Thomas Jefferson

Planning District Commission

Financial Report

Year Ended June 30, 2016

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

DIRECTORY OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2016

OFFICERS

Andrea Wilkinson, Chairperson
Tommy Barlow, Vice Chairperson
Genevieve Keller, Treasurer

COMMISSIONERS

City of Charlottesville

Bob Fenwick*
Genevieve Keller

Fluvanna County

Tony O'Brien*
Keith B. Smith

Louisa County

Tommy Barlow*
R.T. "Toni" Williams, Jr.*

Albemarle County

Rick F. Randolph*
Brad L. Sheffield *

Greene County

Dale Herring *
Andrea Wilkinson

Nelson County

Larry Saunders*
Tim Padalino

* Denotes local elected official

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION
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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY *CERTIFIED PUBLIC ACCOUNTANTS*

Independent Auditors' Report

To the Commissioners
Thomas Jefferson Planning District Commission
Charlottesville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thomas Jefferson Planning District Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Thomas Jefferson Planning District Commission, as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to of pension funding, on pages 3-6, 44, and 45-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thomas Jefferson Planning District Commission's basic financial statements. The supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supporting schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016 on our consideration of the Thomas Jefferson Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Thomas Jefferson Planning District Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2016

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
CHIP BOYLES II EXECUTIVE DIRECTOR

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Its purpose is to provide an overview of the financial activities of the Thomas Jefferson Planning District Commission (TJPDC) based on currently known facts, decisions, and/or conditions.

USING THIS REPORT AND FINANCIAL STATEMENTS

The annual report consists of the management's discussion and analysis, financial statements on government-wide and fund basis, supporting schedules, compliance reports, and the schedule of expenditures of federal awards. The government-wide financial statements present financial information for all activities of the TJPDC. The fund-basis financial statements concentrate on separate sets of self-balancing accounts.

FINANCIAL HIGHLIGHTS

For FY16, TJPDC had total revenues of $1,505,505 and total expenditures of $1,450,680 resulting in a general fund balance increase of $54,825. Adjustments for capital outlays and depreciation increase that to a net increase in the net position of $135,718 for the year. Included in revenues and expenditures are $316,592 in HOME pass-through funds. The FY16 audit calculates the indirect cost rate based on actual indirect costs divided by the total staff salary and fringe costs applied to projects for the year. That calculated rate is 87%, compared to 86% in FY15. This rate normally serves as the indirect cost rate for the fiscal year following completion of the audit which would be FY18. The TJPDC has elected to continue to use an indirect cost rate of 79% for FY18. This is the calculated rate from the FY13 audit, used as the indirect cost rate for FY17 and FY16.

The General Fund

The General Fund is the general operating fund of the Commission. It is used to account for and report financial resources outside of the grant-funded programs that make up most of the budget. These consist of locality contributions, locally-funded projects, state allocation, interest earned and rental revenue from the Water Street Center and office space.

The following table (Table 1) is a summary of the General Fund's revenues and expenditures for the years ended June 30, 2016 and 2015:

TABLE 1 - GENERAL FUND REVENUE AND EXPENDITURES

	FY 2016	FY 2015	Change From FY 2015
Revenue	$ 219,784	$ 265,515	$ (45,731)
Expenditures	169,115	244,893	(75,778)
Excess revenue over expenditures	$ 50,669	$ 20,622	$ 30,047
Other financing sources - transfer in	4,156	-	4,156
Net change in fund balance	$ 54,825	$ 20,622	$ 34,203
Fund balance, beginning	420,370	399,748	
Fund balance, ending	$ 475,195	$ 420,370	

FINANCIAL HIGHLIGHTS: (CONTINUED)

The General Fund: (Continued)

During FY16, General Fund revenues decreased by $45,731, from $265,515 in FY15 to $219,784 in FY16. Expenses decreased significantly from $244,893 in FY15 to $169,115 in FY16, a difference of $75,778. The increase in the General Fund over the year was $54,825. Primary changes between FY15 and FY16 were:

- Locality per capita revenue increased from $148,075 in FY15 to $150,752 in FY16. Local revenue is reduced by funds applied to specific projects as match or to cover shortfalls, and for programs without dedicated funding. Revenue from locally funded projects increased slightly.
- General fund expenditures include staff costs and direct expenses for administrative functions. For FY16, this included severance payments. Staff time charged to administration was lower in FY16 than in FY15. Costs for General Activities, Network/Website, and Grant Writing decreased from a total of $85,904 in FY15 to $26,866 in FY16. The amount of indirect costs recovered through programs was $359,170 for FY16, compared to $359,859 for FY15, minimally affecting net administrative costs.

Special Revenue Funds

Special Revenue Funds are the grant funds and other revenues dedicated to specific programs and projects. Special Revenue Funds income accounts for the vast majority of funds coming to the TJPDC. For FY16, both the transportation and HOME programs were above $300,000, and were classified as major programs. HOME pass-through funds were $316,592 in FY16, compared to $812,346 in FY15. Special Revenue Funds are reflected as Federal and Non-Federal Grant Revenues in Table 2. During FY16, the Commission's net position increased by $135,718, the total of two sub-totals shown in Table 2:

- Excess revenues over expenses of $124,430 and
- $11,288 reflecting capital outlays and equipment and furniture depreciation.

