

**ACCOMACK-NORTHAMPTON
PLANNING DISTRICT COMMISSION**

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

DUNHAM, AUKAMP & RHODES, PLC

Certified Public Accountants

Chantilly, VA

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-6
Government-wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet – Governmental Fund	9
Statement of Revenues and Expenditures, and Changes in Fund Balance – Government Fund	10
Statement of Net Position – Proprietary Fund	11
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	12
Statement of Cash Flows – Proprietary Fund	13
Notes to Financial Statements	14-39
Schedule of Cost Allocation by Project	40
Schedule of Expenditures of Federal Awards	41-42
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 <i>Government Auditing Standards</i>	43-44
Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance	45-47
Schedule of Findings and Questioned Costs	48
Schedule of Revenues and Expenses – Budget and Actual (Budgetary Basis)	49
Schedule of Employer's Net Pension Liability and Related Ratios	50
Schedule of Employer Contributions	51
Notes to Required Supplementary Information	52

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Accomack-Northampton Planning District Commission
Accomac, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Accomack-Northampton Planning District Commission, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Accomack-Northampton Planning District 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Accomack-Northampton Planning District Commission, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Accomack-Northampton Planning District 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 the 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 the aggregate, that raise substantial doubt about the Accomack-Northampton Planning District Commission's ability to continue as a going concern for twelve months beyond the financial statement 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 opinions.

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 on the effectiveness of the Accomack-Northampton Planning District 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 Accomack-Northampton Planning District 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 information, the schedule of changes in the Commission's net pension liability and related ratios, and the schedule of employer contributions on pages 4 through 6 and pages 49 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Accomack-Northampton Planning District Commission's basic financial statements. The schedule of cost allocation by project, on page 40, and the schedule of expenditures of federal awards, on pages 41-42, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

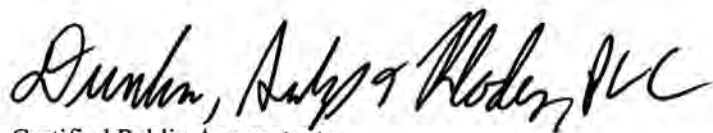
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024, on our consideration of the Accomack-Northampton Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Accomack-Northampton Planning District Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Accomack-Northampton Planning District Commission's internal control over financial reporting and compliance.



Certified Public Accountants
Chantilly, Virginia

November 18, 2024

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION

Management's Discussion and Analysis

Our discussion and analysis of the Commission's financial performance provide an overview of the Commission's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the accompanying financial statements that follow this section.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The notes to the financial statements also contain more detail on some of the important information presented in the financial statements.

The financial statements of the Commission report information about the Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net position. 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 presents information showing how the Commission's net position changed during the fiscal year. All changes in new assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future periods.

Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. The statement of net position presents the assets and liabilities, with the difference between the two reported as net position. The statement of activities and changes in net position shows in broad terms how the net position of the Commission changed during the fiscal year.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Net position is reported in three categories; investment in capital assets, unrestricted and restricted. The revenue supporting the activities and programs are classified under three broad categories: operating grants and contributions, capital grants and contributions and charges for services. Grant revenue received that is passed through to another entity is classified as operating even if the funds are ultimately used capital purposes.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Commission reporting entity can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

Proprietary Funds. The business-type activities of the Commission are reported as a proprietary fund. Proprietary funds provide the same type of information as the business-type activity column of the government-wide financial statements, only in more detail. The three statements included for the proprietary fund are the balance sheet, the statement of revenues, expenses and changes in fund balance, and the statement of cash flows.

Financial Analysis

Summary Statement of Net Position

	Governmental Activities		Business-Type Activities	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets:				
Current Assets	\$2,558,535	\$2,055,719	\$197,335	\$142,068
Noncurrent Assets	262,785	281,625	-	-
Capital Assets (net)	<u>-</u>	<u>-</u>	<u>270,092</u>	<u>300,709</u>
Total Assets	<u>2,821,320</u>	<u>2,337,344</u>	<u>467,447</u>	<u>442,777</u>
Deferred Outflows	<u>71,049</u>	<u>132,843</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	719,262	543,587	-	-
Long-term Liabilities	<u>11,215</u>	<u>30,966</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>730,477</u>	<u>574,553</u>	<u>-</u>	<u>-</u>
Deferred Inflows	<u>125,893</u>	<u>247,050</u>	<u>-</u>	<u>-</u>
Net Position:				
Invested in Capital Assets	-	-	270,092	300,709
Unrestricted	1,535,999	1,148,584	197,355	142,068
Restricted	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$2,035,999</u>	<u>\$1,648,584</u>	<u>\$467,447</u>	<u>\$442,777</u>

Governmental activities net position increased \$387,415 from the prior year. This increase is a result of current year earnings from operations of \$311,666, and \$75,749 of GASB 68 pension and GASB 75 OPEB income based on the June 30, 2023 actuarial valuation performed.

Current year increases in deferred revenues from advances on short-term housing assistance and other projects projects caused current liabilities to increase by \$175,675.

Business-type capital assets decreased by \$30,617 due to \$16,923 of depreciation taken on the Commission's assets. Net of a piece of land sold for \$13,694.

Restricted net assets consist of a restricted grant the Commission received in a prior year for \$500,000 that is restricted solely for use in business development activities in the region.

Deferred outflows of resources decreased by \$61,794, and deferred inflows of resources decreased by \$121,157 as a result of the required GASB 68 pension adjustment based on the current year actuarial valuation. Additionally, the net pension asset decreased by \$3,365 from the prior year as a result of the current year actuarial valuation. This change was the largest portion of the reduced noncurrent assets.

