RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

TABLE OF CONTENTS

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

Independent Auditor's Report

To the Commissioners
Richmond Regional Planning District Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Richmond Regional Planning District Commission, as of and for the year ended June 30, 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.

Metro: (703) 631-8940 FAX: (703) 631-8939 Toll Free 1-877-631-8940

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Richmond Regional Planning District Commission as of June 30, 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 23, 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.

Dunham, Aukamp + Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 23, 2020

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS FISCAL YEAR ENDING JUNE 30, 2020

Presented here is the Management Discussion and Analysis Report for the Richmond Regional Planning District Commission (PlanRVA) for the fiscal year ending June 30, 2020. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management of PlanRVA. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. These data are reported in a manner designed to fairly present PlanRVA's financial position, and the result of operations of its various funds. All disclosures necessary to enable the reader to gain an accurate understanding of PlanRVA's financial activities have been included.

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

PlanRVA administers and manages program funds that require local match funding requirements, reimbursement for indirect expenses and fully funded programs. There are various funding streams to be considered when developing the Annual Operating Budget.

PlanRVA manages its resources in such a way as to provide services of value to its member jurisdictions and leverages local contributions to achieve maximum return on investment. Income is shown in the budget at the amount expected to be received from member dues, the General Assembly's appropriation for Planning District Commissions, miscellaneous income, interest income, and the amounts that are reimbursable from grant funded sources and special assessments.

Expenses for the year are planned carefully and incurred based on the predicted income. Management reviews the agency's financial performance on a monthly basis to evaluate whether changes in expenses or prioritization of projects must be adjusted to achieve annual financial performance goals.

The following is a list of standard support services PlanRVA uses to strengthen effectiveness of management, to assure compliance with all applicable regulations and to minimize risk for the organization.

PlanRVA maintains insurance to protect from losses of assets from negligence, accident, theft, or fire. Policies for Fiscal Year 2020 were issued through the agency's membership in the Virginia Risk Sharing Association. In Fiscal Year 2019, PlanRVA released a request for proposal to consider options for insurance coverage. VRSA was the successful proposer; cost for complete coverage for PlanRVA was reduced in FY2020 to $6,390 from $16,419 as shown on page 10.

PlanRVA retains legal counsel and services with the law firm of Hefty Wiley & Gore, PC. The current retainer agreement is effective through December 31, 2021 renews automatically without cancellation.

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

In 2018, PlanRVA contracted with Warren Whitney to provide professional accounting and finance services, including serving in the role of Director of Finance in Fiscal Year 2019. That relationship continued into Fiscal Year 2020 as the agency transitioned back to an in house Director of Finance. Warren Whitney provided support through the first quarter of Fiscal Year 2020.

PlanRVA participates in the Local Government Investment Pool (LGIP) managed by the Virginia Department of the Treasury, which provides member government entities an allowable investment vehicle with rates equaling or exceeding those offered by most commercial banks and liquidity in the event that funds are needed for current obligations. While the majority of funds are deposited with the LGIP, PlanRVA maintains an operating banking account with SunTrust, now Truist, for cash flow management.

Capital Asset and Debt Administration

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

Economic Factors, Rates, and Fiscal Year 2020 Budget

PlanRVA serves the third largest planning district measured by population in the Commonwealth after the Northern Virginia Regional Commission and the Hampton Roads Planning District Commission. The Richmond Region is poised for further growth and to that end PlanRVA is positioning itself to broaden the level of service to and in support of its member governments guided by the Strategic Planning Framework adopted in 2018. Management initiated a number of activities in Fiscal Year 2020 to move this framework forward, primarily focusing staff recruitment and development and alignment of staff assignments to revenue supported projects. The agency has streamlined involvement in regional projects and focuses resources in established program areas of the commission including Community Development, Emergency Management, the Environment, and Transportation. As the agency continues to build these core program areas, we will begin strategic investment in the next focus areas of the Framework with emphasis on Public Engagement and Data, Research & Analysis.

Management is pleased with the progress of the agency over the last year- in both programmatic and financial achievements. The statements in this report indicate positive momentum in stabilizing and strengthening the organization.

