
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink, appearing to read "Dunkley, Arby & Rhoden, LLC", is written over the printed name of the firm.

Certified Public Accountants
Chantilly, Virginia

February 28, 2025

**NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Program</u>		Federal CFDA Number	<u>Expenditures</u>
Major Program			
Department of Treasury			
Pass-through payments - Virginia Department of Housing and Community Development			
Coronavirus State and Local Fiscal Recovery Funds	UPC00001236611	21.027	\$ 341,974
Coronavirus State and Local Fiscal Recovery Funds	VDH-SWAP-D2P1-02-ER	21.027	571,722
Total Department of Treasury			<u>913,696</u>
Other Federal Awards			
Environmental Protection Agency			
Pass-through payments - Virginia Department of Environmental Quality			
LPIS Septic Pumpout	17371	66.466	<u>15,625</u>
Department of Transportation			
Pass-through payments - Virginia Department of Transportation			
Transportation Services	UPC00001236611	20.205	58,000
Pass-through payments - Virginia Department of Rail and Public Transportation			
Strategic Plan	46024-53	20.205	<u>9,903</u>
Total Department of Transportation			<u>67,903</u>
Department of Homeland Security			
Pass-through payments - Virginia Department of Emergency Management			
Hazard Mitigation Grant	FMA-PJ-03-VA-2018-004	97.029	<u>187,308</u>
Department of Interior			
Tourism		15.930	<u>48,929</u>
Department of Commerce			
Economic Development Support for Planning Organizations	22PHI3020051	11.302	58,166
Pass-through payments - Virginia Department of Environmental Quality			
Coastal Zone Management	NA22NOS4190255	11.419	3,115
Coastal Zone Management	NA23NOS4190255	11.419	53,075
Pass-through payments - Accomack-Northampton PDC			
Ecotourism	NA22NOS4190187	11.419	<u>1,280</u>
Total Department of Commerce			<u>115,636</u>
Total Federal Awards			<u>\$ 1,349,097</u>

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northern Neck Planning District Commission. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - Indirect Cost Rate

The Commission has elected not to use the 10% de minimus indirect cost rate.

NORTHERN NECK PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified ☐ Yes ☒ No

- Significant deficiency(ies) identified ☐ Yes ☒ none reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified ☐ Yes ☒ No

- Significant deficiency(ies) identified ☐ Yes ☒ none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? ☐ Yes ☒ No

Identification of major programs

CFDA Number

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUE			
Grants and appropriations:			
Federal grants	\$ 3,664,429	\$ 1,349,097	\$ (2,315,332)
State grants and appropriations	1,152,461	792,813	(359,648)
Local grants and appropriations	1,569,500	322,768	(1,246,732)
Other revenue:			
Interest	2,000	4,045	2,045
Miscellaneous	1,589,015	160,811	(1,428,204)
TOTAL REVENUES	<u>7,977,405</u>	<u>2,629,534</u>	<u>(5,347,871)</u>

EXPENDITURES			
Current Operating:			
Contractual services	6,883,065	1,508,686	5,374,379
Salaries	508,400	431,128	77,272
Employee benefits and payroll taxes	125,200	203,380	(78,180)
Marketing and promotion	80,959	90,757	(9,798)
Occupancy costs	30,000	30,000	-
Supplies	10,000	20,667	(10,667)
Travel	13,000	17,436	(4,436)
Memberships	14,000	14,388	(388)
Professional fees	12,000	12,637	(637)
Equipment lease	12,000	12,555	(555)
Miscellaneous	67,400	12,420	54,980
Telephone	10,000	11,025	(1,025)
Postage	5,000	10,087	(5,087)
Insurance	12,000	9,991	2,009
Commissioners expenses	9,000	5,376	3,624
Printing	7,000	5,307	1,693
TOTAL EXPENSES	<u>7,799,024</u>	<u>2,395,840</u>	<u>5,403,184</u>
NET GAIN - BUDGETARY BASIS	<u>\$ 178,381</u>	<u>\$ 233,694</u>	<u>\$ 55,313</u>

Reconciliation of financial statements prepared under
generally accepted accounting principles

Net Gain - Budgetary Basis	\$ 233,694
Effect of not recording depreciation in budget	(8,194)
GASB 68 pension benefit	100,729
Transfers from proprietary funds	<u>3,291</u>
Net income under generally accepted accounting principles	<u>\$ 329,520</u>

NORTHERN NECK PLANNING DISTRICT COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM

For the Year Ended June 30, 2024

NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Transportation Services	DRPT Strategic Plan	Waterway Maintenance Fund
Revenues				
Federal	\$ -	\$ 58,000	\$ 9,903	\$ -
State	89,971	-	10,765	106,804
Local	18,000	-	-	-
Interest	4,045	-	-	-
Other	5,932	-	-	-
Total Revenues	<u>117,948</u>	<u>58,000</u>	<u>20,668</u>	<u>106,804</u>
Expenditures				
Salaries	-	38,776	1,748	-
Fringe benefits	-	24,368	628	-
In-kind expenses	-	-	-	-
Supplies	-	-	-	-
Postage	-	-	-	-
Marketing and promotion	-	-	-	-
Memberships	-	-	-	-
Printing	-	-	-	-
Other expenses	18	-	-	-
Local share	-	-	-	-
Contractual fees	-	-	18,650	77,306
Travel	-	-	-	-
Indirect costs	-	13,380	503	-
Total Expenditures	<u>18</u>	<u>76,524</u>	<u>21,529</u>	<u>77,306</u>
Revenues Over (Under)				
Expenditures	117,930	(18,524)	(861)	29,498
Other Financing Sources				
Interfund Transfers	107,573	18,524	-	861
	<u>107,573</u>	<u>18,524</u>	<u>-</u>	<u>861</u>
Revenues and General Fund Support				
Over Expenditures	<u>\$ 225,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024

Cigarette Tax Board	Housing Grant	Northern Neck Broadband	Assign- A-Highway Program	Coastal Programs	Water Improvement Planning
\$ -	\$ -	\$ 341,974	\$ -	\$ 73,095	\$ -
-	382,713	-	36,407	2,999	75,664
-	-	-	-	20,000	-
-	-	-	-	-	-
2,237,810	-	40,000	-	64,500	250
<u>2,237,810</u>	<u>382,713</u>	<u>381,974</u>	<u>36,407</u>	<u>160,594</u>	<u>75,914</u>
18,501	23,260	-	17,731	41,979	27,097
5,171	15,395	-	7,978	24,580	17,934
-	-	-	-	64,500	-
6,026	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,995	219	902
2,121,748	-	-	-	-	-
-	335,845	-	-	17,466	5,000
1,590	22	325,000	255	3,294	1,820
5,016	8,191	-	5,448	14,104	9,542
<u>2,158,052</u>	<u>382,713</u>	<u>325,000</u>	<u>36,407</u>	<u>166,142</u>	<u>62,295</u>
79,758	-	56,974	-	(5,548)	13,619
<u>(79,758)</u>	<u>-</u>	<u>(56,974)</u>	<u>-</u>	<u>5,548</u>	<u>(13,619)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Rideshare</u>	<u>EDA</u>	<u>Hazrd Mitigation</u>	<u>Tourism</u>
Revenues				
Federal	\$ -	\$ 58,166	\$ 187,308	\$ 48,929
State	47,490	-	-	40,000
Local	-	-	-	39,700
Interest	-	-	-	-
Other	-	-	19,200	(27,355)
Total Revenues	<u>47,490</u>	<u>58,166</u>	<u>206,508</u>	<u>101,274</u>
Expenditures				
Salaries	17,356	67,568	4,957	-
Fringe benefits	6,235	29,345	1,759	-
In-kind expenses	-	-	-	-
Supplies	-	159	-	709
Postage	-	-	-	495
Marketing and promotion	30,438	-	-	57,774
Memberships	1,275	-	-	-
Printing	-	-	-	-
Other expenses	-	2,440	28	925
Local share	-	-	-	-
Contractual fees	-	-	150,619	37,731
Travel	-	1,082	105	3,640
Indirect costs	4,999	20,536	1,423	-
Total Expenditures	<u>60,303</u>	<u>121,130</u>	<u>158,891</u>	<u>101,274</u>
Revenues Over (Under)				
Expenditures	(12,813)	(62,964)	47,617	-
Other Financing Sources				
Interfund Transfers	<u>12,813</u>	<u>62,964</u>	<u>(47,617)</u>	<u>-</u>
Revenues and General Fund Support				
Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024

Ambulance Billing Services	Local Housing and Revitalization Projects	SWAP	Local Loan Service Fees	Public Access Authority	Total
\$ -	\$ -	\$ 571,722	\$ -	\$ -	\$ 1,349,097
-	-	-	-	-	792,813
148,029	97,039	-	-	-	322,768
-	-	-	-	-	4,045
-	-	-	5,685	1,036	2,347,058
<u>148,029</u>	<u>97,039</u>	<u>571,722</u>	<u>5,685</u>	<u>1,036</u>	<u>4,815,781</u>
69,828	59,345	24,871	-	-	413,017
25,086	21,238	16,461	-	-	196,178
-	-	-	-	-	64,500
2,112	(1,044)	-	-	-	7,962
-	-	-	-	-	495
-	2,544	-	-	-	90,756
-	-	-	-	-	1,275
5,307	-	-	-	-	5,307
23,392	-	-	-	1,036	33,955
-	-	-	-	-	2,121,748
-	19,438	521,631	-	-	1,183,686
2,193	3,309	-	-	-	342,310
20,112	17,076	8,758	-	-	129,088
<u>148,030</u>	<u>121,906</u>	<u>571,721</u>	<u>-</u>	<u>1,036</u>	<u>4,590,277</u>
(1)	(24,867)	-	5,685	-	225,504
<u>1</u>	<u>24,867</u>	<u>-</u>	<u>(5,685)</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>225,503</u>