Summary Statement of Activities

	Governmental Activities		Business-Type Activities	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 3,100,806	\$1,983,521	\$56,400	\$56,400
Operating Expenses	<u>2,806,792</u>	<u>1,894,638</u>	<u>31,746</u>	<u>33,728</u>
Net Revenues	294,014	88,883	24,654	22,672
Interest and other	17,652	30,213	16	13
Pension/OPEB Income (Expense)	<u>75,749</u>	<u>28,692</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 387,415</u>	<u>\$ 147,788</u>	<u>\$24,670</u>	<u>\$22,685</u>

It is typical for governmental fund revenues and project expenses to fluctuate significantly between years based on new projects and grants obtained. Additional funds for various COVID related emergency assistance programs were spent completely as the programs ended during the current year.

Salaries were less than budgeted by \$40,370 and employee benefits were less than budgeted by \$6,669 as a result of a staff positions not filled for a portion of the year.

Information resource and conferences were under budget by \$11,939 as a result of updates to the Commission's technology infrastructure and staff resources.

Professional and contractual services were higher than the budgeted amount by \$1,191,932 and federal grants exceeded the budgeted amount by \$1,187,007 as a result of timing of project requirements on new grants.

Miscellaneous revenues exceeded the budget amount by \$149,061, primarily as a result of the sale of a piece of land held by the commission

Capital Asset and Debt Administration

The capital assets in the governmental funds consist of computer equipment and furniture. The capital assets in the proprietary fund consist of land, an office building and vehicles owned by the Accomack-Northampton Development Corporation.

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 or results of activity of the Commission in the near future.

Contacting the Commission's Financial Management

This financial report is designed to provide a general overview of the Commission's finances and show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, contact the Commission's Director of Finance at 23372 Front Street, Accomack, VA 23301.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,109,986	\$ 182,817	\$ 1,292,803
Restricted cash - Revolving loan fund	465,387	-	465,387
Accounts receivable	984,418	-	984,418
Interfund receivable (payable)	(10,197)	10,197	-
Prepaid expenses	8,941	4,341	13,282
Total Current Assets	<u>2,558,535</u>	<u>197,355</u>	<u>2,755,890</u>
Noncurrent Assets			
Net pension asset	228,172	-	228,172
Loan receivable	34,613	-	34,613
Capital assets, net	-	270,092	270,092
Total Assets	<u>2,821,320</u>	<u>467,447</u>	<u>3,288,767</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>71,049</u>	<u>-</u>	<u>71,049</u>
LIABILITIES			
Accounts payable and accrued expenses	38,674	-	38,674
Accrued payroll taxes	16,847	-	16,847
Compensated absences	133,191	-	133,191
Deferred revenue	530,550	-	530,550
Total Current Liabilities	<u>719,262</u>	<u>-</u>	<u>719,262</u>
Long-Term Liabilities			
Net other post employment benefit liability	11,215	-	11,215
Total Long-Term Liability	<u>11,215</u>	<u>-</u>	<u>11,215</u>
Total Liabilities	<u>730,477</u>	<u>-</u>	<u>730,477</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>125,893</u>	<u>-</u>	<u>125,893</u>
NET POSITION			
Investment in capital assets, net of related debt	-	270,092	270,092
Restricted	500,000	-	500,000
Unrestricted	1,535,999	197,355	1,733,354
Total Net Position	<u>\$ 2,035,999</u>	<u>\$ 467,447</u>	<u>\$ 2,503,446</u>

See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		
				Governmental Activities	Business- Type Activities	Total
Governmental Activities						
General government	\$ 49,685	\$ -	\$ 194,525	\$ 144,840	\$ -	\$ 144,840
Projects	2,757,107	2,906,281	-	149,174	-	149,174
Total Governmental Activities	2,806,792	2,906,281	194,525	294,014	-	294,014
Business-Type Activities						
Rental	31,746	56,400	-	-	24,654	24,654
Total Business-Type Activities	31,746	56,400	-	-	24,654	24,654
Total Government	<u>\$ 2,838,538</u>	<u>\$ 2,962,681</u>	<u>\$ 194,525</u>	<u>294,014</u>	<u>24,654</u>	<u>318,668</u>
General revenue:						
Investment earnings				17,652	16	17,668
GASB 68 pension income				55,998	-	55,998
GASB 75 OPEB income				19,751	-	19,751
Change in net position				387,415	24,670	412,085
Net position at beginning of year				1,648,584	442,777	2,091,361
Net position at end of year				<u>\$ 2,035,999</u>	<u>\$ 467,447</u>	<u>\$ 2,503,446</u>

See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2024

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,109,986
Restricted cash - Revolving loan fund	465,387
Accounts receivable	984,418
Interfund receivable	(10,197)
Loan receivable	34,613
Prepaid expenses	8,941
	<hr/>
Total Assets	<u><u>\$ 2,593,148</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 38,674
Accrued payroll taxes	16,847
Deferred revenue	530,550
	<hr/>
Total Liabilities	<u><u>586,071</u></u>
FUND BALANCE	
Nonspendable	8,941
Unassigned	1,498,136
Restricted	500,000
	<hr/>
Total Fund Balance	<u><u>2,007,077</u></u>
	<hr/>
Total Liabilities and Fund Balance	<u><u>\$ 2,593,148</u></u>
Reconciliation of fund balances on the balance sheet for governmental funds to net assets of governmental activities on the statement of net assets:	
Fund balance - total governmental funds	\$ 2,007,077
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences	(133,191)
Deferred outflows of resources	71,049
Deferred inflows of resources	(125,893)
Net pension asset	228,172
Net OPEB liability	(11,215)
	<hr/>
Net Position of Governmental Activities	<u><u>\$ 2,035,999</u></u>

See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

REVENUES

Grants and appropriations:	
Federal grants	\$ 1,947,352
State grants and appropriations	496,673
Local grants and appropriations	444,952
Miscellaneous and interest	229,481
TOTAL REVENUES	<u>3,118,458</u>

EXPENDITURES

Salaries	881,600
Professional and contractual services	1,485,568
Employee benefits and payroll taxes	250,694
Office rent	50,400
Information resource and conferences	16,061
Office supplies and expense	15,531
Reproduction, copying and advertising	10,515
Travel	9,546
Vehicle expenses	14,973
Postage	10,613
Miscellaneous	20,095
Commissioners' fees	8,894
Telephone	6,175
Utilities	4,640
Insurance	2,974
Building maintenance	683
Taxes and licenses	-
TOTAL EXPENDITURES	<u>2,788,962</u>