A summary of the Commission's Statement of Activities is presented below on the full accrual basis. (See page 11 for June 30, 2016 detail):

TABLE 2 - STATEMENT OF ACTIVITIES

	FY 2016	FY 2015	Change From FY 2015
Federal Grant Revenues	$ 778,013	$ 1,378,004	$ (599,991)
Non-Federal Grant Revenues	507,708	455,558	52,150
Special Fund Revenues	$ 1,285,721	$ 1,833,562	$ (547,841)
General Fund Revenues	$ 219,784	$ 265,515	$ (45,731)
Total Revenues	$ 1,505,505	$ 2,099,077	$ (593,572)
Current Operation Expenses	$ 1,064,483	$ 1,237,697	$ (173,214)
Pass-Through Funds	316,592	812,346	(495,754)
Total Expenses	$ 1,381,075	$ 2,050,043	$ (668,968)
Excess of Revenues over/(under) Expenses	$ 124,430	$ 49,034	$ 75,396
Capital Outlays and Depreciation, net	11,288	(9,628)	20,916
Change in Net Position	$ 135,718	$ 39,406	$ 96,312

FINANCIAL HIGHLIGHTS: (CONTINUED)

Special Revenue Funds: (Continued)

During the fiscal year ended June 30, 2016, Special Revenue Funds income totaled $1.285 million, a decrease from FY15. Special Fund Revenues consisted of:

- $710,738 for transportation. This included the MPO, Rural Transportation, RideShare, the Lead Adopter Incentive Implementation Assistance Grant for the Free Bridge Area Congestion Relief Project implementing the Eco-logical tool and process, and $130,281 for advertising for the Route 29 Solutions project.
- $362,941 for the HOME program funded through the US Department of Housing and Urban Development (HUD).
- $212,042 for other governmental funds, including Legislative Liaison, Stormwater BMP inventory funded by DEQ, Columbia HMPG, Hazard Mitigation, and Housing Preservation.

YEAR-END ANALYSIS OF THE COMMISSION

A summary of the Commission's Statement of Net Position (see page 7 for June 30, 2016 detail) is presented below:

TABLE 3 - STATEMENT OF NET POSITION

	FY 2016	FY 2015	Change From FY 2015
Current and Other Assets	$ 919,474	$ 665,228	$ 254,246
Capital Assets, net	22,209	10,921	11,288
Total Assets	$ 941,683	$ 676,149	$ 265,534
Deferred Outflows of Resources..............................	$ 19,773	$ 21,536	$ (1,763)
Total Assets and Deferred Outflows	$ 961,456	$ 697,685	$ 263,771
Current Liabilities	$ 219,027	$ 66,045	$ 152,982
Total Liabilities	$ 219,027	$ 66,045	$ 152,982
Deferred Inflows of Resources...............................	$ 72,552	$ 97,481	$ (24,929)
Investment in Capital Assets	$ 22,209	$ 10,710	$ 11,499
Unrestricted Net Position	647,668	523,449	124,219
Total Net Position	$ 669,877	$ 534,159	$ 135,718
Total Liabilities, Deferred Inflows and Net Position	$ 961,456	$ 697,685	$ 263,771

Total Liabilities and Net Position shows a snapshot of receivables and payables on June 30, 2016; the change from FY15 reflects the normal variation from year to year.

ORIGINAL BUDGET VS FINAL BUDGET

The Commission approved equalized member assessments for FY16 based on the 2013 Provisional Weldon Cooper Population Estimates and a $0.62 per capita rate and adopted the initial FY16 budget at their November 7, 2013 meeting to serve as the basis for budget requests to the member localities. The FY16 budget amounts were slightly higher than FY15, due to population increases. The totals for Legislative Liaison, Solid Waste and RideShare were unchanged from FY15, but were allocated proportionately among the localities based on population. Budget requests were submitted between November 2015 and January 2016. For FY16, all requests were fully funded, except for Louisa County, which kept funding flat from FY15, a reduction from the request of $487. In accordance with the Bylaws, the Commission adopted the FY16 budget at their May 7, 2015 meeting; this was used for the submission to the Virginia Department of Housing and Community Development (DHCD) along with the FY16 Work Program. The Commission adopted the final budget at their November 5, 2015 meeting, reflecting updated projections of revenues and expenditures. This budget was used for the financial reporting to the Commission for FY16.

FINAL BUDGET VS ACTUAL RESULTS

A summary of the Commission's Final Budget (see page 34 for detail) is presented below:

TABLE 4 - BUDGET TO ACTUAL

	Budget	Actual	% of Budget
REVENUES (INFLOWS)			
Federal grants	$ 409,690	$ 461,421	112.63%
Federal pass-through	465,981	316,592	67.94%
State grants	253,631	379,809	149.75%
Localities	306,605	339,798	110.83%
Miscellaeous sources	9,750	7,885	80.87%
	$ 1,445,657	$ 1,505,505	104.14%
EXPENDITURES (OUTFLOWS)			
Operating expenses	$ 942,774	$ 1,134,088	120.29%
Pass-through expneses	488,244	316,592	64.84%
	$ 1,431,018	$ 1,450,680	101.37%

FY16 total revenues were about 4% more than budgeted revenues, but this included higher operational revenues than anticipated. Without pass-through, revenues for the TJPDC were $1,125,913 or about 16% more than the budgeted operational revenues for the fiscal year.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
As of June 30, 2016

