RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

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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, 2018, 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.

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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, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Correction of Error

As described in Note 11 on page 33 to the financial statements, accounts receivable, accounts payable and accrued salaries were under accrued for the fiscal year ended June 30, 2017. Our opinion is not modified with respect to that matter.

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 8 and pages 41 through 43 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 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 November 21, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Richmond Regional Planning District Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richmond Regional Planning District Commission's internal control over financial reporting and compliance.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 21, 2018

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL STATEMENTS
FISCAL YEAR ENDING JUNE 30, 2018

Presented here is the Management Discussion and Analysis Report for the Richmond Regional Planning District Commission (RRPDC) for the fiscal year ending June 30, 2018. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management of the RRPDC. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. These data are 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 and the Director of Finance, under the direction of the Chair of the RRPDC, are responsible for establishing and implementing 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. Therefore, the internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented in the Financial Audit Report for Fiscal Year ending June 30, 2018 include all 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. The annual audit consists of three major components listed below. 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.

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

Basic Financial Statements

The statement of net position presents information on the RRPDC's assets, deferred outflows of resources, liabilities, deferred inflow of resources and the resulting 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 steady, improving or deteriorating.

The statement of activities shows the actual revenues and expenditures of the RRPDC for the fiscal year 2018 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 the fund balance provides contingencies for future periods.RRPDC does not currently have a target for revenues over expenses each year, but does strive to manage its finances in a manner that is financially conservative. In years where a net income is realized, these funds received in excess of expenses for the year are contributed to the RRPDCs Net Position. In Fiscal Year 2018, RRPDC depletes the Net Position balance by ($290,352) as shown on page 10 of the financial statements, "Statement of Activities". The FY2018 budget planned for a draw from the fund balance of ($125,000) for capital enhancements. Only ($88,286) was utilized in the fiscal year. The unplanned deficit ($165,352) is a result of vacancies experienced during the fiscal year that were not replaced in time to continue grant-reimbursable activity as anticipated in the budget. The unreimbursed funds remain available as carry over for the future year. The RRPDC adopts a preliminary annual operating budget for the upcoming fiscal year each December. The timing of this budget process provides the member jurisdictions an estimate of local membership dues that can be used for their budgeting purposes. A final budget, which includes updated information on projected expenditures and revenues, is presented to the RRPDC Board for final approval prior to the start of the fiscal year. In most years, the RRPDC conducts a Mid-Year budget review each December to anticipate any additional changes in projections for the current 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 and shown on page 41. In Fiscal Year 2018, the RRPDC finished the year incurring 91.5% of budgeted expenses for the period and collecting 82.9% of anticipated revenues. While the actual expenditures exceeded revenue by $363,242, this is approximately $239,440 less than was anticipated in the final budget adopted in December 2017. This is largely due to a reduction in administrative staff time spent in the urban transportation programs
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. In 2004, the RRPDC took action to establish $1,000,000 as the minimum amount to be held in the fund balance and to leave unchanged the current dues rate, using the fund balance in excess of $1,000,000 to address revenue shortfalls as they occur. The long term financial outlook of the Commission was to be reevaluated every two years. Since 2004, the dues rate has not changed. The annual net income/loss has varied slightly over the years though on an overall decline. The resulting change in fund balance has been declining year over year.

Following the close of Fiscal Year 2018, RRPDC reports a decrease to the Fund Balance of ($363,242) bringing the total to $780,962.

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

Statements of Net Position	**2018**	**2017 (1)**
Current Assets	$ 997,594	$1,296,140
Capital Assets	81,888	78,753
Total Assets	$1,079,482	$1,374,893
Deferred Outflows of Resources	$ 175,081	$ 180,834
Current Liabilities	$ 348,047	$ 316,958
Net Pension Liability	377,872	493,171
Total Liabilities	$ 725,919	$ 810,129
Deferred Inflows of Resources	$ 220,651	$ 147,253
Total Net Position	$ 307,993	$ 598,345

(1) As restated for the correction of an error in fiscal year 2017. See Note 11 of the notes to the financial statements.