CHANGE IN FUND BALANCE	329,496
FUND BALANCE - Beginning of year	<u>1,677,581</u>
FUND BALANCE - End of year	<u><u>\$ 2,007,077</u></u>

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 Balance - Total Government Funds	\$ 329,496
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Expenses on the Statement of Activity not included in the
governmental funds statement

Increase in compensated absence liability	(17,830)
Decrease in net pension asset	(3,365)
Decrease in net OPEB liability	19,751
Decrease in deferred outflows of resources	(61,794)
Increase in deferred inflows of resources	<u>121,157</u>

Change in net position of governmental activities	<u><u>\$ 387,415</u></u>
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See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	<u>Accomack- Northampton Development Corporation</u>
ASSETS	
Cash and cash equivalents	\$ 182,817
Interfund receivable	10,197
Prepaid expenses	4,341
Capital assets, net	<u>270,092</u>
Total Assets	<u>467,447</u>
LIABILITIES	
Interfund payable	<u>3,497</u>
Total Liabilities	<u>3,497</u>
NET POSITION	
Investment in capital assets, net of related debt	270,092
Unrestricted	<u>197,355</u>
Total Net Position	<u><u>\$ 467,447</u></u>

See accompanying notes.

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

INTERNAL SERVICE FUND

Revenue

Rent income	\$ 56,400
Total Operating Revenue	<u>56,400</u>

Operating Expenses

Depreciation	16,923
Repairs and maintenance	4,280
Insurance	3,971
Property management	3,497
Taxes and licenses	<u>3,075</u>
Total Operating Expenses	<u>31,746</u>

Operating Income	<u>24,654</u>
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Non-Operating Revenues

Interest income	<u>16</u>
Total Non-Operating Revenues	<u>16</u>

Change in Net Position	24,670
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Net Position - Beginning of Year	<u>442,777</u>
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Net Position - End of Year	<u><u>\$ 467,447</u></u>
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See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

INTERNAL SERVICE FUND

Cash flows from operating activities:

Cash received from customers	\$ 56,400
Cash payments to suppliers	<u>(16,455)</u>

Net Cash Provided by Operating Activities	<u>39,945</u>
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Cash flows from capital and related financing activities:

Interest income	<u>16</u>
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Net Cash Used in Capital and Related Financing Activities	<u>16</u>
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Net Change in Cash and Cash Equivalents	39,961
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>142,857</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 182,818</u></u>
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Reconciliation of Operating Income

to Net Cash Provided by Operating Activities

Operating income	\$ 24,654
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Adjustments to Reconcile Operating Income

to Net Cash Provided by Operating Activities:

Depreciation	16,923
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Increase in prepaid expenses	(238)
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Increase in interfund payable	<u>898</u>
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Net Cash Provided by Operating Activities	<u><u>\$ 42,237</u></u>
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See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION NOTES TO FINANCIAL STATEMENTS

NOTE 1 – THE FINANCIAL REPORTING ENTITY

The Commission is a multi-jurisdictional entity created for the purpose of promoting the orderly and efficient development of the physical, social, and economic elements in its district. The Commission draws its corporate powers from Virginia Code section 15.1-1404 which defines it as a body corporate and politic. The Commission consists of 13 members of which 7 are appointed by and serve at the pleasure of the County of Accomack. These factors warrant its inclusion in the County of Accomack's reporting entity as a discretely presented component unit. In addition, the County of Northampton appoints five members, and the Town of Chincoteague appoints one member to the Commission.

As required by generally accepted accounting principles, these financial statements present the Commission and its component unit. The component unit discussed in the following paragraph is included in the Commission's reporting entity because of the significance of its operational and financial relationship with the Commission.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the accompanying financial statements are summarized below. The policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The Commission also applied Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, provided they do not conflict with or contradict GASB pronouncement.

A. Individual Component Unit Disclosures – Blended Component Units

Accomack-Northampton Development Corporation provides services entirely to the Commission. The Commission also appoints a voting majority of the Corporation's board. These factors warrant its inclusion in the Commission's reporting entity as a blended component unit.

The Commission provides management services to the organizations listed below, but the Commission does not elect a voting majority to the organizations nor does any fiscal dependency exist. The financial activities of the following organizations are excluded from the Commission financial statements: (See Note 6 for related party items.)

Eastern Shore of Virginia Housing Alliance
Accomack-Northampton Regional Housing Authority

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, which are supported by intergovernmental revenues, are reported separately from the business-type activities of the Accomack-Northampton Development Corporation which rely in part on charges for support.

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

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Statement Presentation (Continued)

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. 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. 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 Funds of the Commission is comprised of 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 operated in a manner similar to private business enterprises. The Commission's Proprietary Fund consists of an Internal Service Fund which accounts for the building that houses the Commission. Most of the operating expenses involved are recovered in the form of charges to the Commission. The Internal Service Fund consists of the Accomack-Northampton Development Corporation.

C. Measurement Focus and Basis of Accounting

The Commission's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Commission are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The Statement of Cash Flows reflects how the Commission finances and meets its cash flow needs. Net position is segregated into Invested in Capital Assets, Net of Related Debt; Restricted; and Unrestricted components, if applicable.

When both restricted and unrestricted amounts of fund balances are available for expenditures incurred, it is the Commission's policy to use restricted amounts first and then unrestricted amounts as they are needed.

Governmental Funds – The modified accrual basis of accounting is used for the Governmental Funds. Under the modified 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 within 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.