The financial statements presented in the Financial Audit Report for Fiscal Year ending June 30, 2020 include all the activities of PlanRVA using the integrated approach as prescribed by GASB Statement 34. This Discussion and Analysis is intended to serve as an introduction to the financial statements as reported in the annual audit. The annual audit consists of three major components listed below. Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires employers to recognize a liability as employees earn their pension benefits and recognize annual pension cost under an earnings approach.

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

Overview of the Basic Financial Statements

The "Statement of Net Position" found on page 11 presents information on PlanRVA's assets, deferred outflows of resources, liabilities, deferred inflow of resources and the resulting net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of PlanRVA is steady, improving or deteriorating.

In years where a net income is realized, funds received in excess of expenses for the year are contributed to PlanRVA's net position. In Fiscal Year 2020, the net position balance was increased by $302,640 as shown on page 12 of the financial statements, "Statement of Activities". This improvement is significant as it returned the organization's total year end fund balance of $1,165,897 in compliance with the established fund balance target of $1,000,000 or greater.

It is important to realize that, while not in the business of making a profit, PlanRVA should be managed in such a way to assure that the fund balance provides contingencies for future periods according to established goals and objectives. The resulting excess of revenues over expenditures is added to operating reserves each year, known as the Fund Balance at the beginning of the year. The Fund Balance gives operating cushion in years that are not as lucrative and can also be used to provide float funding for grant programs until reimbursement is made by the grantor.

In recognition of the need to cover such contingencies, Commissioners established a fund balance policy in 2004 that set a target $1,000,000 reserve fund. While the policy did not establish a target for revenues over expenses each year; the intent was to strive to manage its finances in a manner that is financially conservative. The reserve fund target was established to give assurance that obligations could be met in the unlikely event the organization needed to close. Since 2004, the annual net income/loss has varied slightly over the years though on an overall decline. The resulting change in fund balance has been declining year over year.

At the end of Fiscal Year 2018, PlanRVA's reserve fund fell below the targeted $1,000,000 threshold and in June 2019, Commissioners took action to reaffirm the fund balance policy level at $1,000,000 and developed a plan to achieve the target within two fiscal years beginning in Fiscal Year 2020. Member jurisdictions were asked to contribute to the fund balance through a special $.10 per capita assessment to make up approximately one-half of the gap between the Fiscal Year 2018 Net Position and the fund balance target, approximately $107,000 over two years. Management was also directed to develop and implement a budget in Fiscal Years 2020 and 2021 that would result in a contribution over the two years of approximately $112,000 to the fund balance in order to achieve the target of the policy once again.

The Statement of Activities on page 12 show the total received through this special assessment, $77,317, in Fiscal Year 2020. Funds were received from seven member jurisdictions, five of whom contributed the total $0.10 per capita in the first year. The remaining localities committed to contribute the balance of the special assessment in Fiscal Year 2021 resulting in 100% participation within the requested timeframe.

The Balance Sheet on page 13 adjusts the Fund Balance of $1,165,897 for some long-term liabilities and related deferred expenses according to reporting requirements to $699,274. This Net Position for the organization represents the remaining resources available as of June 30, 2020 to settle any additional outstanding obligations of the organization. Note 1 to the financial statements describes the adjustments to the fund balance to the net position in greater detail.

The "Statement of Revenues, Expenditure and Changes of Fund Balance" on page 14 shows the actual revenues and expenditures of PlanRVA for the Fiscal Year 2020 and the resulting change in net position from the Statement of Activities. The actual surplus (or "Excess of Revenues over Expenses") of $375,278 is a result of the local special assessments contributed to the fund balance in the fiscal year and additional measures taken by management. This surplus closes the shortfall in the $1,000,000 Fund Balance policy target exceeding the goal ahead of schedule.

The following tables show a comparison of Financial Statements for Fiscal Year 2020 and Fiscal Year 2019.

Statements of Net Position	**2020**	**2019**
Current Assets	$1,374,244	$ 960,850
Capital Assets	110,231	122,332
Total Assets	$1,484,475	$1,083,182
Deferred Outflows of Resources	$ 259,333	$ 239,467
Current Liabilities	$ 329,476	$ 272,924
Net Pension Liability	584,259	521,969
Total Liabilities	$ 913,735	$ 794,893
Deferred Inflows of Resources	$ 130,799	$ 131,122
Total Net Position	$ 699,274	$ 396,634

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

Capital assets consist primarily of furniture and equipment used for the operation of PlanRVA.

Deferred outflows of resources represent current year pension payments which will be applied against the net pension liability in the actuarial report prepared as of June 30, 2019 which is accessible at https://employers.varetire.org as of April 2020.

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

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

Deferred inflow of resources represents current year differences between the projected and actual pension earnings per the actuarial report prepared as of June 30, 2019.

Statements of Activities

	Governmental Activities 2020	2019
Expenses		
General and administration	$295,203	$ 260,624
Project costs	2,941,400	2,550,126
Total expenses	3,236,603	2,810,750
Program revenues		
Operating grants and contributions	754,614	753,909
Charges for services	2,736,393	2,125,013
Net program revenue	254,404	68,172
General revenue (expense)		
Miscellaneous income / (loss) and unrestricted investment earnings	48,236	20,469
Change in net position	302,640	88,641
Net position, beginning of year	396,634	307,993
Net position, end of year	$ 699,274	$ 396,634

PlanRVA saw positive change in Net Position in Fiscal Years 2019 and 2020, the greater change in the latter. This improved position is an indicator of continued performance in meeting the organization's financial management goals and reestablishing compliance with the Commission's objectives for financial sustainability.

Comparison of Revenues, Expenses and Fund Balance for FY 2020 and FY2019

	2020	2019
REVENUES		
Grants and appropriations:		
Federal grants	$2,407,278	$ 1,832,589
State grants and appropriations	347,859	299,861
Local grants and appropriations	735,870	746,472
Other revenues:		
Special assessment	77,317	
Miscellaneous and interest	13,020	20,469
TOTAL REVENUES	3,581,344	2,899,391
EXPENDITURES		
Salaries	1,234,061	1,220,994
Pass through contract services	756,992	441,279
Employee benefits and payroll taxes	597,744	527,532
Office rent, net	241,621	235,995
Computer operations	141,775	106,031
Training and professional development	65,129	37,985
Professional and contractual services	37,117	175,866
Printing	30,458	34,224
Office supplies and expenses	29,502	30,268
Legal fees	24,000	20,125
Travel	15,054	35,579
Advertisements	13,223	-
Website and computer equipment	12,165	60,583
Insurance	6,390	16,419
Books and periodicals	835	522
Telephone	-	4,332
TOTAL EXPENDITURES	3,206,066	2,889,734
Excess of Revenues over Expenditures	375,278	9,657
Fund Balance – Beginning of Year	790,619	780,962
Fund Balance – End of Year	$1,165,897	$ 790,619

The majority of the increase in revenues and expenses from Fiscal Year 2019 to Fiscal Year 2020 is in the pass through of grant funded expenditures for regional projects and services. The difference in operating revenues between Fiscal Year 2019 and Fiscal Year 2020 is $366,240 while the difference in operating expenses is $619. The resulting excess of revenues over expenses in Fiscal Year 2020 is directly supported by the special assessments provided by the member jurisdictions ($77,317) and continued improvements to managing expenses to achieve greater reimbursement through programs. The reduction of reimbursable expenses due to professional contracts and services is a significant contributor to this increased effectiveness in allocating costs to reimbursable programs.

Other Required and Supplemental Information

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

Staff adopts a preliminary annual operating budget for the upcoming fiscal year each December which is submitted to the member jurisdictions and serves as the request for local membership dues for the upcoming fiscal year. A final budget, which includes updated information on projected expenditures and revenues, is presented to the Commissioners for final approval prior to the start of the fiscal year. In most years, a mid-year budget review is presented to Commissioners which include any additional changes in projections for the current fiscal year and serves as an amendment to the approved budget as necessary.

A budgetary comparison has been provided on page 43 to demonstrate compliance with the approved budget for Fiscal Year 2020. The Fiscal Year 2020 final approved budget projected a surplus of $54,420 which excluded the special assessment to localities. The actual revenues and expenditures are compared to those budgeted for the fiscal year and the resulting variance is calculated and shown on page 43. In Fiscal Year 2020, PlanRVA finished the year incurring 95.4% of budgeted expenses for the period and receiving 104.9% of anticipated revenues (2% of the excess represented in the special assessment to localities). Actual revenues exceeded actual expenditures by $375,278, which is approximately $320,858 better than was anticipated in the final budget adopted in February 2020. In comparing the actual performance to budget, it is important to note unique circumstances in Fiscal Year 2020 resulting in exceeded expectations.

Staff at PlanRVA transitioned to remote work status beginning on March 16, 2020 and maintained this status through the Governor's Executive Orders related to the novel coronavirus global pandemic known as COVID-19. This shift resulted in individual changes in several expense categories, both favorably and unfavorably. The shift to remote work resulted in a decrease in printing and travel expenses but an increase in capital expense projects and training. PlanRVA purchased laptop computers and peripheral devices to aid in the transition to remote work and in support of virtual meetings. The net of the COVID-19 related savings and expenditures resulted in an overall savings of $9,601 for the agency.

PlanRVA assisted the Emergency Management Alliance of Central Virginia in establishing a new website at www.TogetherOneRegion.org which launched in March, 2020 to support a campaign for donations related to COVID-19 relief. The investment, while not budgeted, provided the necessary support to launch and maintain the site during the height of the campaign and will be used as the information site and donation portal for future campaigns for disaster response and recovery.

Savings achieved in computer operations, professional and contract services, and legal fees are not COVID-19 related. The variance of budgeted pass through and actual expenses is due to project timing only and not a change in the expenditure of funds.

Finally, while actual salaries and wages were less than budgeted for the year, associated benefits and payroll taxes were higher than anticipated in the budget. The two lines netted together result in a net savings of $98,624 in personnel costs for the year. This, along with reduced expenses (to budget) for professional and contract services resulted in significant savings.

Contacting PlanRVA's Financial Management Team

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

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 565,731
Grants receivable	797,076
Prepaid expenses	11,437
Capital assets, net	110,231
Total Assets	1,484,475
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions after the measurement date	84,636
Differences between expected and actual experience	100,864
Changes of assumptions	73,833
Total Deferred Outflows of Resources	259,333
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	584,259
Total Liabilities	913,735
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	28,316
Total Deferred Inflows of Resources	130,799
NET POSITION	
Investment in capital assets	110,231
Unrestricted	589,043
Total Net Position	$ 699,274

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	$ 295,203	$ -	$ 754,614	$ 459,411
Projects	2,941,400	2,736,393	-	(205,007)
Total Governmental Activities	$ 3,236,603	$ 2,736,393	$ 754,614	254,404
	General revenues (expenses):			
	Special assessment			77,317
	Miscellaneous			1,128
	Investment earnings			11,892
	GASB 68 adjustment			(42,101)
	Total general revenues (expenses)			48,236
	Change in net position			302,640
	Net position at beginning of year			396,634
	Net position at end of year			$ 699,274

See accompanying notes.

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

		General Fund
ASSETS		
Cash and cash equivalents	$	565,731
Grants receivable		797,076
Prepaid expenses		11,437
Total Assets	$	1,374,244
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		1,154,460
Total Fund Balance		1,165,897
Total Liabilities and Fund Balance	$	1,374,244

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	$	1,165,897
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	$	699,274

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		$	2,407,278
State grants and appropriations			347,859
Local grants and appropriations			735,870
Other revenue:			
Special assessment			77,317
Miscellaneous and interest			13,020
TOTAL REVENUES			3,581,344
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
Excess of Revenues over Expenditures			375,278
Fund Balance - Beginning of Year as restated			790,619
Fund Balance - End of Year		$	1,165,897

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		$	375,278
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.			
GASB 68 adjustment			(42,101)
Increase in compensated absence liability			(28,277)
Decrease in deferred rent liability			9,840
Change in net position reported on the Statement of Activities		$	302,640

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).

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	513,335
Total	$565,731

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.

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 $5,000 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.

