

**RICHMOND REGIONAL PLANNING
DISTRICT COMMISSION**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

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Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

Independent Auditor's Report

To the Commissioners
Richmond Regional Planning District Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Richmond Regional 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 Richmond Regional Planning District 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.

Auditor's Responsibility

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

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

Metro: (703) 631-8940

FAX: (703) 631-8939

Toll Free 1-877-631-8940

Opinions

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

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, the schedule of changes in the net pension liability and related ratios, and the schedule of contributions on pages 4 through 10 and pages 41 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Richmond Regional Planning District Commission's 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 schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, on our consideration of the Richmond Regional 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 the 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 Richmond Regional Planning District Commission's internal control over financial reporting and compliance.

Dunham, Aukamp & Rhodes, PLLC

Certified Public Accountants
Chantilly, Virginia

October 13, 2016

**RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL STATEMENTS
FISCAL YEAR ENDING JUNE 30, 2016**

Presented here is the Management Discussion & Analysis Report for the Richmond Regional Planning District Commission (RRPDC) for the fiscal year ending June 30, 2016. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the RRPDC's financial position, and the result of operations of the various funds of the RRPDC. All disclosures necessary to enable the reader to gain an accurate understanding of the RRPDC's financial activities have been included.

The Executive Director, Assistant Executive Director, and the Finance and Contracts Administrator, under the direction of the Chairman of the RRPDC, are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the RRPDC are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that all assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the RRPDC using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the RRPDC's financial statements as reported in the annual audit. This annual audit consists of three components:

1. Management's Discussion and Analysis (this document)
2. Basic Financial Statements
3. Other Required Supplementary Information

Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires employers to recognize a liability as employees earn their pension benefits and recognize annual pension cost under an earnings approach.

Basic Financial Statements

The statement of net position presents information on all of the RRPDC's assets, deferred outflows of resources, liabilities, deferred inflow of resources and net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the RRPDC is improving or deteriorating.

The statement of activities shows the actual revenues and expenditures of the RRPDC for the fiscal year 2016 and the resulting change in net position. It is important to realize that the RRPDC, while not in the business of making a profit, should be managed in such a way to assure that adequate fund balances are maintained for the continuation of services.

The RRPDC adopts an annual operating budget for the upcoming fiscal year in December. The timing of this budget process provides the Region's jurisdictions an estimate of local membership dues that can be used for their budgeting purposes. A final budget which includes updated information on expenditures and revenues is presented to the RRPDC Board for final approval again in May before the start of the fiscal year.

A budgetary comparison has been provided to demonstrate compliance with the budget. The actual revenues and expenditures are compared to those budgeted for the fiscal year and the resulting variance is calculated.

Finally, the resulting excess of revenues over expenditures is added (or subtracted if expenditures exceeded revenues) from the fund balance at the beginning of the year. This results in the new fund balance or "operating reserve". The "operating reserve" represents the funds the RRPDC uses for those programs, studies, and tasks not otherwise funded by a specific grant or other current revenues. The "operating reserve" is also used to provide funding for grant programs until reimbursement is made by the grantor. This amount also includes a board designated \$1,000,000 reserve for continuing operations in the event of shortfalls in funding or unforeseen financial crises.

The MD&A illustrates significant changes in financial position and differences in operations between the current and prior years.

The notes following the financial statements provide additional information that is *essential* to a full understanding of the data provided in the statement of financial position and the statement of revenues, expenditures and changes in fund balance statements.

Government-Wide Financial Analysis

<i>Statements of Net Position</i>	<u>2016</u>	<u>2015</u>
Current Assets	\$1,256,966	\$1,211,350
Capital Assets	<u>62,928</u>	<u>61,331</u>
Total Assets	<u>\$1,319,894</u>	<u>\$1,272,681</u>
Deferred Outflows of Resources	<u>\$ 125,871</u>	<u>\$ 119,108</u>
Current Liabilities	\$ 212,453	\$ 147,049
Net Pension Liability	<u>497,328</u>	<u>515,249</u>
Total Liabilities	<u>\$ 709,781</u>	<u>\$ 662,298</u>
Deferred Inflows of Resources	<u>\$ 120,689</u>	<u>\$ 162,232</u>
Total Net Position,	<u>\$ 615,295</u>	<u>\$ 567,259</u>

Current assets are comprised of cash and investments, accounts receivable and prepaid expenses. These are resources available to the Commission for on-going operations.

Capital assets consist primarily of furniture and equipment used for the operation of the Commission. In an effort to maximize the capacity of a reduced Computer Operations budget the Commission has begun leasing its computer equipment in an attempt to reduce the outlay of cash to only dispose of the equipment as salvage every three years. It should also be noted that some assets purchased with funds from a grantor may revert to the grantor in the event the program for which they were purchased is discontinued. However, it should be noted that this option has not yet been exercised by any agency providing funding to the RRPDC.

Deferred outflows of resources represent current year pension payments which will be applied against the net pension liability in the actuarial report prepared as of June 30, 2016, which the Commission expects to receive in January 2017.

Current liabilities represent the obligations of the Commission. This category includes accounts payable and accrued expenses, compensated absences and deferred revenue.

Net pension liability represents the actuarially calculated pension obligation of the Commission.

Deferred inflow of resources represents current year differences between the projected and actual pension earnings per the actuarial report prepared as of June 30, 2015.