Proprietary Funds – The accrual basis of accounting is used for the Proprietary Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Legal Compliance

The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits to the Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the budget is adopted by the Commissioners.
3. The budget for each department or category can be revised only by the Commissioners.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. All budgets are adopted on a basis consistent with the cash basis of accounting.
6. Unused budget amounts lapse on June 30.
7. All budget data presented in the accompanying financial statements is the revised budget as of June 30.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term, highly liquid investments with a maturity date within six months of the date acquired by the Commission. At year end, the carrying value of the Commission's balance with banks and savings institutions was:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Governmental Activities		
Deposits of the Commission	\$124,910	\$473,370
Petty cash	<u>250</u>	<u>-</u>
Total governmental funds	<u>\$125,160</u>	<u>\$473,370</u>
Business-Type Activities	<u>\$182,817</u>	<u>\$183,713</u>

The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits 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. That State Treasury Board is responsible for monitoring compliance by banks and savings and loans. No balances were uninsured or uncollateralized in banks or savings and loans not qualifying under the Act as of June 30, 2024.

Investments in 2a7-like pools are valued based on the value of pool shares. The Commission invests in a 2a7-like pool - the Local Government Investment Pool, managed by the Virginia Department of Treasury. Permitted investments in the pool includes U.S. government obligations, repurchase agreements, certificates of deposit, banker's acceptances, commercial paper, short-term corporate notes, and short-term taxable municipal obligations. The investment pool has not been assigned a risk category since the Commission is not issued securities, but rather owns an undivided interest in the assets of the pool. The Commission's balance in the investment pool was \$1,450,213 at June 30, 2024.

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Accounts Receivable

Accounts receivable are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables related to non-exchange transactions are recognized when their eligibility requirements have been met. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected. Management considers all of the receivables collectible at June 30, 2024, and no allowance for doubtful accounts has been provided.

G. Capital Assets

The Commission records property and equipment at cost for all items exceeding \$2,000 and provides for depreciation using the straight-line method over the useful lives of the assets. Maintenance and repairs are charged to earnings. The estimated lives are as follows:

Buildings and improvements	7 to 31 years
Equipment	5 to 10 years

H. Estimates

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

I. Pension

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

J. Advertising Costs

Advertising costs are expensed as incurred.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

The Commission reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. The Commission has four items that qualify for reporting in this category as of June 30, 2024. The employer pension contributions made after the actuarial measurement date of June 30, 2023 were \$40,191, the differences between expected and actual experience is \$25,274, the net difference between projected and actual earnings on plan investments is \$462, and changes of assumptions are \$5,122.

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. The Commission has two items that qualify for reporting in this category. The differences between expected and actual experience is \$45,219, and the net difference between projected and actual earnings on plan investments of \$80,674, is reported as deferred inflows of resources at June 30, 2024.

NOTE 3 – LOAN RECEIVABLE - REVOLVING LOAN FUND

A loan has been granted by the Commission through the Revolving Loan Fund. These funds were made available through a \$500,000 restricted grant received by ANPDC from the United States Department of Agriculture Rural Development. The loan is secured by a first deed of Trust encumbering real property. The note bears interest at 8.00% on the unpaid principal until the full amount of principal has been paid. The balance of the loan receivable as of June 30, 2024 is as follows:

Onancock Property Holdings	<u>\$34,613</u>
Total	<u>\$34,613</u>

NOTE 4 – GENERAL FUND FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Asset Group of Accounts, rather than in Governmental Funds. All fixed assets are valued at historical cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized. Depreciation for General Fund Fixed Assets has been provided over an estimated useful life of 3 to 15 years using the straight-line method.

A summary of General Fund Fixed Assets at June 30, 2024 is as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2024</u>
Office equipment	\$ 28,470	\$ -	\$ -	\$ 28,470
Less: Accumulated depreciation	<u>(28,470)</u>	<u>-</u>	<u>-</u>	<u>(28,470)</u>
Net Book Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPRIETARY FUND FIXED ASSETS

Property, plant and equipment purchased are stated at cost. Depreciation for Proprietary Fund Fixed Assets has been provided over estimated useful lives of 20-31 years for buildings and their improvements, 7 years for furniture and fixtures and 5 years for automotive equipment using the straight-line method.

A summary of Proprietary Fund Fixed Assets at June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Dispositions	Balance June 30, 2024
Land	\$161,582	\$ -	\$ -	\$161,582
Buildings and improvements	432,369	-	13,694	418,675
Automobiles	<u>64,663</u>	<u>-</u>	<u>-</u>	<u>64,663</u>
	658,614	-	13,694	644,920
Less: Accumulated depreciation	<u>(357,905)</u>	<u>(16,923)</u>	<u>-</u>	<u>(374,828)</u>
Net Book Value	<u>\$300,709</u>	<u>\$ (16,923)</u>	<u>\$ 13,694</u>	<u>\$270,092</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The Commission has entered into agreements with organizations that are also managed by the Commission staff, for administrative services and for program management services. As of June 30, 2024, accounts receivable includes the following amounts due to the Commission from related organizations:

ANRHA	\$118,848
ESVHA	<u>18,451</u>
Total	<u>\$137,299</u>

NOTE 7 – COMPENSATED ABSENCES

The Commission has accrued the liability arising from outstanding compensated absences. Commission employees earn sick leave at the rate of eight hours per month. A maximum of forty-five days of sick leave may be accumulated. Employees with five years of uninterrupted service in a sick leave earning position will be paid for a portion of unused sick leave upon termination or retirement. Contingent upon sufficient sick leave accrual, payment will be equal to 25% of the employee's sick leave balance up to the forty-five day maximum accumulation or \$5,000, whichever is less. Commission employees' vacation is based on years of service as follows:

1 – 5 years of service	8 hours per month
6-10 years of service	12 hours per month
Over 10 years of service	16 hours per month

Accumulated vacation up to a maximum of thirty days is paid upon termination. The Commission has outstanding accrued vacation pay totaling \$71,371 in the current liabilities of the General Fund at the end of the fiscal year. The Commission reports accrued compensated absences in the General Fund, and the related cost is included in the Indirect Cost Allocation Pool.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – ALLOCATION OF INDIRECT COSTS