		Governmental Activities
Assets:		
Current assets:		
Cash and cash equivalents	$	473,347
Receivables, net		15,164
Due from other governments:		
Federal		40,713
State		111,000
Prepaid expenses		20,396
Total current assets	$	660,620
Noncurrent assets:		
Net pension asset	$	258,854
Capital assets (net of depreciation):		
Leasehold improvements, vehicles, furniture and equipment	$	22,209
Total noncurrent assets	$	281,063
Total assets	$	941,683
Deferred Outflows of Resources:		
Pension contributions subsequent to measurement date	$	19,773
Total assets and deferred outflows of resources	$	961,456
Liabilities:		
Current liabilities:		
Accounts payable	$	81,139
Compensated absences		33,602
Unearned revenue		104,286
Total current liabilities	$	219,027
Total liabilities	$	219,027
Deferred Inflows of Resources:		
Items related to measurement of net pension asset	$	72,552
Net Position:		
Investment in capital assets	$	22,209
Unrestricted		647,668
Total net position	$	669,877
Total liabilities, deferred inflows of resources and net position	$	961,456

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

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary Government					
Governmental activities					
Passed-through to other agencies	$ 316,592	$ -	$ -	$ 316,592	$ -
Programs administration:					
Office	408,747	(320,525)	65	-	(88,157)
Department of Transportation	365,624	163,891	-	529,515	-
Department of Housing and Urban Development	27,086	19,263	-	46,349	-
Department of Homeland Security	2,717	1,811	-	8,684	4,156
Environmental Protection Agency	39,480	16,712	-	56,192	-
Virginia Department of Agriculture	28,251	2,267	-	30,518	-
Virginia Department of Rail and Public Transportation	110,414	70,809	-	181,223	-
Legislative Liaison	70,876	45,772	-	116,648	-
Total governmental activities	$ 1,369,787	$ -	$ 65	$ 1,285,721	$ (84,001)

General Revenues	
Intergovernmental revenue not restricted to specific programs	$ 211,899
Revenue from use of money	7,820
Total general revenues	$ 219,719
Change in net position	$ 135,718
Net position, beginning of year	534,159
Net position, end of year	$ 669,877

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

Fund Financial Statements

Balance Sheet
Governmental Funds
As of June 30, 2016

	General Fund	Department of Transportation	HOME Department of Housing and Urban Development	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 473,347	$ -	$ -	$ -	$ 473,347
Receivables (net of allowance for uncollectibles):					
Accounts	14,339	825	-	-	15,164
Due from other governments:					
Federal	-	30,887	2,467	7,359	40,713
State	-	109,745	-	1,255	111,000
Prepaid items	20,396	-	-	-	20,396
Total assets	$ 508,082	$ 141,457	$ 2,467	$ 8,614	$ 660,620
Liabilities:					
Accounts payable and accrued expenses	$ 13,950	$ 67,110	$ -	$ 79	$ 81,139
Due to other funds	17,728	(19,069)	2,467	(1,126)	-
Unearned revenue	1,209	93,416	-	9,661	104,286
Total liabilities	$ 32,887	$ 141,457	$ 2,467	$ 8,614	$ 185,425
Fund Balance:					
Nonspendable					
Prepaid items	$ 20,396	$ -	$ -	$ -	$ 20,396
Unassigned	454,799	-	-	-	454,799
Total fund balance	$ 475,195	$ -	$ -	$ -	$ 475,195
Total liabilities and fund balance	$ 508,082	$ 141,457	$ 2,467	$ 8,614	$ 660,620

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2016

Total fund balance for governmental funds (Exhibit 3)			$	475,195
Total net position reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:				
Depreciable capital assets, net of accumulated depreciation	$	22,209		
Total capital assets				22,209
The net pension asset is not an available resource and, therefore, is not reported in the funds.				258,854
Pension contributions made subsequent to the measurement date will be an increase in the net pension asset in the next fiscal year and therefore, are not reported in the funds.				19,773
Items related to the measurement of the net pension asset which includes the net difference between projected and actual earnings on plan investments				(72,552)
Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:				
Compensated absences	$	(33,602)		
Total long-term liabilities				(33,602)
Total net position of governmental activities (Exhibits 1 and 2)			$	669,877

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

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION **Exhibit 5**

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Department of Transportation	HOME Department of Housing and Urban Development	Other Governmental Funds	Total Governmental Funds
Revenues:					
Federal Grants:					
Commission	$ -	$ 322,170	$ 45,574	$ 93,677	$ 461,421
Pass-Through	-	-	316,592	-	316,592
State Grants	75,971	302,583	-	1,255	379,809
Other:					
Localities	135,928	85,985	775	117,110	339,798
Charges for services	65	-	-	-	65
Revenue from the use of money and property	7,820	-	-	-	7,820
Total revenues	$ 219,784	$ 710,738	$ 362,941	$ 212,042	$ 1,505,505
Expenditures:					
Current:					
Administrative	$ 168,903	$ -	$ -	$ -	$ 168,903
Department of Transportation	-	529,515	-	-	529,515
Department of Housing and Urban Development	-	-	362,941	-	362,941
Department of Homeland Security	-	-	-	4,528	4,528
Environmental Protection Agency	-	-	-	56,192	56,192
Virginia Department of Agriculture	-	-	-	30,518	30,518
Virginia Department of Rail and Public Transportation	-	181,223	-	-	181,223
Legislative Liason	-	-	-	116,648	116,648
Debt Service:					
Principal retirement	211	-	-	-	211
Interest and other fiscal charges	1	-	-	-	1
Total expenditures	$ 169,115	$ 710,738	$ 362,941	$ 207,886	$ 1,450,680
Excess (deficiency) of revenues over (under) expenditures	$ 50,669	$ -	$ -	$ 4,156	$ 54,825
Other financing sources (uses):					
Transfers in	$ 4,156	$ -	$ -	$ -	$ 4,156
Transfers (out)	-	-	-	(4,156)	(4,156)
Total other financing sources (uses)	$ 4,156	$ -	$ -	$ (4,156)	$ -
Net changes in fund balance	$ 54,825	$ -	$ -	$ -	$ 54,825
Fund balance at beginning of year	420,370	-	-	-	420,370
Fund balance at end of year	$ 475,195	$ -	$ -	$ -	$ 475,195