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.

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, 2018, which the Commission expects to receive in January 2019.

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, 2017.

Statements of Activities

Changes in net position for the years ending June 30, 2018 as compared to 2017 are as follows:

	Governmental Activities	
	2018	2017 (1)
Expenses		
General and administration	$ 913,521	$ 592,448
Project costs	1,796,670	2,260,288
Total expenses	2,710,191	2,852,736
Program revenues		
Operating grants and contributions	744,415	742,866
Charges for services	1,659,696	2,057,171
Net program revenue	(306,080)	(52,699)
General revenue		
Miscellaneous and unrestricted investment earnings	15,728	35,749
Change in net position	(290,352)	(16,950)
Net position, beginning of year	598,345	615,295
Net position, end of year	$ 307,993	$ 598,345

(1) As restated for the correction of an error in fiscal year 2017. See Note 11 of the notes to the financial statements.

RRPDC Activities

Actual Revenues, Expenses and Fund Balance for FY 2018

	2018	2017
REVENUES		
Grants and appropriations:		
Federal grants	$ 1,412,540	$ 1,714,440
State grants and appropriations	255,492	296,411
Local grants and appropriations	736,080	789,187
Other revenues:		
Miscellaneous and interest	15,728	35,749
TOTAL REVENUES	2,419,840	2,835,787
EXPENDITURES		
Salaries	1,520,714	1,672,962
Employee benefits and payroll taxes	409,018	455,881
Office rent	232,254	264,766
Professional services – pass-through	160,084	193,341
Computer operations	95,590	123,639
Professional and contractual services	83,510	25,569
Website and computer equipment	64,186	-
Training and professional development	57,385	28,336
Printing	42,903	42,249
Travel	42,469	23,552
Office supplies and expenses	26,527	22,883
Audit and insurance	18,693	17,148
Legal	18,000	11,861
Telephone	9,133	7,964
Vehicle expense	1,401	3,670
Books and periodicals	1,215	918
Miscellaneous	-	7,038
TOTAL EXPENDITURES	2,783,082	2,901,777
Deficiency of Revenues over Expenditures	(363,242)	(65,990)
Fund Balance – Beginning of Year	1,144,204	1,210,194
Fund Balance – End of Year	$ 780,962	$ 1,144,204

The RRPDC manages its resources in such a way as to provide services to its member jurisdictions. 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 grant funded sources and special assessments.

In FY 2018, local membership dues covered approximately 23 percent of the total expenses of the RRPDC.

The ability of the RRPDC to maintain a fund balance above the $1 million threshold will require an assessment of all revenue sources including the membership dues rate.

The RRPDC manages a complex structure of funds. Some programs require the PDC to provide matching funds while others do not. Some programs provide reimbursement for indirect expenses while others do not. Some programs provide restricted funding for designated activities while others provide unrestricted funds.

The RRPDC maintains insurance to protect from losses of assets from negligence, accident, theft, or fire. Policies are issued through the agency's insurance broker—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 per need, economics, and advice from insurance professionals.

The RRPDC has legal representation with the law firm of Hefty Wiley & Gore, PC. The current retainer agreement is effective through December 31, 2018 and automatically renewable.

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 engagement with Dunham, Aukamp and Rhodes expires following the completion of the audit for fiscal year 2021.

The RRPDC contracted with Warren Whitney to provide professional accounting and finance services, currently serving in the role of Director of Finance.

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 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 Fiscal Year 2018 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 benefit to the investment to the region. RRPDC is currently undergoing significant internal restructuring to promote operational efficiencies, leverage technology opportunities when appropriate and focus on core capabilities and functions of the organization.