The Commission has entered into various agreements to assist in the management of various projects and grants. The Commission charges for direct costs incurred plus a portion of indirect costs. Indirect costs are based on a ratio of direct hours spent on a project versus total direct hours on all projects. The indirect costs rate for the year ended June 30, 2024 was calculated as follows:

Total Indirect Costs	<u>\$369,264</u>	=	38.64%
Total Direct Salaries and Benefits	<u>\$955,565</u>		

Indirect costs were comprised of the following as of June 30, 2024:

Salaries	\$151,483
Office rent	50,400
Employee benefits and payroll taxes	42,049
Professional and contractual services	38,283
Miscellaneous	20,003
Vehicle expense	14,963
Postage	10,430
Office supplies and expense	10,976
Information resource and conferences	7,008
Telephone	6,175
Reproduction, copying and advertising	4,101
Commissioners' fees	3,380
Travel	3,355
Utilities	3,000
Insurance	2,974
Office maintenance	<u>684</u>
Total Indirect Costs	<u>\$369,264</u>

NOTE 9 – ALLOCATION OF FRINGE BENEFITS

The fringe benefit rate for the year ended June 30, 2024 was calculated as follows:

Total Fringe Benefits	<u>\$249,667</u>	=	27.76%
Total Regular Salaries	<u>\$899,429</u>		

Fringe benefits were comprised of the following as of June 30, 2024:

Health Insurance	\$ 88,850
FICA/Medicare	66,379
Retirement	47,467
Employment leave	31,438
Life Insurance	15,424
Unemployment	<u>109</u>
Total Fringe Benefits	<u>\$249,667</u>

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Pensions

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, 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.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DEFINED BENEFIT 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. 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. 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>
<p>Retirement Contributions Members 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 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>

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<p>Service Credit 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 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 <i>Defined Benefit Component:</i> 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 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><i>Defined Contributions Component:</i> 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. 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 Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component:</i> 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 Plan remain vested in the defined benefit component.</p> <p><i>Defined Contributions Component:</i> 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>

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

		<p>Vesting (continued)</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 years or more, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law until age 73.</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 retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i> 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>
<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 <i>Defined Benefit Component: VRS:</i> 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><i>Defined Contribution Component:</i> Not applicable.</p>

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<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 <i>Defined Benefit Component: VRS:</i> Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> 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 service credit.</p> <p>Political subdivision hazardous duty employees: Age 60 with at least five years (60 months) of service credit or at age 50 with at least 25 years of service credit.</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 and service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component: VRS:</i> 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><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or at age 50 with at least 10 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 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 subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component: VRS:</i> Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> 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>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 <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p>

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-of-Living Adjustment (COLA) in Retirement (continued)	Cost-of-Living Adjustment (COLA) in Retirement (continued)	Cost-of-Living Adjustment (COLA) in Retirement (continued)
<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><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 to long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<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 1.70% 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 and employer-paid comparable program for its members.</p> <p>Hybrid plan 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>

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military, an eligible period of leave or VRS refunded service as 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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component:</i> Not applicable.
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Employees Covered by Benefit Terms

As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members	39
Active Members	15
Total covered employees	54

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 employer contribution rate for the year ended June 30, 2024 was 3.94% 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. Contributions to the pension plan from the Commission were \$40,191 and \$39,062 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

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

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 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 forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree 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

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 forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree 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

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 VRS 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 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:

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.25%

* 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%.

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 to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report 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.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Change in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2022	\$4,391,290	\$4,622,827	\$(231,537)
Changes for the year:			
Service cost	59,192	-	59,192
Interest	290,730	-	290,730
Change of assumptions	-	-	-
Differences between expected and actual experience	(7,550)	-	(7,550)
Contributions – employer	-	16,473	(16,473)
Contributions – employee	-	35,529	(35,529)
Net investment income	-	289,916	(289,916)
Benefit payments, including refunds of employee contributions	(286,750)	(286,750)	-
Administrative expense	-	(3,027)	3,027
Other changes	-	116	(116)
Net changes	55,622	52,257	3,365
Balances at June 30, 2023	<u>\$4,446,912</u>	<u>\$4,675,084</u>	<u>\$(228,172)</u>

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

The following presents the net pension liability of the Commission using the discount rate of 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 (Asset)	\$336,713	\$(228,172)	\$(691,002)

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 \$(65,057). At June 30, 2024, 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 actual and expected experience	\$ -	\$15,898
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	80,674
Employer contributions subsequent to the measurement date	40,191	-
Total	<u>\$40,191</u>	<u>\$96,572</u>

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION **NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$40,191 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future reporting periods as follows:

Year ending June 30,	
2025	\$(71,680)
2026	(94,730)
2027	67,018
2028	2,820
2029	-
Thereafter	-

NOTE 11 – HEALTH INSURANCE CREDIT PROGRAM

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments 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 participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	
<p>Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. 	
<p>Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <i>At Retirement:</i> For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <i>Disability Retirement:</i> For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month. 	
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree. 	

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEC plan:

	Number
Inactive Members	9
Active Members	<u>15</u>
Total covered employees	<u>24</u>

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)

Contributions

The contribution requirement for active employees is governed by § 51.1-1402(E) 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. The Commission's contractually required employer contribution rate for the year ended June 30, 2024, was 7.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Commission's to the Political Subdivision Health Insurance Credit Program were \$- and \$14,162 for the years ended June 30, 2024, and June 30, 2023, respectively.