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balance - total governmental funds (Exhibit 5)	$	54,825
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays		20,510
Depreciation expense		(9,222)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this adjustment consist of the change in deferred inflows of resources related to the measurement of the net pension liability.		24,929
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Details of this adjustment are as follows:		
Principal retired on capital lease		211
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Difference in pension expense and employer contributions made to the pension plan during the year		
Change in net pension asset		36,828
Change in deferred outflows of resources related to measurement of net pension asset		(1,763)
Change in compensated absences		9,400
Change in net position of governmental activities (Exhibit 2)	$	135,718

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

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present the Commission and its component units. There are no such component units that are required to be included in the Commission's financial statements.

The Commission has been organized by the governing authorities of the Counties of Albemarle, Fluvanna Greene, Louisa, and Nelson and the City of Charlottesville pursuant to the Regional Cooperation Act for the purpose of promoting the orderly and efficient development of the physical, social, and economic elements of Planning District Number Ten by planning, encouraging, and assisting governmental subdivisions to plan for the future.

B. Basic Financial Statements – Government-wide Statements

The Commission's basic financial statement include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Commission's general administrative services are classified as governmental activities. The Commission has no business-type activities at this time.

In the government-wide statement of net position, both the governmental and business-type activities columns (if any) are presented on a consolidated basis by column and are reported on a full accrual economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the Commission's functions. The functions are also supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (intergovernmental revenues, interest income, etc.).

The Commission allocates indirect costs using a specific percentage of use method.

This government-wide focus is on the sustainability of the Commission as an entity and the change in the Commission's net position resulting from the current year's activities.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Commission are reported in individual funds in the fund statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Commission:

Governmental Funds:

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

1. *General Fund* is the general operating fund of the Commission. It is used to account for and report all financial resources except those required to be accounted for in another fund.

2. *Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are legally restricted to expenses for specified purposes.

Major and Nonmajor Funds:

All funds are classified as either major or nonmajor. The following criteria are used when determining the fund types:

1. The General Fund is always classified as major.

2. All other major funds have assets, liabilities, revenues, or expenditures that are at least 10% of the corresponding element total (i.e., assets, liabilities, etc.) for all funds of that category or type (i.e., total governmental or enterprise funds). In addition, the same element that met the 10% criterion is at least 5% of the corresponding element total for all governmental and enterprise funds combined.

The Commission's funds are classified as follows:

Fund	Brief Description
Major:	
General	See above for description.
Special Revenue Funds:	
Department of Transportation	Accounts for and reports revenues and expenses restricted for the purposes of various projects funded by the Department of Transportation.
HOME Department of Housing and Urban Development	Accounts for and reports revenues and expenses restricted for the purpose of HOME program and Sustainable Communities grant.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Basic Financial Statements – Fund Financial Statements: (Continued)

Major and Nonmajor Funds: (Continued)

Fund	Brief Description
Nonmajor–Other Governmental Funds:	
Special Revenue Funds:	
Department of Mines, Minerals and Energy	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Department of Mines, Minerals and Energy.
Department of Conservation and Recreation	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Department of Conservation and Recreation.
Virginia Department of Rail and Public Transportation	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Virginia Department of Rail and Public Transportation.
Department of Emergency Management	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Virginia Department of Emergency Management.
Legislative Liaison	See Note 14–Local Legislative Liaison note.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. *Accrual* – Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. *Modified Accrual* – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. “Available” means collectible within the current period or within 60 days after the year end. Expenses are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that debt service expenditures as well as expenditures related to compensated absences, and claims and judgments are recognized when due.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Budgets and Budgetary Accounting

The following procedures are used by the Commission in establishing the budgetary data reflected in the required supplementary information:

1. Prior to December 31, the Executive Director submits to the Commission a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. After the budget is approved by the Commission, it is presented to the local governing bodies within its jurisdiction for approval of appropriations to the Commission.
3. The budget amounts depend on the staff securing grants and contracts throughout the year; therefore, appropriate budget revisions are proposed and approved by the Commission during the year. The Commission adopts a working budget for the fiscal year beginning July 1 at their May meeting, per the Bylaws. The Commission adopts the final budget for use in financial reporting at the November meeting.
4. The approved budget is utilized as a management control device.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. All budgetary data presented in the accompanying financial statements represents both the original and revised budgets as of June 30.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Cash and Cash Equivalents

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Commission had no investments as of June 30, 2016. All savings, money market accounts, and certificates of deposit are considered deposits and, therefore, included in the above referenced deposits.

H. Receivables and Payables

Outstanding balances between funds at the end of the fiscal year are reported as due to/from other funds. No allowance for uncollectibles is included in the receivables, due to the limited exposure related to the contractual nature of governmental receivables.

I. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Net Position

Net Position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

K. Net Position Flow Assumption

Sometimes the Commission fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

L. Property and Equipment

Property and equipment are recorded at the original cost. Depreciation and is computed by the straight-line method over the estimated useful lives of the assets as follows:

Office furniture and equipment	3 - 10 years
Vehicle	5 years
Website	3 years
Leasehold improvements	Remaining life of lease

M. Unearned Revenue

The Commission reports unearned revenue on its statement of net position. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Commission before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Commission has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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 then. The Commission only has one item that qualifies for reporting in this category. It is the employer contributions made to its pension plan during the current year and subsequent to the measurement date of the net pension asset, which will be recognized as a reduction to the net pension asset next fiscal year. For more detailed information on these items reference the pension note.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension asset are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and the additions to/deductions from the Commission'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.

P. Fund Equity

The Commission reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

NOTE 2–DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. No deposits exceed FDIC insurance limits.

Investments

Statutes authorize the Commission to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Commission does not have any investments.

NOTE 3–ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:

Accounts and due from other governments are as follows:

Federal Government:		
Department of Transportation	$	30,887
Department of Housing and Urban Development		2,467
Department of Agriculture		385
Department of Homeland Security		6,974
Total Federal Government	$	40,713
State:		
Department of Transportation	$	103,039
Department of Homeland Security		1,255
Department of Rail and Public Transportation		6,706
Total State	$	111,000
Accounts Receivable:		
Rockfish Phase 1	$	9,475
Albemarle Broadband		2,718
Other		2,971
Total Other	$	15,164

NOTE 4–INTERFUND OBLIGATIONS:

Interfund obligations arise due to timing differences between the receipt of restricted funds and their use.

	Interfund Receivable	Interfund Payable
General Fund	$ -	$ 17,728
Department of Transportation	19,069	-
HOME Department of Housing and Urban Development	-	2,467
Non-major Governmental Funds	1,126	-
Total	$ 20,195	$ 20,195

NOTE 5–CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Capital assets, being depreciated:				
Office furniture and equipment	$ 98,012	$ 12,680	$ 19,409	$ 91,283
Vehicle	31,734	-	-	31,734
Website	-	7,830	-	7,830
Leasehold improvements	11,993	-	-	11,993
Total capital assets being depreciated	$ 141,739	$ 20,510	$ 19,409	$ 142,840
Less accumulated depreciation for:				
Office furniture and equipment	$ 87,091	$ 8,134	$ 19,409	$ 75,816
Vehicle	31,734	-	-	31,734
Website	-	1,088	-	1,088
Leasehold improvements	11,993	-	-	11,993
Total accumulated depreciation	$ 130,818	$ 9,222	$ 19,409	$ 120,631
Total capital assets being depreciated, net	$ 10,921	$ 11,288	$ -	$ 22,209
Governmental activities capital assets, net	$ 10,921	$ 11,288	$ -	$ 22,209

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Office administration	$ 9,222
Total governmental activities	$ 9,222

NOTE 6–COMPENSATED ABSENCES:

The Commission employees earn sick leave at the rate of ten hours per month and may accumulate a maximum of 480 hours (60 days). No benefits or pay are received for unused sick leave upon termination. The amount of annual leave earned by an employee each month, with the exception of the Executive Director, depends upon the number of years the permanent full-time and part-time staff were employed by the Commission, as noted below. The Executive Director's leave is set by the Commission as part of the employment contract.

Years of Services	Days Per Month	Days of Annual Leave Per Year
0-5	1	12
6-10	1 1/4	15
Over 10	1 1/2	18

An employee may accumulate a maximum of 30 days of annual leave. At the time of separation of employment, the employee will be compensated for the accumulated leave balance. Accrued annual leave was $32,002 as of June 30, 2016. The following is a summary of changes in accrued annual leave for the year ended June 30, 2016:

Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
$ 43,002	$ -	$ 9,400	$ 33,602

NOTE 7–LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year:

	Balance July 1, 2015	Issuance/ Increases	Retirement/ Decreases	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Capital lease	$ 211	$ -	$ 211	$ -	$ -
Compensated absences	43,002	-	9,400	33,602	33,602
Total Governmental Activities	$ 43,213	$ -	$ 9,611	$ 33,602	$ 33,602

NOTE 8–COMMITMENTS/CONTINGENT LIABILITIES:

Federal programs in which the Commission participates were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Pursuant to the provisions of this circular, all major programs and certain other programs were tested for compliance with applicable grant requirements.

NOTE 8–COMMITMENTS/CONTINGENT LIABILITIES: (CONTINUED)

Additionally, the federal government may subject grant programs to additional compliance tests, which could result in disallowed expenditures. In the opinion of management, any future disallowances of grant program expenditures would be immaterial.

NOTE 9–PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Thomas Jefferson Planning District Commission are covered by VRS Retirement Plan after six months of employment. This is an agent multiple-employer plan 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:

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for 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.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • 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.
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. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) 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.	**Hybrid Opt-In Election (Cont.)** 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.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	**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.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or 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.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit Component:</u>** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **<u>Defined Contribution Component:</u>** Not applicable.

NOTE 9–PENSION PLAN: (CONTINUED)

Plan Description (Continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	6
Non-vested inactive members	10
Inactive members active elsewhere in VRS	8
Total inactive members	24
Active members	10
Total covered employees	42

Contributions

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

The Commission's contractually required contribution rate for the year ended June 30, 2016 was 3.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, 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 to the pension plan from the Commission were $19,773 and $21,536 for the years ended June 30, 2016 and June 30, 2015, respectively.