Statements of Activities

Changes in net position for the years ending June 30, 2016 as compared to 2015 are as follows:

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Expenses		
General and administration	\$ 686,000	\$ 515,904
Project costs	<u>1,911,788</u>	<u>1,943,659</u>
Total expenses	<u>2,597,788</u>	<u>2,459,563</u>
Program revenues		
Operating grants and contributions	735,385	723,479
Charges for services	<u>1,873,920</u>	<u>1,694,135</u>
Net program revenue (expense)	<u>11,517</u>	<u>(41,949)</u>
General revenue		
Miscellaneous and unrestricted investment earnings	<u>36,519</u>	<u>39,925</u>
Change in net position	48,036	(2,024)
Net position, beginning of year, as restated	<u>567,259</u>	<u>569,283</u>
Net position, end of year	<u><u>\$ 615,295</u></u>	<u><u>\$ 567,259</u></u>

RRPDC Activities

Actual Revenues, Expenses and Fund Balance for FY 2016

	<u>2016</u>	<u>2015</u>
REVENUES		
Grants and appropriations:		
Federal grants	\$ 1,532,514	\$ 1,453,190
State grants and appropriations	293,665	277,978
Local grants and appropriations	783,126	686,446
Other revenues:		
Miscellaneous and interest	<u>36,519</u>	<u>39,925</u>
TOTAL REVENUES	<u>2,645,824</u>	<u>2,457,539</u>
EXPENDITURES		
Salaries	1,622,312	1,507,516
Employee benefits and payroll taxes	486,922	423,612
Office rent	219,885	324,507
Computer operations	74,272	71,575
Professional services – pass-through	37,000	-
Printing	36,947	46,293
Travel	26,210	10,633
Office supplies and expenses	25,991	7,494
Audit and insurance	24,541	23,562
Organizational dues	11,678	10,298
Miscellaneous	9,649	3,346
Telephone	9,288	7,621
Legal	8,619	10,126
Training	8,158	2,769
Postage	5,555	8,278
Vehicle expense	4,441	5,161
Books and periodicals	<u>460</u>	<u>444</u>
TOTAL EXPENDITURES	<u>2,611,928</u>	<u>2,463,234</u>
Excess of Revenues over Expenditures	33,896	(5,695)
Fund Balance – Beginning of Year	<u>1,176,298</u>	<u>1,181,993</u>
Fund Balance – End of Year	<u>\$ 1,210,194</u>	<u>\$ 1,176,298</u>

As of June 30, 2016, the total fund balance of the RRPDC was \$1,210,194, including cash and investments and receivables. In FY 2016, operations contributed \$33,896 to the fund balance, which is \$33,996 more than was approved in the RRPDC budget. Between Fiscal Years 2015 and 2016, total expenditures increased by \$148,694.

The current RRPDC dues structure for member localities was adopted in 1992. The dues contain two parts, the first being a General Assessment of \$0.55 per capita and the second part is an assessment to cover funds needed to match TPO funds received from the Commonwealth and Federal government. This TPO assessment was set in 1992 at \$0.05 per capita resulting in total per capita dues from member localities at \$0.60. The current TPO assessment covers only 27.83% of the match it was intended to cover. The remaining 72.17% is funded by the General Assessment.

In May 2015, the per capita dues were calculated. It was found that an additional TPO assessment needed to cover the match of funds from the Commonwealth and Federal government was \$0.1292 which would have raised member dues to \$0.73 per capita. To-date, the Commission has not acted on a change in the dues structure.

The RRPDC manages its resources in order to provide high quality services to its member jurisdictions in the most cost effective manner. The breadth and type of services provided has changed significantly since 1992 providing valuable regional data resources used by our localities at the same time appropriations by the Commonwealth have declined by 37.2%. The RRPDC's per capita assessment is one of the lowest of the 21 Planning District Commissions in the Commonwealth of Virginia. In addition, the RRPDC has the lowest staff to population ratio of any PDC in the State that staffs a TPO. In FY 2016, local membership dues covered approximately 24 percent of the operating costs of the RRPDC.

In fiscal year 2004, staff received instruction from the board to maintain a balance of \$1,000,000 in its accounts to hedge against unforeseen economic downturns and possible cuts in funding from the Commonwealth or Federal sources or unforeseen financial crises. In 2006, the RRPDC completed financial projections indicating that the RRPDC fund balance would be below the \$1 million level in 2012 and that a membership dues increase should be considered at that time. Despite these projections, at the conclusion of FY 2016, the RRPDC fund balance remains at \$1,226,900, including cash and investments and grants receivables.

The ability of the RRPDC to maintain a fund balance above the \$1 million threshold without the need for a membership dues increase is the result of careful financial management, cost containment, and by deliberately seeking funding from non-traditional sources and project-based special assessments in accordance with the RRPDC Charter. Six occupied full time positions have been eliminated over the past six years.

In addition, management has placed limitations on expenses in areas such as travel, training and professional development to reflect current economic limitations. A strong core planning team has emerged from the downturn of the 2008-09 recession; internships have successfully served as an effective training ground to retain interns as permanent full-time employees with capacity to grow if given a clear career path. Planners with greater technical skills in Geographic Information Systems have contributed to the Commission staff's ability to assimilate, analyze, and display data on behalf of member jurisdictions. Ensuring growth and progress for this core planning team is essential in the more competitive job market if the Commission is to retain its most valuable employees.