Every effort is made on the part of the staff leadership team to accurately predict revenues and expenses for the upcoming year so that the Commissioners has available to them 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 Director of Finance (Contracted) 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, 2018

	Governmental Activities
ASSETS	
Cash and investments	$ 431,580
Grants receivable	513,270
Prepaid expenses	52,744
Capital assets, net	81,888
Total Assets	1,079,482
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after the measurement date	77,475
Differences between expected and actual experience	97,606
Total Deferred Outflows of Resources	175,081
LIABILITIES	
Current Liabilities	
Accounts payable	123,345
Compensated absences	88,776
Accrued salaries	90,623
Security deposit	2,664
Noncurrent liabilities:	
Deferred rent liability	42,639
Net pension liability	377,872
Total Liabilities	725,919
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience	98,035
Changes of assumptions	83,832
Net difference between projected and actual earnings on plan investments	38,784
Total Deferred Inflows of Resources	220,651
NET POSITION	
Investment in capital assets	81,888
Unrestricted	226,105
Total Net Position	$ 307,993

See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets
Governmental Activities				
General government and administration	$ 913,521	$ -	$ 744,415	$ (169,106)
Projects	1,796,670	1,659,696	-	(136,974)
Total Governmental Activities	$ 2,710,191	$ 1,659,696	$ 744,415	(306,080)
General revenues:				
Miscellaneous				9,656
Investment earnings				6,072
Total general revenues				15,728
Change in net position				(290,352)
Net position at beginning of year - as restated				598,345
Net position at end of year				$ 307,993

See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

		General Fund
ASSETS		
Cash and investments	$	431,580
Grants receivable		513,270
Prepaid expenses		52,744
Total Assets	$	997,594
LIABILITIES		
Accounts payable	$	123,345
Security deposit		2,664
Accrued salaries		90,623
Total Liabilities		216,632
FUND BALANCE		
Unreserved, reported in:		
General fund		780,962
Total Fund Balance		780,962
Total Liabilities and Fund Balance	$	997,594

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	$	780,962
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		77,475
Differences between expected and actual experience with deferred outflows of resources		97,606
Net pension liability		(377,872)
Differences between expected and actual experience with deferred inflows of resources		(98,035)
Changes of assumptions		(83,832)
Net difference between projected and actual earnings on plan investments		(38,784)
Compensated absences		(88,776)
Deferred rent liability		(42,639)
		(554,857)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet.		81,888
Net Position of Governmental Activities	$	307,993

See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

REVENUES			
Grants and appropriations:			
Federal grants			$ 1,412,540
State grants and appropriations			255,492
Local grants and appropriations			736,080
Other revenue:			
Miscellaneous and interest			15,728
TOTAL REVENUES			2,419,840
EXPENDITURES			
Salaries			1,520,714
Employee benefits and payroll taxes			409,018
Office rent			232,254
Pass through contract services			160,084
Computer operations			95,590
Professional and contractual services			83,510
Website and computer equipment			64,186
Training and professional development			57,385
Printing			42,903
Travel			42,469
Office supplies and expense			26,527
Insurance			18,693
Legal fees			18,000
Telephone			9,133
Vehicle expense			1,401
Books and periodicals			1,215
TOTAL EXPENDITURES			2,783,082
Deficiency of Revenues over Expenditures			(363,242)
Fund Balance - Beginning of Year as restated			1,144,204
Fund Balance - End of Year			$ 780,962

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			$ (363,242)
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	$	15,705	
Depreciation expense		(12,570)	3,135
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.			
GASB 68 adjustment			36,147
Decrease in compensated absence liability			23,768
Decrease in deferred rent liability			9,840
Change in net position reported on the Statement of Activity			$ (290,352)

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, generally referred to as the Richmond Regional Transportation Planning Organization (RRTPO), is responsible for the utilization of the funding. The RRTPO is the federally designated regional transportation planning organization that serves as the forum of cooperative transportation decision-making in the Richmond Metropolitan Area. The RRTPO 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 position 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 Position reports assets as restricted when externally imposed constraints on those assets are in effect. Internally imposed designations or resources are not presented as restricted net assets.

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.