NOTE 9–PENSION PLAN: (CONTINUED)

Net Pension Asset

The Commission's net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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, 2014, 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, 2015.

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

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

NOTE 9–PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

NOTE 9–PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

NOTE 9–PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Commission's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability /Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	$ 1,384,455	$ 1,606,481	$ (222,026)
Changes for the year:			
Service cost	$ 50,141	$ -	$ 50,141
Interest	94,691	-	94,691
Differences between expected and actual experience	(61,088)	-	(61,088)
Contributions - employer	-	20,868	(20,868)
Contributions - employee	-	27,522	(27,522)
Net investment income	-	73,203	(73,203)
Benefit payments, including refunds of employee contributions	(63,463)	(63,463)	-
Administrative expenses	-	(1,005)	1,005
Other changes	-	(16)	16
Net changes	$ 20,281	$ 57,109	$ (36,828)
Balances at June 30, 2015	$ 1,404,736	$ 1,663,590	$ (258,854)

NOTE 9–PENSION PLAN: (CONTINUED)

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

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

	Rate		
	(6.00%)	**(7.00%)**	**(8.00%)**
Commission			
Net Pension Liability (Asset)	$ (68,541)	$ (258,854)	$ (413,767)

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

For the year ended June 30, 2016, the Commission recognized pension expense of $(40,221). At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 30,391
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	42,161
Employer contributions subsequent to the measurement date	19,773	-
Total	$ 19,773	$ 72,552

NOTE 9–PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$19,773 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 ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30		
2017	$	(47,023)
2018		(16,632)
2019		(16,633)
2020		7,736
Thereafter		-

NOTE 10–DEFERRED COMPENSATION PLAN:

During the year ended June 30, 1998, the employees of the Commission adopted a Section 457 Deferred Compensation Plan. The Commission delegates administrative and investment responsibilities for its 457 Plan assets to a third-party administrator. Based on an analysis of GASB Statement No. 32, it appears the Commission does not have to report these assets on their financial statements.

Employee contributions to this plan for the year ended June 30, 2016 were $23,750. There were no matching contributions.

NOTE 11–UNEARNED REVENUE:

The details of unearned revenue at June 30, 2016 are as follows:

Fund Name		Amount
General Fund	$	1,209
Department of Transportation		93,416
Other Governmental Funds		9,661
	$	104,286

NOTE 12–LITIGATION:

As represented by management, there were no lawsuits pending which would materially affect the Commission's financial position as of the date of these financial statements.

NOTE 13–COST ALLOCATION BASIS - INDIRECT COSTS AND FRINGE BENEFITS:

Indirect costs are those costs which are not readily identifiable within a particular program but, nevertheless, are necessary to the general operation and the conduct of the activities it performs. Allocations from the General Fund and to the Special Revenue Funds are made based on a ratio of indirect costs to the individual program's direct costs associated with salaries and fringe benefits (personnel costs). The rate is determined by a relation of total administrative costs to program salary costs. Program salary costs are calculated as follows:

Total personnel costs (salaries and fringes)
Less: Administrative personnel costs
Less: Contractual personnel costs

This ratio is calculated on an annual basis. The rate used during the fiscal year ended June 30, 2016 was 79%.

The actual indirect cost rate for the fiscal year ended June 30, 2016 was 87% and was calculated as follows:

Indirect costs	$ 395,333	=	87%
Individual programs' personnel costs	455,215		

NOTE 14–LOCAL LEGISLATIVE LIAISON:

The Liaison reports regularly to the local governments during the General Assembly session and when studies are undertaken by the General Assembly and are pertinent to local government interests. The Liaison prepares a Legislative Program in consultation with the localities who subsequently adopt the Program. This Program is fully funded by the six participating members (Charlottesville, Albemarle, Fluvanna, Greene, Louisa, and Nelson), with additional appropriations from local government funds. The Program is located at the Planning District at the localities' request. The Liaison is generally supervised by the Executive Director, but receives direction from the local governments.

Required Supplementary Information

Schedule of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual - Governmental Funds
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal Grants:				
Commission	$ 345,106	$ 409,690	$ 461,421	$ 51,731
Pass-Through	430,332	465,981	316,592	(149,389)
State Grants	243,693	253,631	379,809	126,178
Other:				
Localities	366,506	306,605	339,798	33,193
Charges for services	-	-	65	65
Revenue from the use of money	400	9,750	7,820	(1,930)
Total revenues	$ 1,386,037	$ 1,445,657	$ 1,505,505	$ 59,848
Expenditures				
Current:				
Administrative	$ 240,239	$ 243,157	$ 168,903	$ 74,254
Department of Transportation	530,592	537,106	529,515	7,591
Department of Housing and Urban Development	488,244	488,244	362,941	125,303
Department of Homeland Security	-	-	4,528	(4,528)
Environmental Protection Agency	32,226	38,646	56,192	(17,546)
Virginia Department of Rehabilitative Services	-	-	30,518	(30,518)
Virginia Department of Rail and Public Transportation	-	-	181,223	(181,223)
Legislative Liaison	92,485	123,865	116,648	7,217
Debt service:				
Principal retirement	-	-	211	(211)
Interest and other fiscal charges	-	-	1	(1)
Total expenditures	$ 1,383,786	$ 1,431,018	$ 1,450,680	$ (19,662)
Excess (deficiency) of revenues over (under) expenditures	$ 2,251	$ 14,639	$ 54,825	$ 40,186
Net change in fund balance	$ 2,251	$ 14,639	$ 54,825	$ 40,186
Fund balance, beginning of year	420,370	420,370	420,370	-
Fund balance, end of year	$ 422,621	$ 435,009	$ 475,195	$ 40,186