In FY 2016, the RRPDC paid \$292,043 to lease office space. The new lease (amended and restated) began on July 1, 2015 and runs through October 31, 2022. The total lease expense for the first 9 months of the new lease will be \$244,012 which equates to \$20.29 per square foot. Beginning May 1, 2016 the rent fell to a total of \$18.00 per square foot. The new lease represents a savings of \$220,000 over the term of the lease (expiration of October 2022) to the Commission and its member localities.

At its April 12, 2007 meeting the Commission approved a resolution for all eligible staff enrolled in the Virginia Retirement System (VRS) to be able to purchase all prior service with the RRPDC for which each person is eligible. All staff hired after July 1, 2001 are required to participate in VRS. Staff not participating in VRS are eligible to remain in the International City/County Management Association (ICMA) 401k program. All staff is eligible for the ICMA 457 deferred compensation program.

Each fiscal year a budget is prepared for formal presentation to the Executive Committee and full Commission beginning in December with a preview to the Executive Committee in November. This presentation includes the new budget for the upcoming fiscal year as well as an updated budget for the current fiscal year. The budget development process is conservative with regard to expected income and expenses. A final budget is presented to the Board for the upcoming fiscal year in May with updated revenue and expenditure estimates.

Income is shown in the budget at the amount the RRPDC can expect to receive from Member Dues, the Commonwealth's appropriation for Planning District Commissions, miscellaneous income, interest income, and the amounts that are reimbursable from the Virginia Department of Transportation for PL (Public Law) and SPR (State Planning and Research) funds, the Department of Environmental Quality for Coastal Zone Resource Management Planning and the Virginia Department of Rail and Public Transportation for Section 5303 funds. Other sources of funding come from the Virginia Department of Emergency Management to fund a planning position for the State Homeland Security Program; private foundation funding for the Regional Community Indicators Project; and special local assessments upon request for specific projects.

The term "reimbursable" requires the RRPDC to submit invoices monthly, quarterly, or semi-annually as stated in the agreement or contract to the above named organizations to be reimbursed for work already completed and expenses already paid on behalf of that program. Some programs require the PDC to provide matching funds. For example; PL funds received from the Virginia Department of Transportation require a ten percent match in personnel and direct expenses from the RRPDC. Other grants require matching funds as high as fifty percent while others will cover most all of the associated expenses.

Additionally, the RRPDC maintains insurance to protect from losses of assets from negligence, accident, theft, or fire. Policies are issued through the agency's insurance carrier—Virginia Commonwealth Corporation. The underwriters of these policies are The Travelers, Fidelity and Deposit Company of Maryland, and the Virginia Department of Treasury, Division of Risk Management. The policies are evaluated annually and are adjusted according to need, economics and advice from insurance professionals.

The RRPDC has legal representation with the law firm of John R. Amos, PLLC. The contract for legal services has been renewed three times. The current contract is effective through December 31, 2016.

The RRPDC maintains a professional relationship with the accounting firm of Dunham, Aukamp and Rhodes, PLC. The contract for audit services has been open to competitive bidding several times. Because of costs and the relationship built with Dunham, Aukamp and Rhodes they have remained our auditor since 1998. The current contract with Dunham, Aukamp and Rhodes expires following the completion of the audit for fiscal year 2016.

To foster professional development, each member of staff is permitted to join a professional organization directly related to their job responsibilities at the RRPDC at no cost to the employee.

The RRPDC participates in the Local Government Investment Pool managed by the Virginia Department of the Treasury. It provides the RRPDC with an investment vehicle with rates equaling or exceeding those offered by most commercial banks and liquidity in the event that funds are needed for current obligations.

Also, as part of the agency's banking with SunTrust, the RRPDC is paid some interest for its deposits on hand.

Capital Asset and Debt Administration

The capital assets in the governmental funds consist of computer equipment, furniture and building improvements.

Economic Factors, Rates, and 2015-2016 Budget

The Richmond Regional Planning District Commission serves the third largest planning district measured by population in the Commonwealth after the Northern Virginia Regional Commission and the Hampton Roads Planning District Commission. The Richmond Region is poised for further growth and to that end the RRPDC is positioning itself to broaden the level of service to and in support of its member governments. This has required an entrepreneurial approach to provide services that are valuable, and clearly establish a return on investment to the region. The RRPDC of 2016 is recognized as a convener, a collaborator, and a partner with many different stakeholders in all sectors while focused on driving the Mission of the RRPDC: “To strengthen the quality of life throughout the Richmond region by serving as a regional forum of member local governments to address issues of regional significance, providing technical assistance to localities, and promoting and enhancing the collective consensus on the economic, transportation, social, environmental and demographic interests of the region.” (adopted 2004)

Every effort is made on the part of the Administrative staff to accurately predict revenues and expenses for the upcoming year so that staff can provide the Board with the best estimates for budgeting and planning. Factors such as the regional economy, past spending patterns, past funding, and population growth estimates are taken into consideration to develop estimates for current and future revenues and expenses.

