



Audit, Facilities & Finance Committee

AGENDA

October 27, 2020 – 2:00 PM

PlanRVA Office - James River Board Room

(Virtual Meeting information available upon request)

1. Welcome and Introductions

- a. **Statement regarding Virtual Meetings for PlanRVA.....page 2**
- b. Roll Call of Attendees
- c. **September 22, 2020 Meeting Minutes.....page 3**

2. New Business

- a. **FY2020 Audit Report page 6**
- b. **September 2020 YTD Financial Statementspage 47**
- c. **Budget Amendments FY2021..... page 52**

Requested Action: Motion to advance budget amendments with recommendation for approval to the November 12, 2020 Executive Committee and Full Commission meetings.

- d. FY2022 Budget

3. Old Business

- a. **Grant Management System Proposalpage 54**
- b. **Investment Policy page 55**

4. Adjourn

Targeted adjournment is 3:00 pm



**Opening Statement for Electronic Meetings
PlanRVA Audit, Finance & Facilities Committee Meeting, October 27, 2020**

Due to the 2020 COVID-19 virus, meetings of the Richmond Regional Planning District Commission have transitioned to a virtual format in accordance with provisions of Virginia Code § 2.2-3708.2 and related legislation approved by the General Assembly of Virginia during the current period of the Governor's State of Emergency Declaration for COVID.

While we meet in a remote/virtual format, we remain committed to public accessibility and opportunity to participate. Staff provided notice of this meeting to members and the public on Tuesday, October 20, 2020. As this meeting will be recorded, audio and visual recordings and materials will be accessible through the PlanRVA website. Any member of the public participating as an observer during the meeting may submit comments or questions at any time via email at info@PlanRVA.org. Additional information for how members of the public may participate are included in the meeting materials and on our website.

For the members who are participating in the meeting today, we ask that you identify yourself first when speaking so we can accurately record the activities of the meeting. Please remember to mute your line when not speaking to minimize additional noise and feedback. You may unmute your line at any time to request acknowledgement from the Chair. Staff will be monitoring the chat functions throughout the meeting to assure we do not overlook anyone wishing to participate, as appropriate, in the discussion.

Does anyone have any questions regarding the process for assuring effective facilitation of this meeting or for how members of the public may participate?

By reading this statement, staff certifies that we have followed the approved procedures for appropriate notice of this meeting and the means by which we are convening.

Now, please indicate your presence by saying "HERE" when your name is called during the roll call. Staff members will also be asked to identify themselves and anyone else who wishes to identify themselves following the roll call of members will be invited to do so.

<PAUSE for Roll Call>



Audit, Facilities & Finance Committee
September 22, 2020 – 2:00 PM
Meeting Minutes
PlanRVA Office - James River Board Room

Link to meeting recording: https://www.youtube.com/watch?v=_R7uWg3IKd8

Members:

Mr. Jim Holland (Chair)
Ms. Patricia O'Bannon
Ms. Patricia Paige
Mr. Canova Peterson

Staff Present:

Terry Eckhout, Director of Finance
Diane Fusco, Office Manager
Martha Heeter, Executive Director

Welcome and Introductions

Chairman Holland called the meeting to order at 2:00 PM. Ms. Heeter read the statement of virtual meetings for PlanRVA.

August 25, 2020 Meeting Minutes

Mr. Holland asked the committee to review the meeting minutes from August 25, 2020. There were no changes or revisions. On motion of Ms. O'Bannon and seconded by Mr. Peterson the August 25, 2020 minutes were approved.

August 2020 YTD Financial Statements

Ms. Eckhout provided an update on audit status. Mr. Rhodes is scheduled to be at the October 27th committee meeting to present the draft audit findings.

Ms. Eckhout reviewed the unadjusted financial statements.

Mr. Holland asked about an overbilling issue that was discussed at the last meeting related to a billing error from the vendor that installed the new VOIP phone system for the agency.

Mr. Peterson asked about what controls are in place to insure we do not pay invoices when the billing is now correct.

This situation has been addressed and there is now a tighter internal control on invoice reviews and approvals prior to payment being processed.

Mr. Holland asked Ms. Eckhout to report on the amount of the overbilling and what credit is expected prior to the full Commission meeting.



Ms. Eckhout reviewed items on the profit and loss statement with variances greater or less than the current threshold of 25% when compared to the annual budget.

Mr. Peterson and Mr. Holland asked for amount of VRS employer contribution increase detailed on page nine of the financial statements. Ms. Eckhout agreed to provide this information prior to the next full Commission meeting.

There was some discussion about staff computer use and the distribution of desktops versus laptops. Ms. Paige stated she feels work should be performed on work computers not personal computers whether it be a lap top or desktop.

Mr. Holland asked for a list of inventory fixed assets (page 5, line 1300), specifically as related to computers, line. Ms. Eckhout agreed to provide this for the next meeting.

Ms. Eckhout pointed out Item G on page 10 which are expenses related to some remodeling in the break room at the PlanRVA office to address some Covid19 concerns. Other structural changes are on hold for now. She also reviewed items related to notes on the bottom of page 10.

Mr. Holland asked about the status of special assessments and Ms. Eckhout confirmed that all special assessments have been paid in full.

Mr. Peterson noted two consecutive months of losses and asked about the plan for turning this around. Ms. O'Bannon also asked about the cause for the loss and Ms. Heeter agreed the current decrease in revenue is a function of staff taking time off so far, this fiscal year.

Ms. Eckhout said the investment policy was revised and is being reviewed by the agency attorney, Eric Gregory. The policy will be presented to the committee at the next meeting.

The performance in the first two months of the fiscal year was discussed and the expectation that the performance will be improved. Mr. Peterson asked for some definitive answers to address this issue.

FY2021 New Positions Request

Ms. Heeter reviewed positions currently under consideration. The position to provide Board support to PlanRVA, RRTPO and possibly the CVTA is the priority because of current workloads. The Executive Committee has provided approval for the first position to be advertised.

Ms. Heeter reviewed the Staff Composition table and overview of three positions included with the agenda packet. The first position listed has been advertised based on approval from the Executive Committee at the September meeting.

Ms. Heeter confirmed the positions are already included on line 6000, page nine of the current budget. There was agreement these positions would not be filled when the budget was submitted last year until approval from the Board.



The position would charge time to various revenue sources and was posted on Friday, September 18, 2020. Ms. O'Bannon suggested the job posting for Board support may require a manager and assistant.

New Business

Ms. Eckhout mentioned a new software recommended by the agency auditor. The software and is currently used by Hampton Roads PDC as well as Northern Shenandoah PDC. Mr. Holland asked for a review of the program. The program would replace QuickBooks and eliminate payroll through ADP.

Mr. Holland ask Ms. Eckhout to prepare a 1-page position paper to include benefits proposal, cost savings, and recommendations to be presented to the Finance Committee.

Adjourn

Mr. Holland adjourned the meeting at 3:10 pm.

**RICHMOND REGIONAL PLANNING
DISTRICT COMMISSION**

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

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RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

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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, 2020, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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, 2020 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

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 employer contributions on pages 4 through 10 and pages 43 through 45 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 xx, 2020, 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.

Certified Public Accountants
Chantilly, Virginia

November xx, 2020

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RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 565,731
Grants receivable	790,550
Prepaid expenses	11,437
Capital assets, net	<u>110,231</u>
Total Assets	<u>1,477,949</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after the measurement date	84,636
Differences between expected and actual experience	100,864
Changes of assumptions	<u>73,833</u>
Total Deferred Outflows of Resources	<u>259,333</u>
LIABILITIES	
Current Liabilities	
Accounts payable	119,456
Compensated absences	98,170
Accrued salaries	61,937
Deferred revenue	24,290
Security deposit	2,664
Noncurrent liabilities:	
Deferred rent liability	22,959
Net pension liability	<u>584,259</u>
Total Liabilities	<u>913,735</u>
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience	70,721
Changes of assumptions	31,762
Net difference between projected and actual earnings on plan investments	<u>28,316</u>
Total Deferred Inflows of Resources	<u>130,799</u>
NET POSITION	
Investment in capital assets	110,231
Unassigned	<u>582,517</u>
Total Net Position	<u><u>\$ 692,748</u></u>

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See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets
Governmental Activities				
General government and administration	\$ 302,114	\$ -	\$ 754,614	\$ 452,500
Projects	<u>2,934,489</u>	<u>2,807,184</u>	<u>-</u>	<u>(127,305)</u>
Total Governmental Activities	<u>\$ 3,236,603</u>	<u>\$ 2,807,184</u>	<u>\$ 754,614</u>	<u>325,195</u>
General revenues:				
				1,128
				11,892
				<u>(42,101)</u>
				<u>(29,081)</u>
				296,114
				<u>396,634</u>
				<u>\$ 692,748</u>

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RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund
ASSETS	
Cash and cash equivalents	\$ 565,731
Grants receivable	790,550
Prepaid expenses	11,437
Total Assets	\$ 1,367,718
LIABILITIES	
Accounts payable	\$ 119,456
Deferred revenue	24,290
Security deposit	2,664
Accrued salaries	61,937
Total Liabilities	208,347
FUND BALANCE	
Nonspendable	11,437
Unassigned	1,147,934
Total Fund Balance	1,159,371
Total Liabilities and Fund Balance	\$ 1,367,718

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

Fund balances - total governmental funds	\$ 1,159,371
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Amounts reported for governmental activities in the statement of net position are different because:

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

Pension contributions	\$ 84,636
Differences between expected and actual experience	100,864
Changes of assumptions	73,833
Net pension liability	(584,259)
Differences between expected and actual experience	(70,721)
Changes of assumptions	(31,762)
Net difference between projected and actual earnings on plan investments	(28,316)
Compensated absences	(98,170)
Deferred rent liability	(22,959)
	(576,854)

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

	110,231
Net Position of Governmental Activities	\$ 692,748

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, 2020

REVENUES

Grants and appropriations:		
Federal grants	\$	2,400,752
State grants and appropriations		347,859
Local grants and appropriations		813,187
Other revenue:		
Miscellaneous and interest		13,020
TOTAL REVENUES		3,574,818

EXPENDITURES

Salaries	1,234,061
Pass through contract services	756,992
Employee benefits and payroll taxes	597,744
Office rent, net	241,621
Computer operations	141,775
Training and professional development	65,129
Professional and contractual services	37,117
Printing	30,458
Office supplies and expense	29,502
Legal fees	24,000
Travel	15,054
Advertisements	13,223
Website and computer equipment	12,165
Insurance	6,390
Books and periodicals	835
TOTAL EXPENDITURES	3,206,066

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Excess of Revenues over Expenditures	368,752
Fund Balance - Beginning of Year as restated	790,619
Fund Balance - End of Year	\$ 1,159,371

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	\$ 368,752
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Capital outlays are reported as expenditures in the governmental funds. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities. In the current period these amounts are:

Capital outlay	\$12,165	
Depreciation expense	(24,265)	(12,100)

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

Pension expense		
GASB 68 adjustment		(42,101)
Increase in compensated absence liability		(28,277)
Decrease in deferred rent liability		9,840
		9,840

Change in net position reported on the Statement of Activity	\$ 296,114
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See accompanying notes.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Accounting Policies

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

The Commission acts as the legal entity that receives funding while the Richmond Area Metropolitan Planning Organization, 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.

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).

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

- (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, 2020 cash and cash equivalents include the following:

Local banks	\$ 52,396
Local government investment pool	<u>513,335</u>
Total	<u>\$565,731</u>

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

The Commission investments consist of investments in the local government investment pool of \$513,335. 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.
- (f). Deferred Rent Liability - The Commission's landlord provided cash for leasehold improvements. These funds are recorded as a deferred rent liability and are amortized as a reduction of rent expense over the non-cancelable term of the lease. For the year ended June 30, 2020, the deferred rent liability was amortized as a reduction of rent expense in the amount of \$9,840.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

- (g). Capital Assets – Capital assets 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.

- (h). 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, 2020 was \$98,170.
- (i). 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 three items that qualify for reporting in this category. They are the employer pension contributions made after the actuarial measurement date, the net difference between expected and actual experience, and changes in assumptions of deferred outflows. Employer contributions made after the measurement date of June 30, 2019, were \$84,636. The differences between expected and actual experience and the changes in assumptions, per the actuarial report for the fiscal year ended June 30, 2019, were \$100,864 and \$73,833, respectively.

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, 2019, and totaled \$130,799.

- (j). 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.
- (k) Advertising Costs - Advertising costs are expensed when incurred. Advertising expense for the year ended June 30, 2020 was \$13,223.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - Grants Receivable

Grants receivable are recorded in the governmental activities and are reflected net of an allowance for doubtful accounts. As of June 30, 2020, all grants receivable were considered fully collectible, therefore, no allowance was recorded.

Grants receivable consists of the following at June 30, 2020:

Virginia Department of Transportation	\$460,385
Virginia Department of Rail and Public Transportation	149,327
Virginia Department of Emergency Management	50,253
Virginia Department of Environmental Quality	97,143
Miscellaneous	<u>33,442</u>
Total	<u>\$790,550</u>

NOTE 3 - Budgets and Budgetary Accounting

The Commission adheres to the following procedures in establishing budgetary data reflected in the financial statements. The Commission staff completes preparation of a proposed operating budget in November for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them. The proposed budget is submitted to the Commissioners for approval no later than December. 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:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets being depreciated				
Office furniture and equipment	\$321,692	\$ 12,165	\$ 50,497	\$283,360
Leasehold improvements	<u>68,098</u>	<u>-</u>	<u>-</u>	<u>68,098</u>
Total capital assets being depreciated	<u>389,790</u>	<u>12,165</u>	<u>50,497</u>	<u>351,458</u>
Less accumulated depreciation for:				
Office furniture and equipment	241,060	22,734	50,497	213,297
Leasehold improvements	<u>26,398</u>	<u>1,532</u>	<u>-</u>	<u>27,930</u>
Total accumulated depreciation	<u>267,458</u>	<u>24,266</u>	<u>50,497</u>	<u>241,227</u>
Capital Assets, net	<u>\$122,332</u>	<u>\$ 12,101</u>	<u>\$ -</u>	<u>\$110,231</u>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan

Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission’s Retirement Plan and the additions to/deductions from the Commission’s Retirement Plan’s net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments 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
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 5 - Retirement Plan (Continued)

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 5 - Retirement Plan (Continued)

<p>Vesting (continued) Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>Vesting (continued) <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 5 - Retirement Plan (Continued)

<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contribution Component: Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 5 - Retirement Plan (Continued)

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

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

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	7
Inactive Members	
Vested inactive members	4
Non-vested inactive members	4
Active elsewhere in VRS	15
Total Inactive Members	23
Active Members	15
Total covered employees	45

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.

The Commission's contractually required contribution rate for the year ended June 30, 2020 was 7.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarial rate for the Commission's plan was 9.18%.

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 \$84,636 and \$67,339 for the years ended June 30, 2020 and June 30, 2019, respectively.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Commission, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

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, 2018, 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, 2019.

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

- * 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

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.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

Mortality rates (continued):

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 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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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%
Discount Rate	Decrease rate from 7.00% to 6.75%

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%
Discount Rate	Decrease rate from 7.00% to 6.75%

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS-Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP-Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 5 - Retirement Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2018	\$3,983,859	\$3,461,890	\$521,969
Changes for the year:			
Service cost	107,807	-	107,807
Interest	272,172	-	272,172
Changes in assumptions	122,408	-	122,408
Differences between expected and actual experience	(99,999)	-	(99,999)
Contributions – employer	-	67,339	(67,339)
Contributions – employee	-	46,488	(46,488)
Net investment income	-	228,701	(228,701)
Benefit payments, including refunds of employee contributions	(191,387)	(191,387)	-
Administrative expense	-	(2,286)	2,286
Other changes	-	(144)	144
Net changes	211,001	148,711	62,290
Balances at June 30, 2019	\$4,194,860	\$3,610,601	\$584,259

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Commission's Net Pension Liability	\$1,124,113	\$584,259	\$157,784

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

For the year ended June 30, 2020, the Commission recognized pension expense of \$42,101. At June 30, 2020, 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	\$ 100,864	\$ 70,721
Changes in assumptions	73,833	31,762
Net difference between projected and actual earnings on plan investments	-	28,316
Employer contributions subsequent to the Measurement Date	<u>84,636</u>	-
Total	<u>\$259,333</u>	\$130,799

\$84,636 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, 2021. 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,	
2021	\$ 45,151
2022	(2,825)
2023	(595)
2024	2,167
2025	-
Thereafter	-
Total	<u>\$ 43,898</u>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - Retirement Plan (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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, 2020, totaled \$10,832. 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. Plan contributions for the year ended June 30, 2020, totaled \$X,XXX. 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.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2020.

Assessments to participating localities:		
County of Chesterfield	\$235,814	
County of Henrico	227,077	
City of Richmond	133,712	
County of Hanover	63,958	
County of Powhatan	16,942	
County of Goochland	15,233	
County of New Kent	14,725	
Town of Ashland	5,585	
County of Charles City	4,928	
State appropriation	<u>113,957</u>	
Total	<u>\$831,931</u>	

NOTE 7 - Long-Term Obligations

The Commission has an operating lease for office space in Richmond, Virginia, which expires October 31, 2022. The lease calls for an annual rent increase of 3%. Rental expense for operating leases for the year ended June 30, 2020, was \$273,596. To properly calculate indirect costs associated with rent expense, the Commission nets rent expense against the amortized portion of the deferred rent liability and rental income.

Future minimum rental payments under this lease are as follows:

Years ending June 30,		
2021	\$281,800	
2022	290,281	
2023	<u>99,158</u>	
Total minimum lease payments	<u>\$671,239</u>	

The Commission has an operating lease to sub-lease office space. The lease expires October 31, 2022, and calls for rental income of \$2,665 per monthly. Rental income for the year ended June 30, 2020, was \$31,976.

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

Years ending June 30,		
2021	\$ 31,976	
2022	31,976	
2023	<u>10,659</u>	
Total	<u>\$ 74,611</u>	

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - Compliance with Grant Provisions

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

The Commission serves as the fiscal agent for the Richmond 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.

NOTE 9 - 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, 2020 is calculated as follows:

Total indirect costs	\$ <u>940,046</u>
Total direct labor and fringe	\$1,501,129 = 62.62%

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

Salaries and fringe benefits	\$ 358,951
Rent	231,781
Computer	138,965
Training	45,789
Professional and contract services	37,118
Depreciation	24,265
Legal fees	24,000
Printing	19,913
Supplies	13,653
Advertisements	12,017
Dues	8,165
Insurance	6,390
Consultant-Pass thru	4,668
Miscellaneous	4,576
Office expenses	3,811
Travel	3,561
Postage	1,977
Books and periodicals	<u>446</u>
Total Indirect Costs	\$ <u>940,046</u>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS (Concluded)

NOTE 10 - 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, 2020, and the allocation computations are shown below:

Health insurance	\$ 203,100
Leave wages	171,424
Payroll taxes	107,258
Pension	103,508
Life and disability insurance	<u>12,454</u>
Total Fringe Benefits	\$ <u>597,744</u>
Fringe benefit expenses	\$ <u>597,744</u>
Total labor costs	\$1,262,337 = 47.35%