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	$ 50,141	$ 69,411
Interest	94,691	87,524
Changes of benefit terms	-	-
Differences between expected and actual experience	(61,088)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(63,463)	(45,653)
Net change in total pension liability	$ 20,281	$ 111,282
Total pension liability - beginning	1,384,455	1,273,173
Total pension liability - ending (a)	$ 1,404,736	$ 1,384,455
Plan fiduciary net position		
Contributions - employer	$ 20,868	$ 37,157
Contributions - employee	27,522	32,439
Net investment income	73,203	218,230
Benefit payments, including refunds of employee contributions	(63,463)	(45,653)
Administrative expense	(1,005)	(1,145)
Other	(16)	11
Net change in plan fiduciary net position	$ 57,109	$ 241,039
Plan fiduciary net position - beginning	1,606,481	1,365,442
Plan fiduciary net position - ending (b)	$ 1,663,590	$ 1,606,481
Commission's net pension liability (asset) - ending (a) - (b)	$ (258,854)	$ (222,026)
Plan fiduciary net position as a percentage of the total pension liability	118.43%	116.04%
Covered payroll	$ 563,802	$ 615,185
Commission's net pension liability (asset) as a percentage of covered payroll	-45.91%	-36.09%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2016	$ 19,773	$ 19,773	$ -	$ 517,609	3.82%
2015	21,536	21,536	-	563,802	3.82%
2014	37,157	37,157	-	615,185	6.04%
2013	42,416	42,416	-	702,256	6.04%
2012	30,492	30,492	-	680,616	4.48%
2011	27,056	27,056	-	603,927	4.48%
2010	33,149	33,149	-	532,079	6.23%
2009	31,579	31,579	-	506,893	6.23%
2008	30,713	30,713	-	615,499	4.99%
2007	31,581	31,581	-	632,886	4.99%

Current year contributions are from Thomas Jefferson Planning District Commission's records and prior year contributions are from the VRS actuarial valuation performed each year.

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Other Supplementary Information

Supporting Schedules

Schedule of Expenditures - General Fund
For the Year Ended June 30, 2015

Administrative		
Current Operating:		
Salaries	$	279,817
Contractual		27,060
Insurance		3,259
Subscriptions and publications		105
Dues		5,758
Advertising		401
Supplies		3,875
Copier		2,217
Meetings		2,083
Rent		79,640
Janitorial service		9,493
Postage		2,806
Travel		4,797
Professional development		3,529
Telephone		5,301
Audit and legal		14,065
Other		809
Indirect costs allocation		(320,526)
Equipment use and maintenance		44,414
Total current operating expenditures	$	168,903
Debt Service:		
Principal	$	211
Interest		1
Total expenditures	$	169,115

Schedule of Indirect Costs
For the Year Ended June 30, 2016

Administrative		
Current operating:		
Salaries	$	191,507
Employee benefits		29,884
Postage		2,725
Subscriptions and publications		105
Supplies		3,810
Travel		4,007
Audit/legal/advertising services		14,466
Professional meetings and development		4,953
Contractual services		25,553
Dues		5,758
Insurance/bonding		2,759
Printing and copier		710
Rent		72,925
Janitorial		9,493
Equipment repair/maintenance/use		21,377
Telephone		5,301
Total indirect costs	$	395,333

Schedule of Individual Programs' Personnel Costs
For the Year Ended June 30, 2016

Total Salaries and Fringes:		
Salaries	$	559,611
Fringe benefits		126,181
Total	$	685,792
Less Administrative Personnel Costs:		
Administration	$	205,795
Mapping		334
General services		1,920
Network support		2,424
Total Administrative Personnel Costs	$	210,473
Less Contractual Personnel Costs:		
Stanardsville TAP	$	2,553
Grant Writer		17,551
Total Contractual Personnel Costs	$	20,104
Total Individual Programs' Personnel Costs	$	455,215
Calculation of indirect cost rate:		
Indirect Costs /		395,333
Individual Programs' Personnel Costs		455,215
Indirect cost rate		87%