Contacting RRPDC’s Financial Management

This financial report is intended to provide Federal, State, and Local grantors, as well as member localities with a general overview of the RRPDC’s finances and to show accountability for the funds it receives and expends. If you have questions about this report or need additional information, contact the Executive Director or the Finance and Contracts Administrator at the Richmond Regional Planning District Commission, 9211 Forest Hill Avenue, Suite 200, Richmond, Virginia 23235, and telephone (804) 323-2033.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 716,236
Grants receivable	489,549
Prepaid expenses	51,181
Capital assets, net	<u>62,928</u>
Total Assets	<u>1,319,894</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after the measurement date	<u>125,871</u>
LIABILITIES	
Current Liabilities	
Accounts payable	29,510
Compensated absences	103,363
Deferred revenue	15,344
Security deposit	1,918
Noncurrent liabilities:	
Deferred rent liability	62,318
Net pension liability	<u>497,328</u>
Total Liabilities	<u>709,781</u>
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual pension earnings	<u>120,689</u>
NET POSITION	
Investment in capital assets	62,928
Unrestricted	<u>552,367</u>
Total Net Position	<u><u>\$ 615,295</u></u>

See accompanying notes.

RICHMONT REGIONAL PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Program Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes in Net Assets</u>
Governmental Activities				
General government and administration	\$ 686,000	\$ -	\$ 735,385	\$ 49,385
Projects	<u>1,911,788</u>	<u>1,873,920</u>	<u>-</u>	<u>(37,868)</u>
Total Governmental Activities	<u>\$ 2,597,788</u>	<u>\$ 1,873,920</u>	<u>\$ 735,385</u>	<u>11,517</u>
General revenues:				
Miscellaneous				6,545
Rental income				28,444
Investment earnings				<u>1,530</u>
Total general revenues				<u>36,519</u>
Change in net assets				48,036
Net position at beginning of year - As restated				<u>567,259</u>
Net position at end of year				<u>\$ 615,295</u>

See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund
ASSETS	
Cash and investments	\$ 716,236
Grants receivable	489,549
Prepaid expenses	<u>51,181</u>
Total Assets	<u><u>\$ 1,256,966</u></u>
LIABILITIES	
Accounts payable	\$ 29,510
Deferred revenue	15,344
Security deposit	<u>1,918</u>
Total Liabilities	<u>46,772</u>
FUND BALANCE	
Unreserved, reported in:	
General fund	<u>1,210,194</u>
Total Fund Balance	<u>1,210,194</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,256,966</u></u>

Reconciliation of fund balances on the balance sheet for governmental funds to net position of governmental activities on the statement of net position:

Fund balances - total governmental funds	\$ 1,210,194
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Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities and related deferred items are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet but are reported on the government-wide statement of net position

Pension contributions	125,871
Net pension liability	(497,328)
Net differences between projected and actual pension earnings	(120,689)
Compensated absences	(103,363)
Deferred rent liability	<u>(62,318)</u>
	(657,827)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet.

<u>62,928</u>

Net Position of Governmental Activities

<u><u>\$ 615,295</u></u>

See accompanying notes.

RICHMONT REGIONAL PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES

Grants and appropriations:	
Federal grants	\$ 1,532,514
State grants and appropriations	293,665
Local grants and appropriations	783,126
Other revenue:	
Miscellaneous and interest	36,519
TOTAL REVENUES	<u>2,645,824</u>

EXPENDITURES

Salaries	1,622,312
Employee benefits and payroll taxes	486,922
Office rent	219,885
Computer operations	74,272
Professional and contractual service	37,000
Printing	36,947
Travel	26,210
Office supplies and expense	25,991
Audit and insurance	24,541
Organizational dues	11,678
Miscellaneous	9,649
Telephone	9,288
Legal	8,619
Training	8,158
Postage	5,555
Vehicle expense	4,441
Books and periodicals	460
TOTAL EXPENDITURES	<u>2,611,928</u>

Excess of Revenues over Expenditures	33,896
Fund Balance - Beginning of Year	<u>1,176,298</u>
Fund Balance - End of Year	<u>\$ 1,210,194</u>

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

Net Changes in Fund Balance - Total Governmental Funds	\$ 33,896
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Capital outlays are reported as expenditures in the governmental funds. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities. In the current period these amounts are:

Capital outlay	\$ 12,452	
Depreciation expense	(10,855)	1,597

Payments on the net pension liability is reported as an expenditure in governmental funds, but the payment reduces net pension liability in the statement of net position. 125,871

Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Pension expense	(59,644)
Decrease in compensated absence liability	8,634
Increase in deferred rent liability	<u>(62,318)</u>

Change in net position reported on the Statement of Activity	<u>\$ 48,036</u>
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See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Accounting Policies

The Richmond Regional Planning District Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia. The purpose of the Commission is to promote the orderly and efficient development of the physical, social and economic elements of the Richmond Regional Planning District by encouraging and assisting governmental subdivisions in planning for the future. The accounting policies of the Commission conform to generally accepted accounting principals as applicable to governments.

The Commission acts as the legal entity that receives funding while the Richmond Area Metropolitan Planning Organization (MPO) is responsible for the utilization of the funding. The MPO is the federally designated regional transportation planning organization that serves as the forum of cooperative transportation decision-making in the Richmond Metropolitan Area. The MPO was established under Section 134 of the Federal Aid Highway Act of 1973, as amended, for maintaining and conducting a "continuing, cooperative and comprehensive" transportation planning process that results in plans and programs consistent with the comprehensively planned development of the Richmond urbanized area.