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 statements 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). Revenue Recognition - Intergovernmental revenues, consisting primarily of federal, state, local and other grants for the purpose of funding specific expenditures, are recognized when earned. The Commission considers grant revenue as earned when the grant expenditure is incurred. Contributions of the member governments are based on population and are assessed annually. There is also provision for special assessments when warranted. Funding received prior to expenditures being incurred are recognized as a deferred revenue liability.

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

(d). 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, 2018 cash and cash equivalents include the following:

Local banks	$ 30,483
Local government investment pool	401,097
Total	$431,580

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.

The Commission investments consist of investments in the local government investment pool of $401,097. There is no custodial risk for 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.

(e). 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.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

(f). 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 in value. 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 prior to the end of the assets' useful life.

(g). Compensated Absences - Commission employees are granted annual and sick leave in varying amounts, according to years of service. Accrued but unused annual leave only, not more than twice the amount earned in a year, is paid to the employee at the time they leave employment with the Commission. Sick leave and annual leave expenditures are recognized in the governmental fund to the extent it is paid during the year. The amount of unpaid annual leave as of June 30, 2018 was $88,776.

(h). Deferred Outflows/Inflows of Resources - The Commission reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. The Commission has two items that qualify for reporting in this category. They are the employer pension contributions made after the actuarial measurement date and the net difference between expected and actual experience. Employer contributions made after the measurement date of June 30, 2017, were $77,475. The differences between expected and actual experience, per the actuarial report for the fiscal year ended June 30, 2017, was $97,606.

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's deferred inflows balance is made up of the differences between expected and actual experience, changes in assumptions and the net difference between projected and actual earnings on plan investments, per the actuarial report for the fiscal year ended June 30, 2017, and totaled $220,651.

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

(j) Advertising Costs - Advertising costs are expensed when incurred. Advertising expense for the year ended June 30, 2018 is $2,688.

NOTE 2 - Grants Receivable

Grants receivable consist of the following at June 30, 2018:

Virginia Department of Transportation	$219,690
Virginia Department of Emergency Management	187,065
Virginia Department of Rail and Public Transportation	65,407
Greater Richmond Chamber of Commerce	32,324
Virginia Department of Environmental Quality	8,784
Total	$513,270

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. Prior to the start of each fiscal year, the Commission staff prepares a revised budget, based on the actual contracts and grant agreements anticipated for that fiscal year, for the Commission to review. 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, 2017	Additions	Disposals	Balance June 30, 2018
Capital assets being depreciated				
Office furniture and equipment	$349,272	$ 15,705	$100,050	$264,927
Leasehold improvements	68,098	-	-	68,098
Total capital assets being depreciated	417,370	15,705	100,050	333,025
Less accumulated depreciation for:				
Office furniture and equipment	315,281	11,039	100,050	226,270
Leasehold improvements	23,336	1,531	-	24,867
Total accumulated depreciation	338,617	12,570	100,050	251,137
Capital Assets, net	$ 78,753	$ 3,135	$ -	$ 81,888

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

NOTE 5 - Retirement Plan (Continued)

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 - Retirement Plan (Continued)

Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	**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
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **<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.
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.	**Vesting** Same as Plan 1.	**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.

NOTE 5 - Retirement Plan (Continued)

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. Members are always 100% vested in the contributions that they make.		**Vesting (continued)** **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1 **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

NOTE 5 - Retirement Plan (Continued)

Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **<u>Defined Benefit Component:</u> VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Not applicable.
Normal Retirement Age VRS: Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **<u>Defined Benefit Component:</u> VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 5 - Retirement Plan (Continued)

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

NOTE 5 - Retirement Plan (Continued)

Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Exceptions to COLA Effective Dates:** Same as Plan 1	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.
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.	**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.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

NOTE 5 - Retirement Plan (Continued)

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as 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. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer, PO Box 2500 Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

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

		Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits		5
Inactive Members		
Vested inactive members	2	
Non-vested inactive members	2	
Inactive members active elsewhere in VRS	10	
Total Inactive Members		14
Active Members		22
Total covered employees		41

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% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5% 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% 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.