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

NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE PLAN YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 43,648	\$ 44,929	\$ 39,366	\$ 36,376	\$ 30,038	\$ 29,864	\$ 28,416	\$ 29,683	\$ 31,080	\$ 35,800
Interest on total pension liability	121,737	113,802	105,773	101,514	97,900	96,244	99,749	96,996	95,005	89,594
Changes of assumptions	-	-	37,882	-	37,424	-	(2,615)	-	-	-
Differences between expected and actual experience	(125,999)	19,643	(50,593)	(17,006)	(3,423)	(47,799)	(116,552)	(28,440)	(47,509)	-
Benefit payments, including refunds of employee contributions	(60,542)	(58,537)	(58,290)	(57,272)	(55,931)	(53,390)	(64,737)	(53,081)	(47,199)	(48,995)
Net change in total pension liability	(21,156)	119,837	74,138	63,612	106,008	24,919	(55,739)	45,158	31,377	76,399
Total pension liability - beginning	1,790,127	1,670,290	1,596,152	1,532,540	1,426,532	1,401,613	1,457,352	1,412,194	1,380,817	1,304,418
Total pension liability - ending (a)	\$ 1,768,971	\$ 1,790,127	\$ 1,670,290	\$ 1,596,152	\$ 1,532,540	\$ 1,426,532	\$ 1,401,613	\$ 1,457,352	\$ 1,412,194	\$ 1,380,817
Plan fiduciary net position										
Contributions - employer	9,355	9,332	8,079	5,502	5,213	16,186	\$ 16,156	\$ 31,269	\$ 31,791	\$ 19,418
Contributions - employee	18,355	18,266	29,256	16,610	14,262	13,701	19,562	13,051	13,269	12,775
Net investment income	134,406	(2,207)	461,083	32,056	106,835	112,529	168,848	24,112	60,371	181,116
Benefits payments	(60,542)	(58,537)	(58,290)	(57,272)	(55,931)	(53,390)	(64,737)	(53,081)	(47,199)	(48,995)
Administrative expense	(1,338)	(1,318)	(1,138)	(1,101)	(1,070)	(972)	(987)	(850)	(816)	(980)
Other	54	49	43	(38)	(67)	(100)	(149)	(10)	(12)	9
Net change in plan fiduciary net position	100,290	(34,415)	439,033	(4,243)	69,242	87,954	138,693	14,491	57,404	163,343
Plan fiduciary net position - beginning	2,082,727	2,117,142	1,678,109	1,682,352	1,613,110	1,525,156	1,386,463	1,371,972	1,314,568	1,151,225
Plan fiduciary net position - ending (b)	\$ 2,183,017	\$ 2,082,727	\$ 2,117,142	\$ 1,678,109	\$ 1,682,352	\$ 1,613,110	\$ 1,525,156	\$ 1,386,463	\$ 1,371,972	\$ 1,314,568
Commission's Net Pension (Asset) Liability - Ending (a)-(b)	\$ (414,046)	\$ (292,600)	\$ (446,852)	\$ (81,957)	\$ (149,812)	\$ (186,578)	\$ (123,543)	\$ 70,889	\$ 40,222	\$ 66,249
Plan fiduciary net position as a percentage of the total Pension asset	123.41%	116.35%	126.75%	105.13%	109.78%	113.08%	108.81%	95.14%	97.15%	95.20%
Covered - employee payroll	\$ 377,338	\$ 380,896	\$ 392,794	\$ 361,499	\$ 351,637	\$ 283,386	\$ 277,829	\$ 225,050	\$ 265,371	\$ 265,371
Commission's net pension asset as percentage of covered-employee payroll	-109.73%	-76.82%	-113.76%	-22.67%	-42.60%	-65.84%	-44.47%	31.50%	15.18%	24.96%

NORTHERN NECK PLANNING DISTRICT COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH 2024

Date	Contractually Required Contributions (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 10,070	\$ 10,070	\$ -	\$ 454,220	2.22%
2023	\$ 9,421	\$ 9,421	\$ -	\$ 377,338	2.50%
2022	\$ 9,200	\$ 9,200	\$ -	\$ 380,896	2.42%
2021	\$ 8,080	\$ 8,080	\$ -	\$ 392,794	2.06%
2020	\$ 5,502	\$ 5,502	\$ -	\$ 361,499	1.52%
2019	\$ 5,212	\$ 5,212	\$ -	\$ 351,637	1.48%
2018	\$ 17,825	\$ 20,943	\$ (3,118)	\$ 283,386	7.39%
2017	\$ 17,475	\$ 17,125	\$ 350	\$ 277,829	6.16%
2016	\$ 26,961	\$ 31,472	\$ (4,511)	\$ 225,050	13.98%
2015	\$ 31,791	\$ 30,823	\$ 968	\$ 265,371	11.62%

NORTHERN NECK PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2024

NOTE 1 – Change of Benefit Terms

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

NOTE 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRC Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change