- (a). Financial Statement Presentation - The government-wide financial statements (the statement of net assets and the statement of activities) report information of all the nonfiduciary activities. The governmental activities of the Commission are supported by intergovernmental revenues.

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

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

The various funds are grouped in the financial statements as follows:

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary funds. The individual governmental fund of the Commission is comprised of the General Fund, which accounts for all revenues and expenditures applicable to the general operation of the Commission.

- (b). Basis of Accounting - The economic resources measurement focus and the accrual basis of accounting is used for the Governmental Funds. Under the accrual method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, not to exceed sixty days. The Commission considers grant revenues to be available when the grant expenditure is made since the expenditure is the prime factor for determining eligibility. Expenditures are recorded when the related fund liability is incurred.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

(b). Basis of Accounting - (Continued)

The accounting and reporting policies of the Commission relating to the accompanying basic financial conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) the American Institute of Certified Public Accountants in the Publication entitled Audits of State and Local Government Units and by the Financial Accounting Standards Board (when applicable).

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

(d). Property and Equipment - Property and equipment are recorded as expenditures in the Governmental Fund and capitalized at cost in the government-wide financial statements for items exceeding \$1,000. Contributed fixed assets are recorded at their estimated fair market value at the time received. Depreciation has been provided over the following estimated useful lives of the respective assets on the straight-line method.

Equipment	5 years
Furniture	7 years
Office improvements	39 years

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

(e). Cash and Cash Equivalents - State statute authorizes the Commission to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the local government investment pool. Deposits are carried at cost, which approximates fair value. At June 30, 2016 cash and cash equivalents include the following:

Local banks	\$323,975
Local government investment pool	<u>392,261</u>
Total	<u>\$716,236</u>

Deposits - Custodial risk is the risk that in the event of a bank failure, the government deposits might not be returned to it. There is no custodial credit risk to these accounts, as the entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FSLIC limits. The State Treasury Board is responsible for monitoring compliance by banks and savings and loans.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

(e). Cash and Cash Equivalents - (Continued)

The Commission investments consist of investments in the local government investment pool of \$392,261. There is no custodial risk for either of these investments as the amounts are fully collateralized. In addition there is no interest rate risk as the interest rates are adjusted daily for the repurchase agreement and periodically for the investment in the local government investment pool.

(f). Compensated Absences - Commission employees are granted vacation and sick leave in varying amounts. Accrued but unused vacation, up to 36 days per employee, is paid to the employee at the time they leave employment with the Commission. Sick leave and vacation expenditures are recognized in the governmental fund to the extent it is paid during the year. The amount of unpaid vacation as of June 30, 2016 was \$103,363.

(g). Deferred Outflows/Inflows of Resources – The Commission reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. The Commission only has one item that qualifies for reporting in this category. It is the employer pension contributions made after the actuarial measurement date. Employer contributions made at the measurement date of June 30, 2015, were \$119,108.

The Commission reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period. The Commission only has one item that qualifies for reporting in this category. The difference between the projected and actual pension earnings per the actuarial report dated of June 30, 2015, of \$120,689 is reported as a deferred inflow of resources at June 30, 2016.

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

(i). Revenue Recognition – Intergovernmental revenues, consisting primarily of federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. Contributions of the member governments are based on population and are assessed annually. There is also provision for special assessments where problems warrant. The Commission recognizes a liability for funds received in excess of project expenditures.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted, as they are needed.

(j). Advertising Costs – Advertising costs are expensed when incurred. Advertising expense for the years ended June 30, 2016 is \$4,082.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - Grants Receivable

Grants receivable consist of the following at June 30, 2016:

Virginia Department of Transportation	\$251,349
Virginia Department of Rail and Public Transportation	161,486
City of Richmond- Department of Planning	27,974
Virginia Department of Emergency Management	27,439
Virginia Department of Environmental Quality	10,969
Greater Richmond Chamber of Commerce	<u>10,332</u>
Total	<u>\$489,549</u>

NOTE 3 - Budgets and Budgetary Accounting

The Commission adheres to the following procedures in establishing budgetary data reflected in the financial statements. The Commission staff completes preparation of a proposed operating budget in November for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them. The proposed budget is submitted to the Commissioners for approval no later than December. Early in each fiscal year, the Commission staff prepares a revised budget, based on the actual contracts and grant agreements signed for that fiscal year. This revised budget is approved in December of the affected year by the Commissioners. The budget is employed throughout the year as a management control device. The budget is adopted on the modified accrual basis consistent with the federal, state and local grant agreements that support the Commission. Contracted services and the related grant revenues are budgeted by the Commission, but the timing of the services is controlled by entities other than the Commission and, therefore, can vary significantly. The Commission prepares its budget on a basis of accounting that is substantially the same as generally accepted accounting principles.