Schedule of Grant Contracts
For the Year Ended June 30, 2016

Grant or Contract	Grant-Contract Start Date	Grant-Contract End Date		Grant-Contract Total	Year to Date FY16	Grant-Contract To Date	Budgeted Amount For Fy17	Grant-Contract Remaining
MPO-FTA	07/01/15	06/30/16	*	$ 93,607	$ 93,487	$ 93,487	$ -	$ 120
MPO-PL	07/01/15	06/30/16		162,568	162,568	162,568	-	-
MPO-PASS-THROUGH	02/17/16	06/30/17		300,000	130,285	130,285	169,715	169,715
HOME TJPDC	07/01/15	06/30/16		45,575	45,575	45,575	-	-
HOME PASS-THROUGH	07/01/15	06/30/16	*	799,345	316,593	316,593	-	482,752
HOUSING HPG	10/01/15	09/30/17		5,409	5,195	5,195	-	214
HPG PASS-THROUGH	07/01/15	09/30/17		27,086	25,322	25,322	-	1,764
STATE SUPPORT TO PDC	07/01/15	06/30/16		75,971	75,971	75,971	-	-
VA HOUSING	07/01/15	06/30/16		5,000	3,491	5,000	-	-
CLEAN COMMUTE DAY				825	825	825	-	-
RIDESHARE	07/01/15	06/30/16		173,916	173,881	173,881	-	35
RIDESHARE-TDMP	07/01/14	10/31/15		21,808	4,938	21,808	-	-
RURAL TRANSPORTATION	07/01/15	06/30/16		58,000	58,000	58,000	-	-
ECO-LOGIC - TJPDC	08/08/13	10/31/15		145,525	36,372	145,525	-	-
TJPDC CORPORATION	07/01/15	06/30/16		1,820	1,820	1,820	-	-
LEGISLATIVE LIAISON	07/01/15	06/30/16		95,000	95,000	95,000	-	-
SOLID WASTE	07/01/15	06/30/16		11,489	11,489	11,489	-	-
COLUMBIA-VDEM	02/29/16	09/15/17		21,500	6,277	6,277	15,223	15,223
VDEM PASS-THROUGH	02/29/16	09/15/17		178,000	-	-	178,000	178,000
ROCKFISH	03/22/16	03/01/17		24,501	18,474	9,000	15,501	15,501
HAZARD MITIGATION	03/21/16	04/30/18		45,000	2,266	2,266	42,734	42,734
MEMBER PER CAPITA	07/01/15	06/30/16		150,752	150,752	150,752	-	-
WATER STREET CENTER	07/01/15	06/30/16		590	590	590	-	-
OFFICE LEASES - RENT	07/01/15	06/30/16		6,125	6,125	6,125	-	-
OFFICE LEASES - DIRECT COSTS	07/01/15	06/30/16		530	530	530	-	-
STANARDSVILLE TAP	04/06/15	12/31/17		11,500	2,730	4,275	7,225	7,225
ALB-BROADBAND-TASK 1	07/01/15	06/30/17		3,900	3,900	3,900	-	-
ALB-BROADBAND-TASK 2	07/01/15	06/30/16	*	7,500	6,781	6,781	-	719
ALB-BROADBAND-TASK 3	07/01/15	06/30/17		4,246	4,246	4,246	-	-
DEQ STORMWATER - TJPDC	05/01/15	10/01/15		57,251	38,053	57,251	-	-
DEQ STORMWATER CONTRACTS	05/01/15	10/01/15		28,104	18,141	28,104	-	-
RRBC	07/01/15	06/30/16		4,564	4,564	4,564	-	-
MAPPING				65	65	65	-	-
BANK INTEREST	07/01/15	06/30/16		400	1,199	1,199	-	
TOTAL				$ 2,567,472	$ 1,505,505	$ 1,654,270	$ 428,398	$ 914,002

* Funds are available for completion of the project.

Compliance

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Commissioners
Thomas Jefferson Planning District Commission
Charlottesville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thomas Jefferson Planning District Commission as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Thomas Jefferson Planning District Commission's basic financial statements and have issued our report thereon dated December 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Thomas Jefferson Planning District Commission's internal control over financial reporting (internal control) to determine the 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 Thomas Jefferson Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Thomas Jefferson 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2016

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Commissioners
Thomas Jefferson Planning District Commission
Charlottesville, Virginia

Report on Compliance for Each Major Federal Program

We have audited Thomas Jefferson Planning District Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Thomas Jefferson Planning District Commission's major federal programs for the year ended June 30, 2016. Thomas Jefferson Planning District Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Thomas Jefferson Planning District Commission's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Thomas Jefferson Planning District Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Thomas Jefferson Planning District Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Thomas Jefferson Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Thomas Jefferson Planning District Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Thomas Jefferson Planning District Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Thomas Jefferson Planning District Commission's internal control over compliance.

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

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

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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 2, 2016

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Primary Government:				
Department of Housing and Urban Development:				
Direct Payments:				
Home Investment Partnerships Program	14.239	N/A	$ 362,167	$ 316,592
Department of Transportation:				
Pass-Through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	EN07-039-118,P101, C501	$ 202,700	$ -
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	FTA VA-80-0019-00	83,098	-
Public Transportation Research, Technical Assistance, and Training	20.514	N/A	36,372	-
Total Department of Transportation			$ 322,170	$ -
Environmental Protecton Agency:				
Direct Payments:				
Chesapeake Bay Program	66.466	N/A	$ 56,185	$ -
US Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Agriculture:				
Rural Housing Preservation Grants	10.433	N/A	$ 30,517	$ -
Department of Homeland Security:				
Pass-Through Payments:				
Virginia Department of Emergency Management				
Hazard Mitigation Grant	97.039	N/A	$ 2,266	$ -
Pre-Disaster Mitigation	97.047	N/A	4,708	-
Total Department of Homeland Security			$ 6,974	$ -
Total Expenditures of Federal Awards			$ 778,013	$ 316,592

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Thomas Jefferson Planning District Commission under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Coder of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Awards of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Thomas Jefferson Planning District Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Thomas Jefferson Planning District Commission.

Note 2 - Summary of Significant Accounting Policies

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

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipients

Of the federal expenditures presented in the Schedule, the Commission provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount provided to subrecipients
14.239	HOME Investment Partnerships Program	$ 316,592
	Total	$ 316,592

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Commission's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
Department of Transportation	$ 322,170
HOME Department of Housing and Urban Development	362,166
Other Governmental Funds	93,677
Total primary government	$ 778,013
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 778,013

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' 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)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Audit Findings

None