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	56,779
Virginia Department of Environmental Quality	97,143
Miscellaneous	33,442
Total	$797,076

NOTE 3 - Budgets and Budgetary Accounting

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

NOTE 4 - Property and Equipment

A summary of changes in property and equipment follows:

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Capital assets being depreciated				
Office furniture and equipment	$321,692	$ 12,164	$ 50,497	$283,359
Leasehold improvements	68,098	-	-	68,098
Total capital assets being depreciated	389,790	12,165	50,497	351,457
Less accumulated depreciation for:				
Office furniture and equipment	241,060	22,733	50,497	213,296
Leasehold improvements	26,398	1,532	-	27,930
Total accumulated depreciation	267,458	24,265	50,497	241,226
Capital Assets, net	$122,332	$(12,101)	$ -	$110,231

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**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** 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.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, 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.

NOTE 5 - Retirement Plan (Continued)

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 - Retirement Plan (Continued)

Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as Plan 1.	**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
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.	**Service Credit** Same as Plan 1.	**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. **<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.
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.	**Vesting** Same as Plan 1.	**Vesting** **<u>Defined Benefit Component:</u>** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of 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.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 - Retirement Plan (Continued)

Vesting (continued) Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		**Vesting (continued)** **<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. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.
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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component:</u>** See definition under Plan 1 **<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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 - Retirement Plan (Continued)

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

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5 - Retirement Plan (Continued)

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. **Political subdivisions hazardous duty employees:** 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of service credit. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** **VRS:** Age 60 with at least five years (60 months) of service credit. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **<u>Eligibility:</u>** 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. 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.	**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%. **<u>Eligibility:</u>** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** **<u>Defined Benefit Component:</u>** Same as Plan 2. **<u>Defined Contribution Component:</u>** Not applicable. **<u>Eligibility:</u>** Same as Plan 1 and Plan 2.

NOTE 5 - Retirement Plan (Continued)

<table>
<tr>
<td><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:
• 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.</td>
<td><u>Exceptions to COLA Effective Dates:</u>
Same as Plan 1</td>
<td><u>Exceptions to COLA Effective Dates:</u>
Same as Plan 1 and Plan 2.</td>
</tr>
<tr>
<td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</td>
<td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</td>
<td>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</td>
</tr>
</table>

NOTE 5 - Retirement Plan (Continued)

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as 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.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

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.

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%

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	100.00%		5.13%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.63%

* 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 carious 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.

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 of 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

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 of assumptions	73,833	31,762
Net difference between projected and actual earnings on plan investments	-	28,316
Employer contributions subsequent to the Measurement Date	84,636	-
Total	$259,333	$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	-

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 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. One employee remains 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 $8,283. 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. No contributions were made to the plan for the year ended June 30, 2020. The plan assets are maintained in custodial accounts for the exclusive use of the plan's participants and beneficiaries. In accordance with GASB 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, these assets and the related liability are not included in the accompanying financial statements.

NOTE 6 - Assessments to Participating Localities and State Appropriation

The Commission's revenues are derived mainly from federal, state and local grants from assessments to participating localities and state appropriation. Assessments to participating localities and state appropriation consist of the following for the year ended June 30, 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	113,957
Total	$831,931

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 $273,597. 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	99,158
Total minimum lease payments	$671,239

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	10,659
Total	$ 74,611

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	$ 918,533	
Total direct labor and fringe	$1,518,921	= 60.47%

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

Salaries and fringe benefits	$ 341,159
Rent	231,781
Computer	140,055
Training	45,789
Professional and contract services	37,118
Printing	30,458
Depreciation	24,265
Legal fees	24,000
Supplies	13,739
Dues	8,165
Insurance	6,390
Miscellaneous	5,683
Office expenses	3,811
Travel	3,576
Postage	1,977
Books and periodicals	446
Consultant-Pass thru	121
Total Indirect Costs	$ 918,533

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	12,454
Total Fringe Benefits	$ 597,744

Fringe benefit expenses	$ 597,744
Total labor costs	$1,262,337 = 47.35%

NOTE 11 - Evaluation of Subsequent Events

The Commission has evaluated subsequent events through November 23, 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