NOTE 4 - Property and Equipment

A summary of changes in property and equipment follows:

	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Capital assets being depreciated				
Office furniture and equipment	\$356,990	\$ 12,452	\$42,103	\$327,339
Leasehold improvements	<u>68,098</u>	<u>-</u>	<u>-</u>	<u>68,098</u>
Total capital assets being depreciated	<u>425,088</u>	<u>12,452</u>	<u>42,103</u>	<u>395,437</u>
Less accumulated depreciation for:				
Office furniture and equipment	343,484	9,323	42,103	310,704
Leasehold improvements	<u>20,273</u>	<u>1,532</u>	<u>-</u>	<u>21,805</u>
Total accumulated depreciation	<u>363,757</u>	<u>10,855</u>	<u>42,103</u>	<u>332,509</u>
Capital Assets, net	<u>\$ 61,331</u>	<u>\$ 1,597</u>	<u>\$ -</u>	<u>\$ 62,928</u>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - Retirement Plan

Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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. Investment are reported at fair value.

Plan Description

All full-time, salaried permanent employees of the Commission are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are 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 a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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") <ul style="list-style-type: none">• 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.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>About the Hybrid Retirement Plan (continued)</p> <ul style="list-style-type: none"> • 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. <p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* <p>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</p> <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
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RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - Retirement Plan (Continued)

<p>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.</p>	<p>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.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages</p>
<p>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.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> 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. <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of 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.</p>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

<p>Vesting (continued) Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>Vesting (continued) <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>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.</p> <p>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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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.</p> <p>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.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

<p>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.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>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.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one- year waiting period before becoming eligible for non-work-related disability benefits.</p>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

<p>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.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • 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. <p><u>Defined Contribution Component:</u> Not applicable.</p>
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Additional financial information supporting the preparation of VRS Political Subdivision Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, PO 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	3
Inactive Members	
Vested inactive members	4
Non-vested inactive members	3
Inactive members active elsewhere in VRS	6
Total Inactive Members	13
Active Members	18
Total covered employees	34

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - Retirement Plan (Continued)

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 9.25% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the Commission were \$125,871 for the year ended June 30, 2016.

Net Pension Liability

The Commission's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability 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.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - Retirement Plan (Continued)

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 were 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

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 were 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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - Retirement 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 Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 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.

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	Long-Weighted Average Term
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	<u>1.00%</u>	-1.50%	-0.02%
Total	100.00%		<u>5.83%</u>
	Inflation		<u>2.50%</u>
			<u>8.33%</u>

* Expected arithmetic nominal return

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

* 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%.

Change in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2015	\$3,254,938	\$2,739,689	\$515,249
Changes for the year:			
Service cost	136,215	-	136,215
Interest	227,050	-	227,050
Changes of assumptions	-	-	-
Differences between expected and actual experience	(67,500)	-	(67,500)
Contributions – employer	-	119,147	(119,147)
Contributions – employee	-	64,838	(64,838)
Net investment income	-	131,334	(131,334)
Benefit payments, including refunds of employee contributions	(22,745)	(22,745)	-
Administrative expense	-	(1,606)	1,606
Other changes	-	(27)	27
Net changes	273,020	290,941	(17,921)
Balances at June 30, 2016	<u>\$3,527,958</u>	<u>\$3,030,630</u>	<u>\$497,328</u>

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's Net Pension Liability	\$970,657	\$497,328	\$104,161

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

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 \$59,644. 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 actual and expected experience	\$ -	\$ 51,839
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	68,850
Employer contributions subsequent to the Measurement Date	<u>125,871</u>	<u>-</u>
Total	<u>\$ 125,871</u>	<u>\$ 120,689</u>

\$125,871 reported as deferred outflows of resources related to pensions resulting from Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending 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 as follows:

Year ending June 30,	
2017	\$ (43,013)
2018	(43,013)
2019	(43,013)
2020	8,350
Thereafter	<u>-</u>
Total deferred inflows of resources	<u>\$ 120,689</u>

ICMA Retirement Corporation 401 Plan

Prior to becoming a VRS participating employer, the Commission participated in a multi-employer defined contribution pension plan that covered all of its full-time employees. This plan was frozen by the Commission effective July 1, 2001 and existing employees were given the choice of remaining in the ICMA 401 plan or becoming a member of VRS. Two employees remain in the IMCA plan. Contributions to the plan by the Commission are based on 9.5% of the employees' annual covered compensation as defined in the plan. Plan contributions for the year ended June 30, 2016, totaled \$8,490. Employees can contribute to the plan and they can direct their portion of the employer's portion of the contribution among forty-one types of investment funds. Employees became vested in the employer's portion of the contribution after three years of continuous service. The Commission's policy is to fund all pension costs as incurred.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - Retirement Plan (Continued)

ICMA Retirement Corporation 457 Plan

ICMA Eligible employees of the Commission may also participate in a deferred compensation plan in accordance with Internal Revenue Service Code 457. The deferred compensation is not available to employees until termination of employment, retirement, death or an unforeseen emergency. An independent administrator, ICMA Retirement Corporation, monitors contributions to the plan. The plan assets are maintained in custodial accounts for the exclusive use of the plan's participants and beneficiaries. In accordance with GASB 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, these assets and the related liability are not included in the accompanying financial statements.

NOTE 6 - Assessments to Participating Localities and State Appropriation

The Commission's revenues are derived mainly from federal, state and local grants from assessments to participating localities and state appropriation. Assessments to participating localities and state appropriation consist of the following for the year ended June 30, 2016.