NOTE 11 - Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November xx, 2020, 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, 2020**

<u>FEDERAL GRANTING AGENCY/ PROJECT</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Major Program			
Department of Transportation			
Pass-through Payments –			
Virginia Department of Transportation			
Public Law (PL) Funds	20.205	UPC0000113088	\$1,198,918
State Planning and Research (SPR) Funds	20.205	UPC0000113106	58,000
RSTP Funds	20.205	Proj# 9999-M11-001	95,845
			<u>1,352,763</u>
Other Federal Award			
Department of Transportation			
Pass-through Payments –			
Virginia Department of Rail and Public Transportation			
Section 5303 Funds	20.505	46018-09	<u>480,610</u>
Department of Homeland Security			
Pass-through Payments –			
Virginia Department of Emergency Management			
Regional Coordination-Planning 2017 (6508)	97.067	7557/7554/7553	245,194
Regional Coordination-Planning 2018 (6508)	97.067	7938/7941/7937/7936	105,376
			<u>350,570</u>
National Oceanic and Atmospheric Administration			
Pass-through Payments –			
Virginia Department of Environmental Quality			
Coastal Resources Management Program			
Task #48 Technical Assistance	11.419	NA-19NOS4190163	23,489
Task #93.01 Lower Chickahominy	11.419	NA-19N0S4190163	100,568
Task #48 Technical Assistance	11.419	NA-18NOS41362	10,718
Task #93.01 Lower Chickahominy	11.419	NA-18N0S41362	24,814
			<u>159,589</u>
Environmental Protection Agency			
Pass-through Payments –			
Virginia Department of Environmental Quality			
Virginia Chesapeake Bay Watershed	66.466	16894	19,446
Virginia Chesapeake Bay Watershed	66.466	16809	9,590
			<u>29,036</u>
Department of Housing and Urban Development			
Pass-through Payments –			
Local Municipalities			
Community Development Block Grant	14.218		<u>28,184</u>
			<u>\$2,400,752</u>

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020 (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, 2020. 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.

**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 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, 2020, 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 xx, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Certified Public Accountants
Chantilly, Virginia

November xx, 2020

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

To the Commissioners
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 each of Richmond Regional Planning District Commission's major federal programs for the year ended June 30, 2020. Richmond Regional Planning District Commission's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Richmond Regional Planning District Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Richmond Regional Planning District Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Richmond Regional Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

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

Certified Public Accountants
Chantilly, Virginia

November xx, 2020

**RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 No
- Significant deficiency(ies) identified Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified Yes No
- Significant deficiency(ies) identified Yes None Reported

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

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

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
20.205	Transportation Planning

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

No matters were reported

Section III – Federal Award Findings

No matters were reported

RICHMONT REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	INITIAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grants and appropriations:				
Federal grants	\$ 1,964,708	\$ 2,194,963	\$ 2,400,752	\$ 205,789
State grants and appropriations	371,011	411,380	347,859	(63,521)
Local grants and appropriations	695,504	640,658	813,187	172,529
Other revenue:				
Miscellaneous and interest	133,206	83,206	13,020	(70,186)
TOTAL REVENUES	3,164,429	3,330,207	3,574,818	244,611
EXPENDITURES				
Salaries and fringe benefits	1,527,530	1,453,225	1,234,061	219,164
Employee benefits and payroll taxes	527,506	477,763	597,744	(119,981)
Office rent, net	241,621	241,621	241,621	-
Pass through contract services	407,935	757,500	756,992	508
Computer operations	107,683	147,803	141,775	6,028
Professional and contract services	142,000	45,060	49,282	(4,222)
Training and professional development	20,000	15,000	65,129	(50,129)
Printing	42,000	37,400	30,458	6,942
Travel	40,000	39,000	15,054	23,946
Office supplies and expense	30,500	20,380	29,502	(9,122)
Insurance	21,800	6,390	6,390	-
Legal fees	24,000	29,000	24,000	5,000
Telephone	7,500	-	-	-
Advertisements	5,000	5,000	13,223	(8,223)
Books and periodicals	1,000	1,000	835	165
TOTAL EXPENDITURES	3,146,075	3,276,142	3,206,066	70,076
NET GAIN - BUDGETARY BASIS	\$ 18,354	\$ 54,065	\$ 368,752	\$ 314,687

Reconciliation of financial statements prepared under generally accepted accounting principles

Net gain - budgetary basis	DRAFT		\$ 368,752
Effect of depreciation expense not budgeted			(24,265)
Effect of change in compensated absences not reported in budget			(28,277)
GASB 68 net adjustments			(42,101)
Effect of deferred rent reported as a reduction in rent expense			9,840
Effect of capital outlays reported as expenditures in budget			12,165
Change in net position under generally accepted accounting principles			\$ 296,114

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 107,807	\$ 127,961	\$ 151,156	\$ 139,877	\$ 136,215	\$ 155,179
Interest on total pension liability	272,172	246,717	233,234	237,166	227,050	203,413
Changes in assumptions	122,408	-	(109,867)	-	-	-
Differences between expected and actual experience	(99,999)	145,786	127,919	(144,632)	(67,500)	-
Benefit payments, including refunds of employee contributions	(191,387)	(122,267)	(297,391)	(279,758)	(22,745)	(19,105)
Net change in total pension liability	<u>211,001</u>	<u>398,197</u>	<u>105,051</u>	<u>(47,347)</u>	<u>273,020</u>	<u>339,487</u>
Total pension liability - beginning	<u>3,983,859</u>	<u>3,585,662</u>	<u>3,480,611</u>	<u>3,527,958</u>	<u>3,254,938</u>	<u>2,915,451</u>
Total pension liability - ending (a)	<u>\$ 4,194,860</u>	<u>\$ 3,983,859</u>	<u>\$ 3,585,662</u>	<u>\$ 3,480,611</u>	<u>\$ 3,527,958</u>	<u>\$ 3,254,938</u>
Plan fiduciary net position						
Contributions - employer	\$ 67,339	\$ 77,475	\$ 90,253	\$ 125,871	\$ 119,147	\$ 152,795
Contributions - employee	46,488	62,229	72,044	67,944	64,838	66,699
Net investment income	228,701	238,886	357,931	45,278	131,334	362,257
Benefits payments, including refunds of employee contributions	(191,387)	(122,267)	(297,391)	(279,758)	(22,745)	(19,105)
Administrative expense	(2,286)	(2,008)	(2,174)	(1,872)	(1,606)	(1,768)
Other	(144)	(215)	(313)	(653)	(27)	19
Net change in plan fiduciary net position	<u>148,711</u>	<u>254,100</u>	<u>220,350</u>	<u>(43,190)</u>	<u>290,941</u>	<u>560,897</u>
Plan fiduciary net position - beginning	<u>3,461,890</u>	<u>3,207,790</u>	<u>2,987,440</u>	<u>3,030,630</u>	<u>2,739,689</u>	<u>2,178,792</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,610,601</u>	<u>\$ 3,461,890</u>	<u>\$ 3,207,790</u>	<u>\$ 2,987,440</u>	<u>\$ 3,030,630</u>	<u>\$ 2,739,689</u>
Commission's net pension liability - ending (a)-(b)	<u>\$ 584,259</u>	<u>\$ 521,969</u>	<u>\$ 377,872</u>	<u>\$ 493,171</u>	<u>\$ 497,328</u>	<u>\$ 515,249</u>
Plan fiduciary net position as a percentage of the total Pension liability	86.07%	86.90%	89.46%	85.83%	85.90%	84.17%
Covered payroll	\$ 1,293,272	\$ 1,068,066	\$ 1,312,339	\$ 1,480,513	\$ 1,331,118	\$ 1,242,044
Commission's net pension liability as percentage of covered payroll	45.18%	48.87%	28.79%	33.31%	37.36%	41.48%

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**RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2011 THROUGH 2020**

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)
2020	98,515	84,636	13,879	1,240,746	6.82%
2019	102,686	67,339	35,347	1,293,272	5.21%
2018	72,094	77,475	(5,381)	1,068,066	7.25%
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%

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RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - Change of Benefit Terms

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

NOTE 2 - Changes of Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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%
Discount Rate	Decrease rate from 7.00% to 6.75%

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%
Discount Rate	Decrease rate from 7.00% to 6.75%

PlanRVA
Statement of Net Position
Balance Sheet
September 30, 2020

	Statement of Net Position	Balance Sheet
ASSETS		
Current Assets		
Checking/Savings		
1050 · LGIP-Virginia Dept of Treasury	838,824	838,824
1070 · SunTrust Checking 8921	97,017	97,017
Total Checking/Savings	935,841	935,841
Accounts Receivable		
1200 · Accounts Receivable	663,948	663,948
Total Accounts Receivable	663,948	663,948
Other Current Assets		
1150 · Prepaid Expenses	17,701	17,701
1250 · Miscellaneous Receivables	92,650	92,650
1300 · Due from CVTA	52,609	52,609
Total Other Current Assets	162,960	162,960
Total Current Assets	1,762,749	1,762,749
Fixed Assets		
1300 · Property & Equipment	351,457	351,457
1350 · Accumulated Depreciation	(248,500)	(248,500)
Total Fixed Assets	102,957	102,957
Other Assets	259,333	0
	2,125,039	1,865,705
TOTAL ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	67,109	67,109
Total Accounts Payable	67,109	67,109
Other Current Liabilities		
2050 · Accrued Expenses	69,093	69,093
2500 · Compensated Absences	91,214	54,493
2525 · Deferred Revenue	470,570	470,570
2600 · Security Deposit	2,665	2,665
Total Other Current Liabilities	633,542	596,821
Total Current Liabilities	700,651	663,930
Long Term Liabilities		
2800 · Deferred Rent Liability	22,959	0
2900 · Net Pension Liability	584,259	0
2950 · Deferred Inflows	130,799	0
Total Long Term Liabilities	738,017	0
Total Liabilities	1,438,668	663,930
**Fund Balance (see proposed restatement below)		
Fixed Asset	102,957	102,957
Unassigned Fund Balance	583,414	1,098,818
Total Fund Balance	686,371	1,201,775
	2,125,039	1,865,705

Discussion at AFFC April 29th meeting. Balance Sheet liabilities are not current and due

\$1m is target

PlanRVA
Statement of Net Position
Balance Sheet
September 30, 2020

TOTAL LIABILITIES & Fund Balance

Unrestricted Reserve - End of FY 20 (adjusted)	1,110,789
Net Surplus (Deficit) September YTD 2020	(42,093)
Special Assessments FY21	30,122
Unrestricted Reserve - 9/30/20	<u><u>1,098,818</u></u>

PlanRVA
Profit & Loss Statement
September 2020 YTD

	Sep-20	Aug-20	Jul-20	YTD Actual Total	Annual Budget	25.00% Total Budget	YTD Notes for Variance
Income							
4100 Federal Funding							
4101 MPO FHWA/PL Funds - Fed share	70,113	78,809	99,483	248,405	1,204,736	20.62%	
4102 MPO Sect 5303 Funds - Fed share	26,540	21,316	21,635	69,491	433,984	16.01%	
4105 MPO Pass-Through	3,956	6,420		10,376	450,077	2.31%	
4110 DEQ-FY18/19Coastal	(20,620)	7,767	8,505	(4,348)	123,530	-3.52%	Portion of grant is unreimbursable
4111 FY20 Rural Coastal VA Mktg				0	9,095	0.00%	
4112 FY20 Lower Chickahominy	0	0	0	0	18,087	0.00%	
4113 FY20 Coastal TA & Resiliency				0	44,990	0.00%	
4115 CBRAP - WIP3/Fed Share	1,426	4,220	8,032	13,678	20,460	66.85%	Project ending date 12/31
4120 VDEM SHSP	7,222	6,297	3,228	16,747	95,650	17.51%	
4130 VDEM Pass-through grants				0	216,125	0.00%	
4140 Hazard Mitigation	2,130	745	0	2,875	140,625	2.04%	
4190 Analysis of Impediments/Fair Housing	17,181	9,355		26,536	5,000	530.72%	Project extended thru 3/31/21;
Total 4100 Federal Funding	\$107,948	\$134,929	\$140,883	383,760	\$2,762,359	13.89%	budget amendment forthcoming
4200 State Funding							
4201 MPO FHWA/PL Funds - State share	8,889	9,726	12,435	31,050	150,592	20.62%	
4202 MPO Sect. 5303 - State share	3,316	2,665	2,705	8,686	54,248	16.01%	
4205 State MPO Pass-Through	989	1,605		2,594	112,519	2.31%	
4210 VDOT Rural Planning	(81)	0	915	834	58,000	0.00%	
4220 Hazard Mitigation Plan	568	0	0	568	0	0.00%	
4230 State Appropriation	9,549	9,549	9,549	28,646	113,900	25.15%	
Total 4200 State Funding	\$23,230	\$23,545	\$25,604	72,378	\$489,259	14.79%	
4300 Local Funding							
4301 TPO Assessment	4,204	4,204	4,204	12,612	50,447	25.00%	
4310 Local Membership Dues	45,440	45,440	45,061	135,941	544,903	24.95%	
4315 Service/Fee Income	29,614	0	0	29,614	0	0.00%	Budget Amendment is forthcoming in Dec20
4320 Capital Region Collaborative	168			168	24,290	0.69%	
Total 4300 Local Funding	\$79,426	\$49,644	\$49,265	178,335	\$619,640	28.78%	
4400 Private Funding							
4410 Restricted Contributions				0			
4360 FOLAR Grant	6,246	6,246	6,246	18,737	74,957	25.00%	
Total 4410 Restricted Contributions	\$6,246	\$6,246	\$6,246	18,737	\$74,957	25.00%	
5000 Other Income							
5001 Interest Income	164	578	132	874	0	0.00%	
Total 5000 Other Income	164	578	132	874	0	0.00%	
Total Income	\$217,013	\$214,941	\$222,129	\$654,084	\$3,946,215	16.57%	8% below budget
Expenses							
6000 Salary & Wages							
6100 Wages - Non Chargeable	30,136	35,310	23,631	89,077	1,442,094	6.18%	
6101 Leave Wages	13,979	15,707	23,568	53,254	150,000	35.50%	(1) staff member ill
6102 Leave Paid Out				0	10,000	0.00%	
6105 Salaries - Part Time Chargeable	8,533	12,825	15,037	36,395	0	0.00%	
6110 Salaries - Full Time Chargeable	67,313	62,679	64,062	194,054	0	0.00%	
6200 Payroll Taxes	8,794	9,422	9,377	27,593	115,464	23.90%	
6500 Benefits							
6512 Healthcare	18,116	17,957	18,290	54,363	225,133	24.15%	
6531 VRS Retirement Contribution	10,758	10,758	10,758	32,274	101,880	31.68%	
6535 Hybrid 401 A (matching funds)	379	379	379	1,138	0	0.00%	
6541 LTD	970	970	970	2,909	10,565	27.54%	
6542 Hybrid VRS ST & LT Disability	175	175	175	525		0.00%	

	Sep-20	Aug-20	Jul-20	YTD Actual Total	Annual Budget	25.00% Total Budget	YTD Notes for Variance
6550 FSA/HSA Section 125 Plans	105	105	106	316		0.00%	
6580 Payroll Fees	165	160	166	491	3,000	16.38%	
6590 Training	1,340	165	15,667	17,172	85,000	20.20%	
Total 6000 Salary & Wages	\$161,916	\$167,765	\$183,339	\$513,020	\$2,143,136	23.94%	1% below budget
7720 Legal Fees - Other	0	(3,000)	3,000	0	7,500	0.00%	Budget Amendment Forthcoming anticipate Dec20
7721 General Counsel	2,000	2,000	2,000	6,000	24,000	25.00%	
Total 7720 Legal Fees	\$2,000	(\$1,000)	\$5,000	\$6,000	31,500	19.05%	
7730 Contracted Services	\$0	\$0	\$0	0	25,000	0.00%	
Total 7100 Professional Fees	\$2,000	(\$1,000)	\$5,000	\$6,000	\$56,500	10.62%	
7200 Office Expenses							
7220 Computer Operations							
7221 Virtual Desktop Operations	8,970	9,026	8,960	26,956	95,000	28.37%	
7222 Software	2,000	586	395	2,981	35,000	8.52%	
7223 Broadband/network/telephone	1,195	1,313	3,294	5,802	9,750	59.51%	Adjustment of (\$1,128) to be settled in Oct
7224 Desktops & Support	1,192	1,076	1,076	3,345	12,000	27.87%	
7226 Technology services	0	2,577	0	2,577	10,000	25.77%	
Total 7220 Computer Operations	\$13,357	\$14,578	\$13,725	\$41,660	\$161,750	25.76%	
7230 Printing	2,909	2,579	3,813	9,301	37,400	24.87%	
7235 Supplies	226	2,721	1,566	4,513	10,000	45.13%	Covid19 supplies, VRSA grant pending
7245 Postage	0	22		22	2,000	1.10%	
7250 Advertisements				0	7,500	0.00%	
7290 Miscellaneous Expenses	1,865	0	0	1,865	10,000	18.65%	
7295 Bank Fees	85	100	115	300	1,500	20.00%	
Total 7200 Office Expenses	\$18,442	\$20,000	\$19,219	\$57,661	\$230,150	25.05%	
7400 Program Expenses							
7410 Organizational Dues	1,223	1,337	1,248	3,808	17,500	21.76%	
7420 Travel - Board				0	3,500	0.00%	
7425 Travel - Agency	8	0	76	84	32,500	0.26%	
7430 Books & Periodicals	12	12	12	36	1,000	3.60%	
7450 Pass-through and Matching funds							
7451 Pass Through Funds - MPO	10,198	8,025		18,223	593,550	3.07%	} will offset federal revenues
7452 Pass Through Funds (VDEM)				0	216,125	0.00%	
7454 Pass-through funds - Lower Ck				0	100,000	0.00%	
7457 Pass-Thru Hazard Mitigation				0	120,000	0.00%	
7459 Other Pass-Thru Expenses - AI	12,075	9,355		21,430	0	0.00%	Budget amendment forthcoming
Total 7450 Pass-thru and Matching funds	22,273	17,380	0	39,653	1,029,675	3.85%	
Total 7400 Program Expenses	\$23,516	\$18,729	\$1,336	\$43,581	\$1,084,175	4.02%	Pass-thru is 21% below budget
7600 Infrastructure							
7210 Rent	20,875	20,875	20,190	61,940	249,156	24.86%	
7240 Insurance	573	573	573	1,719	7,390	23.26%	
7680 Depreciation Expense	2,103	2,103	2,103	6,308	21,575	29.24%	
Total 7600 Infrastructure	23,551	23,551	22,866	69,967	278,121	25.16%	
Total Expenses	229,425	229,045	231,759	690,229	3,792,082	18.20%	
Net Operating Income	(\$12,411)	(\$14,104)	(\$9,631)	(36,146)	\$154,133	-23.45%	
Other Expenses							
7900 Capital Expense Projects	0	5,947		5,947	20,000	29.74%	
7950 Transfer to/from Reserves				0	101,888	0.00%	
7951 Trf to Reserves - Fund Balance Goal	0	0	0	0	32,245	0.00%	
Total Other Expenses	0	5,947	0	5,947	154,133	3.86%	
Net Income (Loss)	(\$12,411)	(\$20,051)	(\$9,631)	(42,093)	\$0	0.00%	

Notes:

YTD Net Loss is (\$42,093)

Total Income is underbudget 8%; 57% delta on salary reimbursements

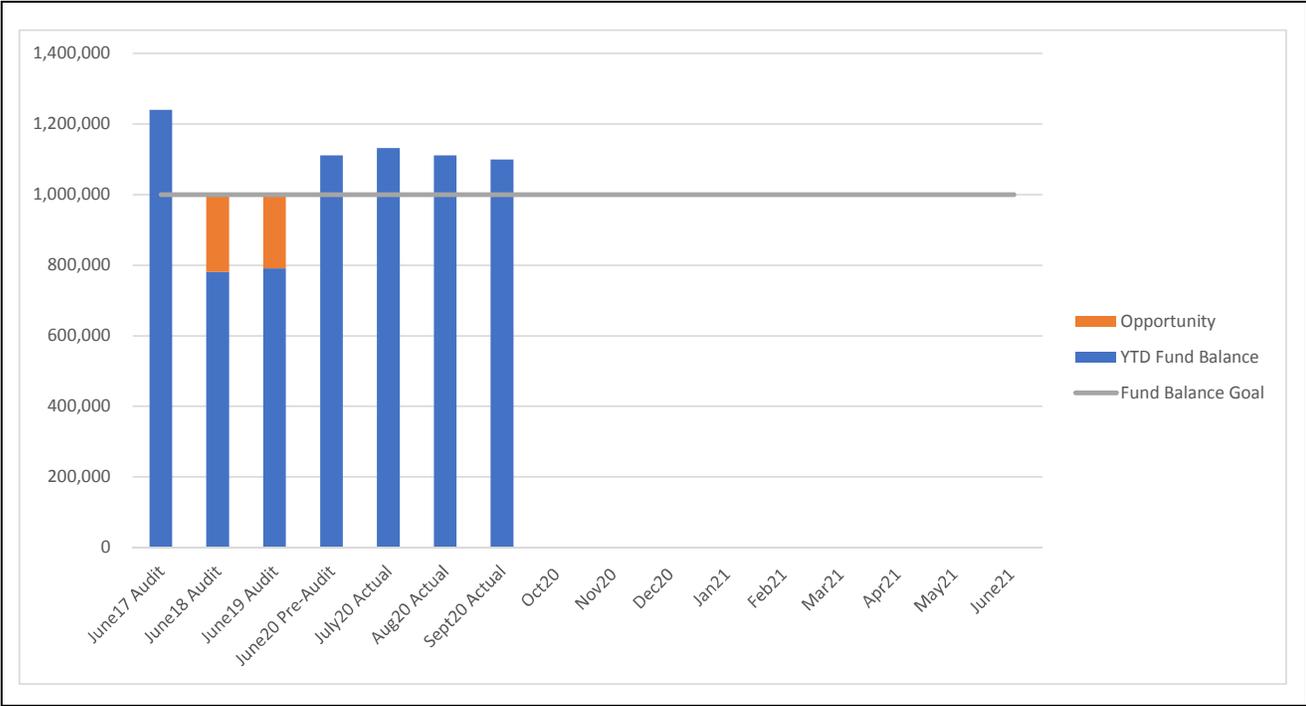
Salaries & Wages are in line YTD with budget

Program Expenses are 21% below expected due to program deadlines extended

Computer Operations and Office Expenses are over budget <1%

Salaries of \$6,977 for CVTA incurred are recorded in September 20

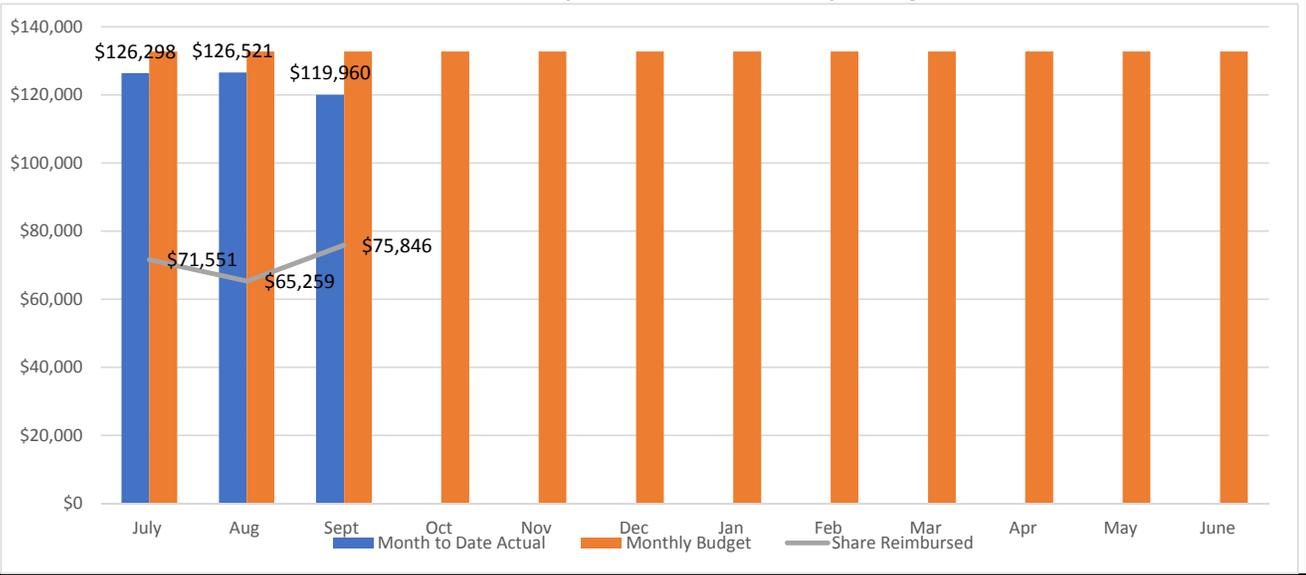
**Plan RVA
Fund Balance Projection
Fiscal Year 2020-2021**



The goal is to meet \$1 million target fund balance by Jun 21; change to accrual accounting in FY19 prevents detailed comparison prior to FY 19.

Unrestricted Reserve - End of FY 20 (unadjusted)	1,110,789
Net Surplus (Deficit) September YTD 2020	(42,093)
Special Assessments FY21	<u>30,122</u>
Unrestricted Reserve - 9/30/20	<u><u>1,098,818</u></u>

Salaries - Monthly Actual vs Monthly Budget





Request for FY20-21 Budget Amendments

Analysis of Impediments to Fair Housing Award \$125,000; Request \$96,817

FY20 Expended \$28,183 FY21 Projection \$96,817

The Fair Housing Act and related amendments require localities that participate in the Community Development Block Grant (CDBG) Program and/or administer federal public housing and/or Housing Choice Voucher programs promote fair housing by performing an Analysis of Impediments to fair housing choice (the "Analysis"). In our region, the Cities of Colonial Heights, Hopewell, Petersburg and Richmond, and the Counties of Chesterfield and Henrico are subject to this requirement. PlanRVA will coordinate the first regional Analysis of Impediments to Fair Housing for the participating localities.

Contract Period: Nov 14, 2019 – March 31, 2021 Funding: \$125,000 Allocation: 100%
Federal Funding passed through from Participating Localities

Work was procured and Root Policy Research is performing the work which is being managed by staff member. PlanRVA will receive revenue of \$24,050 for project management costs. The remainder of the \$100,950 revenue is passed through for consultant fees.

Community Impact Grant Award \$50,000; Request \$50,000

This grant may be used to support capacity building and technical assistance to support better, more representative regional policy making and planning through improved community engagement at PlanRVA grounded in equity and focused on inclusivity of all residents.

Contract Period: Nov 1, 2020 – July 30, 2021 Funding: \$50,000 Allocation: 100%
Restricted Contributions

Transportation Planning Program Realignment \$96,913; Federal \$83,393/State \$13,520

FY21 budget was estimated and the actual award program funds need to increase \$96,913. The request includes FY20 carryover funds for \$10,330.



Hazard Mitigation Program Realignment \$109,375; Federal \$59,375/State \$50,000/Local \$12,500

FY21 budget was estimated and the actual award program funds need to increase \$109,375.

Contract Period: April 22, 2020 – Dec 18, 2022 Funding: \$262,500 Allocation: 100%

FY20 State Homeland Security Grant Program (SHSP) \$104,275; Federal \$104,275

This grant may be used to support Whole Community Marketing Media Campaign for \$30,000. The FY20 - Regional Emergency Mgmt Plan Support/Salary for \$74,275 will support the staff members managing the program.

Contract Period: Oct 1, 2020 – June 30, 2022 Funding: \$104,275 Allocation: 100%

Requested Action: Motion to advance budget amendments with recommendation for approval to the November 12, 2020 Executive Committee and Full Commission meetings.

The Benefits of Purchasing a New Grant Management System

The return on investment (ROI) for the purchase of a system designed specifically to handle accounting transactions for the agency are as follows:

- Will be able to account, report and monitor budgets for multiple grants and contracts even if they have **differing funding periods**
- Will have choices on how to automatically handle important cost allocation issues – for common costs, general and administrative costs, indirect costs, fringe benefits, leave costs, and various specialized cost pools. Provides a variety of ways to comply with all major OMB Circulars.
- **Organization will be easier to audit**
- Features–General Ledger, Cash Receipts, General Journal, **Budget Preparation**, Cost Allocation, Accounts Payable, Payroll, **Timesheet Accounting**, Financial Reporting and Security
- Add-on software that can be purchased in addition to the basic package including Accounts Receivable, **Purchase Orders**, Direct Deposit, **Fixed Assets** and Report Writer.

Richmond Regional Planning District Commission Investment Policy

SCOPE

This investment policy applies to all investments of the Richmond Regional Planning District Commission. (PlanRVA or the Commission). These funds are accounted for in the annual financial report and includes the Governmental Fund. This policy applies to all transactions involving the financial assets and related activity of all funds.

DELEGATION OF AUTHORITY

Responsibility for the overall financial management of the Commission rests with the Executive Director. The Director of Finance is designated as Investment Manager.

OBJECTIVES

SECURITY – The Executive Director or their designated Investment Manager has fiduciary responsibility for management of investment of public funds, therefore security, and the preservation of capital, shall be the primary objective.

LIQUIDITY – Maintenance of sufficient liquidity to meet operating cash requirements is essential to the Commission’s investment policy.

RETURN – The Commission seeks to attain a market rate of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations and laws of the Commonwealth that restrict placement of certain public funds. The Investment Manager will represent the Commission’s best interest in seeking to remove constraints to the efficient investment of funds.

All participants in the investment process shall act responsibly as custodians of the public trust. The investment manager shall avoid any transaction that might impair public confidence in the Commissions effectiveness.

ETHICS AND CONFLICTS OF INTEREST

The Executive Director and any employees designated by the Executive Director involved in the investment program shall refrain from personal business activity that could conflict with proper execution of the investment program or that could impair their ability to make impartial investment decisions.

INTERNAL CONTROLS

The study and evaluation of internal controls is a valuable part of the annual audit, with the management letter issued by the auditors bringing to light any significant weaknesses in the current internal control structure.

The Code of Virginia, this Investment Policy and generally accepted accounting policies, play a significant role in the annual audit function conducted by an independent certified public accounting firm.

The Investment Manager, with approval by the Executive Director, shall carry out the execution of all transfers related to investments.

AUTHORIZED INVESTMENTS

Authorized investments for public funds are limited to those set forth in Chapter 44, Section 2.2-4400 of the Code of Virginia.

Investment vehicles for the Commission shall further be restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

The Commission may invest in any and all funds belonging to it or in its control in the following:

1. Obligations of the Commonwealth of Virginia, including stocks, bonds, notes and other evidences of indebtedness of the Commonwealth, and those unconditionally guaranteed as to the payment of principal and interest by the Commonwealth of Virginia.
2. Certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act, Chapter 44, Section 2.2-4400 of the Code of Virginia.
3. Commonwealth of Virginia Local Government Investment Pool (LGIP) – convenience and cost effectiveness are primary advantages in using the LGIP as an investment vehicle.

REPORTING

Periodic reporting of portfolio position and investment performance results will add an element of accountability and discipline to the Commissions investment program.

The Investment Manager shall prepare and incorporate into a quarterly report to the Audit, Finance and Facilities Committee of the Commission, an account of investment activity for the quarter end. The report will show the details of the portfolio's position at quarter end and will include current yield and investment income.