FEDERAL GRANTING AGENCY/ PROJECT	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
Major Program			
Department of Transportation			
Pass-through Payments –			
Virginia Department of Transportation			
Public Law (PL) Funds	20.205	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
			1,352,763
Other Federal Award			
Department of Transportation			
Pass-through Payments –			
Virginia Department of Rail and Public Transportation			
Section 5303 Funds	20.505	46018-09	480,610
Department of Homeland Security			
Pass-through Payments –			
Virginia Department of Emergency Management			
Regional Coordination-Planning 2018 (6508)	97.067	7557/7554/7553	245,194
Regional Coordination-Planning 2019 (6508)	97.067	7938/7941/7937/7936	111,902
			357,096
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
			159,589
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
			29,036
Department of Housing and Urban Development			
Pass-through Payments –			
Local Municipalities			
Community Development Block Grant - Regional Analysis of Impediments to Fair Housing	14.218		28,184
Total Federal Awards			$2,407,278

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.

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

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

To the Commissioners
Richmond Regional Planning District Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of 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 23, 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.

Metro: (703) 631-8940 FAX: (703) 631-8939 Toll Free 1-877-631-8940

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.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 23, 2020

Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR 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.

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Opinion on Each Major Federal Program

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

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

November 23, 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 __X__ No

- Significant deficiency(ies) identified ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards
Internal control over major programs:

- Material weakness(es) identified ____ Yes __X__ No

- Significant deficiency(ies) identified ____ Yes __X__ None Reported

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

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

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
20.205	Transportation Planning

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

Auditee qualified as low-risk auditee? __X__ Yes ____ No

Section II – Financial Statement Findings

No matters were reported

Section III – Federal Award Findings

No matters were reported

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

	INITIAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Grants and appropriations:				
Federal grants	$ 1,964,708	$ 2,255,963	$ 2,407,278	$ 151,315
State grants and appropriations	371,011	410,220	347,859	(62,361)
Local grants and appropriations	828,710	733,864	735,870	2,006
Other revenue:				
Special assessment	-	-	77,317	77,317
Miscellaneous and interest	-	15,000	13,020	(1,980)
TOTAL REVENUES	3,164,429	3,415,047	3,581,344	166,297
EXPENDITURES				
Salaries and wages	1,527,530	1,493,066	1,234,061	259,005
Pass through contract services	407,935	792,504	756,992	35,512
Employee benefits and payroll taxes	527,506	437,363	597,744	(160,381)
Office rent, net	241,621	241,621	241,621	-
Computer operations	115,183	147,443	141,775	5,668
Training and professional development	20,000	59,000	65,129	(6,129)
Professional and contract services	142,000	51,460	37,117	14,343
Printing	42,000	37,400	30,458	6,942
Office supplies and expense	30,500	20,380	29,502	(9,122)
Legal fees	24,000	29,000	24,000	5,000
Travel	40,000	39,000	15,054	23,946
Advertisements	5,000	5,000	13,223	(8,223)
Capital expense projects	5,000	-	12,165	(12,165)
Insurance	21,800	6,390	6,390	-
Books and periodicals	1,000	1,000	835	165
TOTAL EXPENDITURES	3,151,075	3,360,627	3,206,066	154,561
NET GAIN - BUDGETARY BASIS	$ 13,354	$ 54,420	$ 375,278	$ 320,858

Reconciliation of financial statements prepared under generally accepted accounting principles

Net gain - budgetary basis	$ 375,278
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	$ 302,640

See accompanying notes.

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

	2019	2018	2017	2016	2015	2014
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	211,001	398,197	105,051	(47,347)	273,020	339,487
Total pension liability - beginning	3,983,859	3,585,662	3,480,611	3,527,958	3,254,938	2,915,451
Total pension liability - ending (a)	$ 4,194,860	$ 3,983,859	$ 3,585,662	$ 3,480,611	$ 3,527,958	$ 3,254,938
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	148,711	254,100	220,350	(43,190)	290,941	560,897
Plan fiduciary net position - beginning	3,461,890	3,207,790	2,987,440	3,030,630	2,739,689	2,178,792
Plan fiduciary net position - ending (b)	$ 3,610,601	$ 3,461,890	$ 3,207,790	$ 2,987,440	$ 3,030,630	$ 2,739,689
Commission's net pension liability - ending (a)-(b)	$ 584,259	$ 521,969	$ 377,872	$ 493,171	$ 497,328	$ 515,249
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%

See accompanying notes.

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%

See accompanying notes.

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%