Assessments to participating localities:	
County of Chesterfield	\$195,891
County of Henrico	190,811
City of Richmond	128,102
County of Hanover	57,241
County of Powhatan	16,675
County of Goochland	12,389
County of New Kent	11,661
Town of Ashland	4,387
County of Charles City	4,271
State appropriation	<u>113,957</u>
Total	<u>\$735,385</u>

NOTE 7 - Long-Term Obligations

The Commission has an operating lease for office space in Richmond, Virginia, which expires October 31, 2022. The lease calls for an annual rent increase of 3%. The Commission also leases a vehicle under operating leases which expire in 2018. Rental expense for all operating leases for the year ended June 30, 2016, was \$282,203.

Future minimum rental payments under these leases are as follows:

Year ending June 30,	
2017	\$ 267,922
2018	239,191
2019	265,661
2020	273,597
2021	281,800
Thereafter	<u>365,263</u>
Total minimum lease payments	<u>\$1,693,434</u>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 8 - Compliance with Grant Provisions

The Commission participates in several federal financial assistance programs. Although the Commission's grant programs have been audited in accordance with the provisions of the Single Audit Act, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

The Commission serves as the fiscal agent for the Richmond Area Metropolitan Planning Organization (MPO). The MPO has no staff, no bank account, and cannot contract on its own behalf. Accordingly, the Commission contracts on behalf of the MPO, as per federal regulation, and Commission staff performs the work of the MPO. All contracts with the Commonwealth of Virginia are cost reimbursable, so only when the costs have been expended and the work has been completed can the PDC request reimbursement.

NOTE 9 - Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total labor costs. Components of fringe benefit expense for the year ended June 30, 2016, and the allocation computations are shown below:

Health insurance	\$ 171,157
Payroll taxes	124,919
Pension	71,779
Other fringe	42,870
Life and disability insurance	<u>9,971</u>
Total Fringe Benefits	<u>\$ 420,696</u>
 Fringe benefit expenses	 \$ <u>420,696</u>
Total labor costs	\$1,613,678 = 26.07%

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - Indirect Costs

Indirect costs, which support all projects, are allocated to the various projects based on the allocation rate applied to the project's direct labor and fringe benefit charges. The indirect cost rate developed by the Commission for the fiscal year ending June 30, 2016 is calculated as follows:

Total indirect costs	<u>\$1,166,290</u>
Total direct labor and fringe	\$1,305,462 = 89.34%

The following items are included in indirect costs allocated to projects:

Salaries and fringe benefits	\$ 700,810
Rent	282,203
Consultant	37,000
Audit and insurance	24,541
Computer	20,415
Printing	19,344
Travel	14,691
Supplies	12,275
Depreciation	10,855
Dues	9,861
Training	7,833
Miscellaneous	7,295
Telephone	6,983
Postage	5,555
Vehicles	4,441
Legal fees	1,728
Books and periodicals	<u>460</u>
Total Indirect Costs	<u>\$1,166,290</u>

NOTE 11 - Evaluation of Subsequent Events

The Commission has evaluated subsequent events through October 13, 2016, the date which the financial statements were available to be issued.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

<u>FEDERAL AGENCY AND PROJECT</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>
Major Programs		
Department of Transportation		
Pass-through Payments – Virginia Department of Transportation		
Public Law (PL) Funds	20.205	\$ 908,849
State Planning and Research (SPR) Funds	20.205	51,556
MPO Pass-thru	20.205	43,074
Bike and Pedestrian	20.205	<u>15,673</u>
		<u>1,019,152</u>
Other Federal Awards		
Department of Transportation		
Pass-through Payments – Virginia Department of Rail and Public Transportation		
Section 5303 Funds	20.505	352,664
Section 5303/5304 Funds	20.505	<u>22,778</u>
		<u>375,442</u>
Department of Homeland Security		
Pass-through Payments – Virginia Department of Emergency Management		
Regional Coordination-Planning Support (6508)	97.067	105,665
National Oceanic and Atmospheric Administration		
Pass-through Payments – Virginia Department of Environmental Quality		
Coastal Resources Management Program (NA-14N0S4190141)	11.419	28,857
Coastal Resources Management Program (NA-13N0S4190135)	11.419	<u>3,398</u>
		<u>32,255</u>
Total Federal Awards		<u>\$1,532,514</u>

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Richmond Regional Planning District Commission (the Commission) for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the Commission, it is not intended to and does not present the financial position, change in net position, or cash flows of the Commission.

NOTE 2 – Summary of Significant Accounting Policies

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

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

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

To the Commissioners
Richmond Regional Planning District Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Richmond Regional Planning District Commission as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Richmond Regional Planning District Commission's basic financial statements, and have issued our report thereon dated October 13, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Richmond Regional 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 Richmond Regional Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Richmond Regional Planning District Commission's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Richmond Regional 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.

A handwritten signature in black ink that reads "Dunham, Aukamp & Rhodes, PLLC". The signature is written in a cursive, flowing style.