NOTE 5 - Retirement Plan (Continued)

Contributions (continued)

The Commission's contractually required contribution rate for the year ended June 30, 2018 was 6.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarial rate for the Commission's plan was 6.99%.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were $77,475 and $91,316 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

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

Actuarial Assumptions - General Employees

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

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, 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:

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

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

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

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

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

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

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

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

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

Largest 10 – Non-Hazardous Duty:

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

NOTE 5 - Retirement Plan (Continued)

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

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

Long-Term Expected Rate of Return

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

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

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

NOTE 5 - 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, 2019, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2016	$3,480,611	$2,987,440	$493,171
Changes for the year:			
Service cost	151,156	-	151,156
Interest	233,234	-	233,234
Changes of assumptions	(109,867)	-	(109,867)
Differences between expected and actual experience	127,919	-	127,919
Contributions – employer	-	90,253	(90,253)
Contributions – employee	-	72,044	(72,044)
Net investment income	-	357,931	(357,931)
Benefit payments, including refunds of employee contributions	(297,391)	(297,391)	-
Administrative expense	-	(2,174)	2,174
Other changes	-	(313)	313
Net changes	105,051	220,350	(115,299)
Balances at June 30, 2017	$3,585,662	$3,207,790	$377,872

NOTE 5 - Retirement Plan (Continued)

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%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Commission's Net Pension Liability	$892,013	$377,872	$(47,852)

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

For the year ended June 30, 2018, the Commission recognized pension expense of $40,264. At June 30, 2018, 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	$ 97,606	$ 98,035
Changes in assumptions	-	83,832
Net difference between projected and actual earnings on plan investments	-	38,784
Employer contributions subsequent to the Measurement Date	77,475	-
Total	$175,081	$220,651

$77,475 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future reporting periods as follows:

Year ended June 30,	
2019	$ (70,263)
2020	(18,900)
2021	(4,097)
2022	(29,785)
2023	-
Thereafter	-

NOTE 5 - Retirement Plan (Continued)

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, 2018, totaled $4,538. 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.

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, 2018.

Assessments to participating localities:	
County of Henrico	$197,946
County of Chesterfield	193,876
City of Richmond	130,337
County of Hanover	56,332
County of Powhatan	17,393
County of Goochland	13,330
County of New Kent	12,493
Town of Ashland	4,478
County of Charles City	4,273
State appropriation	113,957
Total	$744,415

NOTE 7 - Long-Term Obligations

The Commission has an operating lease for office space in Richmond, Virginia, which expires October 31, 2023. The lease calls for an annual rent increase of 3%. Rental expense for operating leases for the year ended June 30, 2018, was $222,414.

Future minimum rental payments under this lease are as follows:

Years ending June 30,	
2019	$ 265,661
2020	273,596
2021	281,800
2022	290,281
2023	99,158
Total minimum lease payments	$1,210,496

During the fiscal year the Commission entered into an operating lease to sub-leases office space. The lease expires October 31, 2023, and calls for rental income of $2,665 per monthly. Rental income for the year ended June 30, 2018, was $2,665.

Future minimum lease income under the sub-lease is as follows:

Years ending June 30,	
2019	$ 31,976
2020	31,976
2021	31,976
2022	31,976
2023	10,659
Total	$ 138,563

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 Regional Transportation Planning Organization (RRTPO). The RRTPO has no staff, no bank account, and cannot contract on its own behalf. Accordingly, the Commission contracts on behalf of the RRTPO, as per federal regulation, and Commission staff performs the work of the RRTPO. 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.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2018, and the allocation computations are shown below:

Leave wages	$ 230,605
Health insurance	197,575
Payroll taxes	114,696
Pension	86,854
Life and disability insurance	9,893
Total Fringe Benefits	$ 639,623

Fringe benefit expenses	$ 639,623
Total labor costs	$1,266,341 = 50.51%

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, 2018 is calculated as follows:

Total indirect costs	$1,000,164
Total direct labor and fringe	$1,539,492 = 64.97%

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

Salaries and fringe benefits	$ 366,632
Rent	222,414
Professional and contract services	83,510
Computer	75,859
Website and computer equipment	48,481
Training	44,490
Printing	34,600
Travel	29,819
Insurance	18,693
Legal fees	18,000
Supplies	13,391
Depreciation	12,570
Dues	12,345
Telephone	9,133
Postage	5,481
Miscellaneous	2,289
Vehicles	1,401
Books and periodicals	1,215
Total Indirect Costs	$1,000,164

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 11 – Restatement of Beginning Net Position/Fund Balance

During the fiscal year ended June 30, 2018, it was determined that the Commission under accrued accounts receivables, accounts payable and accrued salaries as of June 30, 2017. Governmental activities net position and the general fund fund balance as of July 1, 2017 have been restated as follows:

	Governmental Activities	General Fund
Net position/fund balance as previously reported	$694,173	$1,240,032
Accrued salaries and salaries expense understated	(67,854)	(67,854)
Accounts payable and pass through contract services understated	(43,238)	(43,238)
Accounts receivable and projects revenue understated	15,264	15,264
Net position/fund balance as restated	$598,345	$1,144,204

NOTE 12 - Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 21, 2018, 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, 2018

FEDERAL GRANTING AGENCY/ PROJECT	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
Major Program			
Department of Transportation			
Pass-through Payments –			
Virginia Department of Transportation			
Public Law (PL) Funds	20.205	UPC0000111129	$ 765,693
State Planning and Research (SPR) Funds	20.205	UPC86357	52,531
MPO Pass-thru	20.205	UPC0000111152	45,388
			863,612
Other Federal Awards			
Department of Transportation			
Pass-through Payments –			
Virginia Department of Rail and Public Transportation			
Section 5303 Funds	20.505	46018-09	275,808
Department of Homeland Security			
Pass-through Payments –			
Virginia Department of Emergency Management			
Regional Coordination-Planning Support (6508)	97.067	7210/7557/7554/7553	148,861
Pre-Disaster Mitigation Grant Program	97.047	PDMC-PL-03-VA-2015-009	42,450
			191,311
National Oceanic and Atmospheric Administration			
Pass-through Payments –			
Virginia Department of Environmental Quality			
Coastal Resources Management Program			
Task #48 Lower Chickahominy	11.419	NA-16N0S4190171	(10,281)
Task #48 Lower Chickahominy	11.419	NA-17N0S4190152	40,661
Task #93.01 Lower Chickahominy	11.419	NA-17N0S4190152	24,441
Task #55 Brown's Island	11.419	NA-14N0S4190141	26,988
			81,809
Total Federal Awards			$1,412,540

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Commission, under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, change in net position or cash flows of the Commission.

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 – Indirect Cost Rate

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

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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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, and the aggregate remaining fund information of the Richmond Regional Planning District Commission as of and for the year ended June 30, 2018, 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 November 21, 2018

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.

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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.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 21, 2018

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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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, 2018. Richmond Regional Planning District Commission's major federal program is 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.

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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 its major federal program for the year ended June 30, 2018.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 21, 2018

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting		
- Material weakness(es) identified	____ Yes	_X_ No
- Significant deficiency(ies) identified	____ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major programs:		
- Material weakness(es) identified	____ Yes	_X_ No
- Significant deficiency(ies) identified	____ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	____ Yes	_X_ No

Identification of major programs

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

No matters were reported

Section III – Federal Award Findings

No matters were reported

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	INITIAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grants and appropriations:				
Federal grants	$ 1,521,564	$ 1,521,568	$ 1,412,540	$ (109,028)
State grants and appropriations	530,496	652,565	255,492	(397,073)
Local grants and appropriations	745,134	735,854	736,080	226
Other revenue:				
Miscellaneous and interest	8,160	8,940	15,728	6,788
TOTAL REVENUES	2,805,354	2,918,927	2,419,840	(499,087)
EXPENDITURES				
Salaries and fringe benefits	1,590,887	1,572,375	1,520,714	51,661
Employee benefits and payroll taxes	507,745	511,275	409,018	102,257
Office rent	263,503	265,000	232,254	32,746
Pass through contract services	100,000	208,779	160,084	48,695
Computer operations	60,000	80,739	95,590	(14,851)
Professional and contract services	85,400	35,000	83,510	(48,510)
Website and computer equipment	125,000	125,000	64,186	60,814
Training and professional development	75,000	50,000	57,385	(7,385)
Printing	20,000	26,000	42,903	(16,903)
Travel	25,000	32,000	42,469	(10,469)
Office supplies and expense	5,000	58,561	26,527	32,034
Insurance	14,800	15,000	18,693	(3,693)
Legal fees	18,000	18,000	18,000	-
Telephone	15,000	30,000	9,133	20,867
Vehicle expense	4,500	5,000	1,401	3,599
Books and periodicals	15,000	10,000	1,215	8,785
TOTAL EXPENDITURES	2,924,835	3,042,729	2,783,082	259,647
	-			
NET GAIN - BUDGETARY BASIS	$ (119,481)	$ (123,802)	$ (363,242)	$ (239,440)

Reconciliation of financial statements prepared under generally accepted accounting principles

Net gain - budgetary basis	$ (363,242)
Effect of depreciation expense not budgeted	(12,570)
Effect of change in compensated absences not reported in budget	23,768
GASB 68 net adjustments	36,147
Effect of deferred rent reported as a reduction in rent expense	9,840
Effect of capital outlays reported as expenditures in budget	15,705
Net income under generally accepted accounting principles	$ (290,352)

See accompanying notes.

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

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	$ 151,156	$ 139,877	$ 136,215	$ 155,179
Interest on total pension liability	233,234	237,166	227,050	203,413
Changes in assumptions	(109,867)	-	-	-
Differences between expected and actual experience	127,919	(144,632)	(67,500)	-
Benefit payments, including refunds of employee contributions	(297,391)	(279,758)	(22,745)	(19,105)
Net change in total pension liability	105,051	(47,347)	273,020	339,487
Total pension liability - beginning	3,480,611	3,527,958	3,254,938	2,915,451
Total pension liability - ending (a)	$ 3,585,662	$ 3,480,611	$ 3,527,958	$ 3,254,938
Plan fiduciary net position				
Contributions - employer	$ 90,253	$ 125,871	$ 119,147	$ 152,795
Contributions - employee	72,044	67,944	64,838	66,699
Net investment income	357,931	45,278	131,334	362,257
Benefits payments, including refunds of employee contributions	(297,391)	(279,758)	(22,745)	(19,105)
Administrative expense	(2,174)	(1,872)	(1,606)	(1,768)
Other	(313)	(653)	(27)	19
Net change in plan fiduciary net position	220,350	(43,190)	290,941	560,897
Plan fiduciary net position - beginning	2,987,440	3,030,630	2,739,689	2,178,792
Plan fiduciary net position - ending (b)	$ 3,207,790	$ 2,987,440	$ 3,030,630	$ 2,739,689
Commission's Net pension liability - ending (a)-(b)	$ 377,872	$ 493,171	$ 497,328	$ 515,249
Plan fiduciary net position as a percentage of the total Pension liability	89.46%	85.83%	85.90%	84.17%
Covered payroll	$ 1,312,339	$ 1,480,513	$ 1,331,118	$ 1,242,044
Commission's net pension liability as percentage of covered payroll	28.79%	33.31%	37.36%	41.48%

See accompanying notes.

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

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)
2018	$ 93,993	$ 77,475	$ 16,518	$ 1,392,494	5.56%
2017	$ 88,583	$ 91,316	$ (2,733)	$ 1,312,339	6.96%
2016	$ 136,947	$ 125,871	$ 11,076	$ 1,480,513	8.50%
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%

See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - Change of Benefit Terms

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

NOTE 2 - Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

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

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

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