Net HIC OPEB Liability

The Commission's net Health Insurance Credit OPEB liability was measured as of June 30, 2023. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total HIC OPEB 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 – General employees	3.5% – 5.35%
Salary increases –	
Hazardous Duty employees	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates – Largest 10 Locality Employers – General employees

 Pre-Retirement:

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

 Post-Retirement:

 Pub-2010 Amount Weighted Safety Healthy Retiree 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

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)

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 Scale:

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 VRS Board action are as follows:

Largest 10 Locality Employers – General Employees:

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 from 75 to 80 for all
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

Mortality rates – Non-Largest 10 Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree 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 Scale:

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

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)

Non-Largest10 Locality Employers – General Employees:

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 from 75 to 80 for all
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 the System’s investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset 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 Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.25%

* 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%.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability:

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a)-(b)
Balances at June 30, 2022	\$42,027	\$11,061	\$30,966
Changes for the year:			
Service cost	365	-	716
Interest	2,789	-	2,767
Changes of assumptions	-	-	736
Differences between expected and actual experience	(13,656)	-	(653)
Contributions – employer	-	8,355	(7,616)
Net investment income	-	676	75
Benefit payments, including refunds of employee contributions	(2,160)	(2,160)	-
Administrative expense	-	(15)	15
Administrative expense	-	233	(233)
Net changes	(12,662)	7,089	(19,751)
Balances at June 30, 2023	<u>\$29,365</u>	<u>\$18,150</u>	<u>\$11,215</u>

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the Political Subdivision Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Political Subdivision's net HIC OPEB 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 HIC OPEB Liability	\$14,521	\$11,215	\$8,455

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2024, the Commission recognized Health Insurance Credit Program OPEB expense of \$3,930. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Commission's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$25,274	\$29,321
Changes of assumptions	5,122	-
Net difference between projected and actual earnings on Political HIC OPEB program investments	462	-
Employer contribution subsequent to the measurement date	-	-
Total	\$30,858	\$29,321

\$- reported as deferred outflows of resources related to the HIC OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year ending June 30,	
2025	\$1,958
2026	1,958
2027	(1,205)
2028	(1,181)
2029	-
Thereafter	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report*. A copy of the 2023 VRS Annual Report 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.

NOTE 12 – RESTRICTED NET ASSETS

The Commission previously received a grant from the United States Department of Agriculture Rural Development in the amount of \$500,000. The use of the Rural Development loan funds is restricted by the program grant for use in business development activities in the region.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – INTERNAL SERVICE FUND - LEASE COMMITMENT

In June of 1989, the Commission formed a Corporation called the Accomack-Northampton Development Corporation (ANDC). The Corporation purchased a building, which it has leased to the Commission. The lease term began in April 2007 in the amount of \$4,200 per month. ANDC also leases vehicles to the Commission under month-to-month lease agreements in the amount of \$500 per month. Total amounts paid and accrued under these agreements were \$56,400 for the year ended June 30, 2024.

NOTE 14 – EMPLOYMENT AGREEMENT

The Commission has entered into an employment agreement with the Executive Director commencing January 1, 2008. In the event the employee is terminated, The Commission is obligated to provide a minimum severance package equal to two months of salary at the current rate of pay, increasing by one month of severance per year up to a maximum of six months of allowable severance. The employer shall also pay the cost to continue health insurance for a minimum of two months, increasing by one month per year of successful completed service up to a maximum of six months. The amount accrued under this agreement was \$61,820 as of June 30, 2024.

NOTE 15 – RISK MANAGEMENT

The Commission is a member of the Virginia Local Government Risk Management Plan for public officials liability insurance. Each member jointly and severally agrees to assume, pay and discharge any liability. The Commission pays the Virginia Local Government Risk Management Plan contributions and assessments based upon classifications and rates into a designed case reserve fund out of which expenses of the Plan and claims and awards are paid. In the event of a loss deficit and depletion of all available excess insurance, the Plan may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

NOTE 16 – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. At June 30, 2024, there were no matters of litigation involving the Commission that would materially affect the financial position of the Commission.

NOTE 17 – EVALUATION OF SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through November 18, 2024 the date which the financial statements were available to be issued.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
SCHEDULE OF COST ALLOCATION BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2024

	TOTALS		GENERAL	ESVHA	ANRHA	ECONOMIC DEVELOPMENT PROJECTS	VDOT	COASTAL RESOURCES MANAGEMENT	Drone Up	GROUND- WATER	HOUSING COUNSELING	HOUSING PROGRAMS	VDEM HOUSING ELEVATION PROJECTS
PROJECT:		300, 306, 307, 308		310	315	320, 322, 332	340	354, 355, 356, 358, 359	358	357	361, 366	369, 372, 376, 380	382, 383
REVENUE													
Federal	\$ 1,947,352	\$ 9,998	\$ -	\$ 361,184	\$ 66,628	\$ 58,000	\$ 66,837	\$ 1,060,733	\$ -	\$ 95,145	\$ 125,940	\$ 102,887	
Virginia	496,673	90,530	58,303	-	11,481	-	84,561	-	-	105,153	146,645	-	-
Local	444,952	105,660	-	-	142,348	-	13,799	-	59,909	-	123,236	-	-
Miscellaneous	229,481	172,097	18,451	12,269	-	-	26,495	-	-	169	-	-	-
General Funds	-	(16,934)	3,270	-	-	15,855	(14,677)	-	-	12,496	(10)	-	-
TOTAL REVENUE	3,118,458	361,351	80,024	373,453	220,457	73,855	177,015	1,060,733	59,909	212,963	395,811	102,887	
EXPENDITURES													
Salaries	747,946	22,008	39,145	198,769	54,614	41,415	64,028	24,015	11,745	114,947	128,456	48,804	
Fringe Benefits	207,617	6,108	10,867	55,175	15,161	11,496	17,773	6,666	3,260	31,907	35,658	13,546	
Professional and Contractual	1,447,284	9,412	5,998	13,373	121,988	-	58,878	1,018,197	35,666	4,132	163,688	15,952	
Commissioners' Fees	5,514	-	2,100	-	-	-	-	-	3,414	-	-	-	-
Office Supplies	4,557	157	103	1,501	199	-	704	-	-	763	1,080	50	
Staff Travel	4,469	17	72	772	140	3	506	-	26	2,546	245	142	
Commissioners' Travel	1,724	-	1,724	-	-	-	-	-	-	-	-	-	-
Postage	183	-	-	152	-	-	31	-	-	-	-	-	-
Reproduction	4,688	-	658	665	1,392	350	158	-	-	-	1,226	239	
Information Resources	10,779	-	30	4,912	-	144	3,315	-	-	1,919	399	60	
Other Expenses	2,767	1,117	-	-	-	-	10	-	-	-	1,640	-	-
Indirect Costs	369,264	10,866	19,327	98,134	26,963	20,447	31,612	11,855	5,798	56,749	63,419	24,094	
TOTAL EXPENDITURES	2,806,792	49,685	80,024	373,453	220,457	73,855	177,015	1,060,733	59,909	212,963	395,811	102,887	
EXCESS OF REVENUES OVER EXPENDITURES	\$ 311,666	\$ 311,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

	<u>Pass-through Entity Identifying Number</u>	<u>FEDERAL ALN NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Department of Commerce			
Economic Development Administration	01-83-14233-02	11.302	\$ 66,380
Department of Transportation			
Safe Streets and Roads For All		20.939	248
* Strengthening Mobility and Revolutionizing Transportation		20.941	1,060,733
Pass through payment - Virginia Department of Transportation			
Federal Highway Planning and Research		20.205	58,000
			<u>1,118,981</u>
Department of Homeland Security			
Pass through payment - Virginia Department of Emergency Management			
Hazard Mitigation	FEMA-DR-4644-VA-005	97.039	6,623
Housing Elevation	FEMA-DR-4291-VA-009	97.039	20,200
Repetitive Loss	FEMA-DR-4401-VA-016	97.047	76,064
			<u>102,887</u>
Department of Treasury			
Pass through payment - Virginia Department of Health			
Septic and Well Assistance Program	VDH-SWAP-LP-05	21.027	108,840
Department of Housing and Urban Development			
Pass-through payments - Accomack-Northampton Regional Housing Authority			
Section 8 Administration		14.871	361,184
Pass through payment - Virginia Department of Housing and Community Development			
Urgent Need Open Submission		14.228	17,100
Housing Counseling Assistance		14.169	95,145
			<u>473,429</u>
Environmental Protection Agency			
Pass through payment - Virginia Department of Environmental Quality			
Oyster Trail	17416	66.466	33,810
Department of Commerce			
Pass through payment - Virginia Department of Environmental Quality			
Coastal Resource Management	NA23NOS4190255	11.419	23,916
Coastal Resource Management	NA21NOS4190152	11.419	3,950
Coastal Resource Management	NA22NOS4190187	11.419	8,216
			<u>36,082</u>
Southeast Crescent Regional Commission			
Economic and Infrastructure Development Grant	LDD23VA039	90.705	6,943
	TOTAL		<u><u>\$ 1,947,352</u></u>

* Denotes Major Program

See accompanying notes.

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024 (Continued)

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Commission, under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, change in net position or cash flows of the Commission.

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.

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
Accomack-Northampton Planning District Commission
Accomac, VA

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*, the financial statements of governmental activities, the business-type, activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Accomack-Northampton Planning District Commission, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Accomack-Northampton Planning District Commission's basic financial statements, and have issued our report thereon dated November 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Accomack-Northampton 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

November 18, 2024

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
Accomack-Northampton Planning District Commission
Accomac, VA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Accomack-Northampton 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 Accomack-Northampton Planning District Commission's major federal programs for the year ended June 30, 2024. Accomack-Northampton 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, Accomack-Northampton 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 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 responsibilities 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 Accomack-Northampton 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 appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Accomack-Northampton 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 control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Accomack-Northampton 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 Accomack-Northampton 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 the 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 judgment made by a reasonable user of the report on compliance about Accomack-Northampton 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 the 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 Accomack-Northampton Planning District Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Accomack-Northampton 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Accomack-Northampton 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 and any 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 based 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 "Dumbarton, Anthony P. Alexander, LLC". The signature is fluid and cursive, with the letters "D", "A", and "P" being particularly prominent.

Certified Public Accountants
Chantilly, Virginia

November 18, 2024

**ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting

- Material weakness(es) identified

___ Yes X No

- Significant deficiency(ies) identified

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified

___ Yes X No

- Significant deficiency(ies) identified

___ Yes X 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 X No

Identification of major programs

ALN Number

Name of Federal Program or Cluster

20.941

Strengthening Mobility and Revolutionizing Transport

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

Section II – Financial Statement Findings

No matters were reported

Section III – Federal Award Findings

No matters were reported

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Grants and appropriations:				
Federal grants	\$ 3,134,359	\$ 3,134,359	\$ 1,947,352	\$ (1,187,007)
State grants and appropriations	455,562	455,562	496,673	41,111
Local grants and appropriations	426,122	426,122	444,952	18,830
Other revenue:				
Miscellaneous and interest	80,420	80,420	229,481	149,061
TOTAL REVENUES	<u>4,096,463</u>	<u>4,096,463</u>	<u>3,118,458</u>	<u>(978,005)</u>
EXPENDITURES				
Current - general government:				
Salaries	939,800	939,800	899,430	40,370
Professional and contractual services	2,677,500	2,677,500	1,485,568	1,191,932
Employee benefits and payroll taxes	257,363	257,363	250,694	6,669
Office rent	50,400	50,400	50,400	-
Information resource and conferences	28,000	28,000	16,061	11,939
Office supplies and expense	22,500	22,500	15,531	6,969
Reproduction, copying and advertising	27,500	27,500	10,515	16,985
Travel	19,600	19,600	9,546	10,054
Vehicle expenses	22,400	22,400	14,973	7,427
Postage	11,200	11,200	10,613	587
Miscellaneous	2,000	2,000	20,095	(18,095)
Commissioners' fees	11,250	11,250	8,894	2,356
Telephone	7,500	7,500	6,175	1,325
Utilities	5,000	5,000	4,640	360
Insurance	8,750	8,750	2,974	5,776
Building maintenance	2,000	2,000	683	1,317
Depreciation	3,000	3,000	-	3,000
Taxes and licenses	700	700	-	700
TOTAL EXPENDITURES	<u>4,096,463</u>	<u>4,096,463</u>	<u>2,806,792</u>	<u>1,289,671</u>
Net Gain - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,666</u>	<u>\$ 311,666</u>

**Reconciliation of financial statements prepared under
generally accepted accounting principles**

Net gain - budgetary basis	\$ 311,666
Effect of GASB 68 and 75 adjustments not budgeted	<u>75,749</u>
Net income under generally accepted accounting principles	<u>\$ 387,415</u>

See accompanying notes

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION
Schedule of Employer's Net Pension Liability (Asset) and Related Ratios
For the Plans Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 59,192	\$ 52,911	\$ 48,898	\$ 50,790	\$ 57,101	\$ 59,492	\$ 65,857	\$ 73,514	\$ 65,502	\$ 68,889
Interest on total pension liability	290,730	294,740	275,177	262,239	248,694	241,634	239,348	241,735	228,942	216,070
Change of assumptions	-	-	155,476	-	111,092	-	(92,456)	-	-	-
Difference between expected and actual experience	(7,550)	(133,779)	28,067	142,770	128,158	(54,709)	(67,963)	(250,868)	(11,177)	-
Benefit payments, including refunds of employee contributions	(286,750)	(272,368)	(269,057)	(259,184)	(166,409)	(124,705)	(99,552)	(97,414)	(103,605)	(98,537)
Net change in total pension liability	55,622	(58,496)	238,561	196,615	378,636	121,712	45,234	(33,033)	179,662	186,422
Total pension liability - beginning	4,391,290	4,449,786	4,211,225	4,014,610	3,635,974	3,514,262	3,469,028	3,502,061	3,322,399	3,135,977
Total pension liability - ending (a)	<u>\$4,446,912</u>	<u>\$4,391,290</u>	<u>\$4,449,786</u>	<u>\$4,211,225</u>	<u>\$4,014,610</u>	<u>\$3,635,974</u>	<u>\$3,514,262</u>	<u>\$3,469,028</u>	<u>\$3,502,061</u>	<u>\$3,322,399</u>
Plan fiduciary net position										
Contributions - employer	\$ 16,473	\$ 11,659	\$ 11,321	\$ 1,794	\$ 2,992	\$ 26,080	\$ 26,416	\$ 61,110	\$ 61,307	\$ 56,740
Contributions - employee	35,529	33,072	31,980	32,081	35,598	34,669	39,039	35,982	35,797	33,852
Net investment income	289,916	(1,084)	1,071,788	78,415	264,923	281,411	418,160	59,725	148,435	442,028
Benefits payments	(286,750)	(272,368)	(269,057)	(259,184)	(166,409)	(124,705)	(99,552)	(97,414)	(103,605)	(98,537)
Administrative expense	(3,027)	(3,081)	(2,813)	(2,814)	(2,699)	(2,436)	(2,400)	(2,075)	(2,009)	(2,368)
Other	116	109	100	(90)	(166)	(250)	(373)	(25)	(30)	23
Net change in plan fiduciary net position	52,257	(231,693)	843,319	(149,798)	134,239	214,769	381,290	57,303	139,895	431,738
Plan fiduciary net position - beginning	4,622,827	4,854,520	4,011,201	4,160,999	4,026,760	3,811,991	3,430,701	3,373,398	3,233,503	2,801,765
Plan fiduciary net position - ending (b)	<u>\$4,675,084</u>	<u>\$4,622,827</u>	<u>\$4,854,520</u>	<u>\$4,011,201</u>	<u>\$4,160,999</u>	<u>\$4,026,760</u>	<u>\$3,811,991</u>	<u>\$3,430,701</u>	<u>\$3,373,398</u>	<u>\$3,233,503</u>
Commission's net pension liability (asset) - ending (a)-(b)	<u>\$ (228,172)</u>	<u>\$ (231,537)</u>	<u>\$ (404,734)</u>	<u>\$ 200,024</u>	<u>\$ (146,389)</u>	<u>\$ (390,786)</u>	<u>\$ (297,729)</u>	<u>\$ 38,327</u>	<u>\$ 128,663</u>	<u>\$ 88,896</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.13%	105.27%	109.10%	95.25%	103.65%	110.75%	108.47%	98.90%	96.33%	97.32%
Covered - employee payroll	\$ 827,192	\$ 754,017	\$ 718,400	\$ 750,800	\$ 691,700	\$ 701,100	\$ 714,800	\$ 740,800	\$ 736,500	\$ 651,800
Commission's net pension liability (asset) as percentage of covered-employee payroll	-27.58%	-30.71%	-56.34%	26.64%	-21.16%	-55.74%	-41.65%	5.17%	17.47%	13.64%

See accompanying notes

Accomack Northampton Planning District Commission
Schedule of Employer Contributions
For the Years Ended June 30, 2015 Through 2024

	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 40,191	\$ 40,191	\$ -	\$ 896,392	4.48%
2023	\$ 24,204	\$ 24,204	\$ -	\$ 827,192	2.93%
2022	\$ 24,204	\$ 32,580	\$ (8,376)	\$ 754,017	4.32%
2021	\$ 23,061	\$ 31,568	\$ (8,507)	\$ 718,400	4.39%
2020	\$ 7,583	\$ 15,022	\$ (7,439)	\$ 750,800	2.00%
2019	\$ 6,986	\$ 9,455	\$ (2,469)	\$ 691,700	1.37%
2018	\$ 27,764	\$ 28,713	\$ (949)	\$ 701,100	4.10%
2017	\$ 28,306	\$ 28,821	\$ (515)	\$ 714,800	4.03%
2016	\$ 63,190	\$ 63,062	\$ 128	\$ 740,800	8.51%
2015	\$ 62,823	\$ 61,097	\$ 1,726	\$ 736,500	8.30%

See accompanying notes

ACCOMACK-NORTHAMPTON PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2024

NOTE 1 – Changes 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 VRS Board action are as follows:

Largest 10 Locality Employers – General Employees:

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

Non-Largest 10 Locality Employers – General Employees:

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