Certified Public Accountants
Chantilly, Virginia

October 13, 2016

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

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

To the Commissioners
Richmond Regional Planning District Commission

Report on Compliance for Each Major Federal Program

We have audited Richmond Regional 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 Richmond Regional Planning District Commission's major federal programs for the year ended June 30, 2016. Richmond Regional Planning District Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Richmond Regional 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 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 Richmond Regional 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 Richmond Regional Planning District Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Richmond Regional 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 Richmond Regional 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 Richmond Regional 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 with 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 the Richmond Regional 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing 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



Certified Public Accountants
Chantilly, Virginia

October 13, 2016

**RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting

- Material weakness(es) identified

___ Yes X No

- Significant deficiency(ies) identified

___ Yes X none reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified

___ Yes X No

- Significant deficiency(ies) identified

___ Yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)?

___ Yes X No

Identification of major programs

CFDA Number

Name of Federal Program or Cluster

20.205

Transportation Planning

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

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

RICHMONT REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	INITIAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grants and appropriations:				
Federal grants	\$ 1,580,134	\$ 1,624,989	\$ 1,532,514	\$ (92,475)
State grants and appropriations	329,466	288,211	293,665	5,454
Local grants and appropriations	811,600	783,900	783,126	(774)
Other revenue:				
Miscellaneous and interest	34,000	47,300	36,519	(10,781)
TOTAL REVENUES	<u>2,755,200</u>	<u>2,744,400</u>	<u>2,645,824</u>	<u>(98,576)</u>
EXPENDITURES				
Salaries and fringe benefits	1,974,800	1,984,300	1,971,867	12,433
Office rent	221,000	221,000	219,885	1,115
Retirement	139,400	137,400	137,367	33
Computer operations	97,700	102,000	74,272	27,728
Professional services - pass through	127,000	100,000	37,000	63,000
Printing	46,300	47,800	36,947	10,853
Travel	27,500	30,000	26,210	3,790
Office supplies and expense	29,900	29,900	25,991	3,909
Audit and insurance	24,600	24,700	24,541	159
Organizational dues	14,300	14,300	11,678	2,622
Miscellaneous	7,500	6,800	9,649	(2,849)
Telephone	9,000	9,000	9,288	(288)
Legal	10,500	10,500	8,619	1,881
Training	9,700	10,700	8,158	2,542
Postage	10,400	10,400	5,555	4,845
Vehicle expense	4,400	4,500	4,441	59
Books and periodicals	1,200	1,200	460	740
TOTAL EXPENDITURES	<u>2,755,200</u>	<u>2,744,500</u>	<u>2,611,928</u>	<u>132,572</u>
NET GAIN (LOSS) - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ (100)</u>	<u>\$ 33,896</u>	<u>\$ 33,996</u>

Reconciliation of financial statements prepared under
generally accepted accounting principles

Net gain - budgetary basis	\$ 33,896
Effect of depreciation expense not budgeted	(10,855)
Effect of change in compensated absences not reported in budget	8,634
Effect of pension outlays reported as expenditures in budget	125,871
Effect of pension expense reported by actuary	(59,644)
Effect of deferred rent reported as a reduction in rent expense	(62,318)
Effect of capital outlays reported as expenditures in budget	12,452
Net income under generally accepted accounting principles	<u>\$ 48,036</u>

See accompanying notes.

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

	2016	2015
Total Pension Liability		
Service Cost	\$ 136,215	\$ 155,179
Interest on total pension liability	227,050	203,413
Differences between expected and actual experience	(67,500)	-
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(22,745)	(19,105)
Net change in total pension liability	273,020	339,487
Total pension liability - beginning	3,254,938	2,915,451
Total pension liability - ending (a)	<u>\$ 3,527,958</u>	<u>\$ 3,254,938</u>
Plan fiduciary net position		
Contributions - employer	\$ 119,147	\$ 152,795
Contributions - employee	64,838	66,699
Net investment income	131,334	362,257
Benefits payments	(22,745)	(19,105)
Administrative expense	(1,606)	(1,768)
Other	(27)	19
Net change in plan fiduciary net position	290,941	560,897
Plan fiduciary net position - beginning	2,739,689	2,178,792
Plan fiduciary net position - ending (b)	<u>\$ 3,030,630</u>	<u>\$ 2,739,689</u>
Commission's Net pension liability - ending (a)-(b)	<u>\$ 497,328</u>	<u>\$ 515,249</u>
Plan fiduciary net position as a percentage of the total Pension liability	85.90%	84.17%
Covered - employee payroll	\$ 1,331,118	\$ 1,242,044
Commission's net pension liability as percentage of covered-employee payroll	37.36%	41.48%

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2007 THROUGH 2016

Date	Contractually Required Contributions (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2016	\$ 128,806	\$ 125,871	\$ 2,935	\$ 1,392,494	9.04%
2015	\$ 123,128	\$ 119,147	\$ 3,981	\$ 1,331,118	8.95%
2014	\$ 142,214	\$ 152,795	\$ (10,581)	\$ 1,242,044	12.30%
2013	\$ 153,804	\$ 165,094	\$ (11,290)	\$ 1,343,270	12.29%
2012	\$ 265,995	\$ 135,505	\$ 130,490	\$ 1,312,259	10.33%
2011	\$ 279,391	\$ 271,013	\$ 8,378	\$ 1,378,345	19.66%
2010	\$ 231,421	\$ 267,451	\$ (36,030)	\$ 1,205,947	22.18%
2009	\$ 192,730	\$ 216,993	\$ (24,263)	\$ 1,004,325	21.61%
2008	\$ 152,374	\$ 179,690	\$ (27,316)	\$ 794,030	22.63%
2007	\$ 92,642	\$ 114,440	\$ (21,798)	\$ 751,964	15.22%

See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – Change of Benefit Terms

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

NOTE 2 – 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

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

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

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability