Thomas Jefferson

Planning District Commission

Financial Report

Year Ended June 30, 2023

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

DIRECTORY OF PRINCIPAL OFFICIALS
FOR THE YEAR JUNE 30, 2023

OFFICERS

Ned Gallaway, Chairperson
Tony O'Brien, Vice Chairperson
Keith Smith, Treasurer

COMMISSIONERS

City of Charlottesville

Michael Payne*
Liz Russell

Albemarle County

Ned Gallaway*, Chairperson
Jim Andrews*

Fluvanna County

Tony O'Brien*, Vice Chairperson
Keith Smith - Treasurer

Greene County

Dale Herring*
Andrea Wilkinson

Louisa County

Rachel Jones*
Tommy Barlow*

Nelson County

Jesse Rutherford*
Ernie Reed*

* Denotes local elected official

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

TABLE OF CONTENTS

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

TABLE OF CONTENTS

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

Independent Auditors' Report

To the Commissioners
Thomas Jefferson Planning District Commission
Charlottesville, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thomas Jefferson Planning District Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Thomas Jefferson Planning District Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Thomas Jefferson Planning District Commission, as of June 30, 2023, and the changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Thomas Jefferson Planning District Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 15 to the financial statements, in 2023, the Thomas Jefferson Planning District Commission adopted new accounting guidance, GASB Statement Nos. 87, *Leases,* and 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Thomas Jefferson Planning District Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Thomas Jefferson Planning District Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Thomas Jefferson Planning District Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thomas Jefferson Planning District Commission's basic financial statements. The accompanying supporting schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of Thomas Jefferson Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Thomas Jefferson 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 Thomas Jefferson Planning District Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 28, 2024

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
CHRISTINE JACOBS, EXECUTIVE DIRECTOR
LAURA GREENE, FINANCE DIRECTOR

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

USING THIS REPORT AND FINANCIAL STATEMENTS

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

FINANCIAL HIGHLIGHTS

For FY23, TJPDC had total revenues of $19,228,753 and total expenditures of $19,094,848 resulting in a general fund balance increase of $133,905. Included in revenues and expenditures are $376,127 in HOME pass-through funds, $141,171 in Housing Preservation Grant (HPG) pass-through, $2,764,305 in Blue Ridge Cigarette Tax Board revenues and expenses, and $13,577,429 in Virginia Telecommunication Initiative (VATI) Broadband Revenues and Expenses. The FY23 audit calculates the indirect cost rate based on actual indirect costs divided by the total staff salary and fringe costs applied to projects for the year. That calculated rate is 56%, compared to 74% in FY22.

The General Fund

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

The following table (Table 1) is a summary of the General Fund's revenues and expenditures for the years ended June 30, 2023, and 2022:

TABLE 1 - GENERAL FUND REVENUE AND EXPENDITURES

	FY 2023	FY 2022	Change From FY 2022
Revenue	$ 332,720	$ 1,775,222	$ (1,442,502)
Expenditures	192,400	1,718,421	(1,526,021)
Excess revenue over expenditures	$ 140,320	$ 56,801	$ 83,519
Other financing uses - transfer out	(6,415)	-	(6,415)
Net change in fund balance	$ 133,905	$ 56,801	$ 77,104
Fund balance, beginning	926,208	869,407	
Fund balance, ending	$ 1,060,113	$ 926,208	

FINANCIAL HIGHLIGHTS: (CONTINUED)

The General Fund: (Continued)

During FY23, General Fund revenues decreased by $1,442,502 from $1,775,222 in FY22 to $332,720 in FY23. Expenditures decreased $1,526,021 from $1,718,421 in FY22 to $192,400 in FY23. Excess revenue over expenditures for FY23 was $140,320, $83,519 more than the FY22 change of $56,801.

Primary changes between FY22 and FY23 were:

- Beginning in FY23, revenues and expenses of the Blue Ridge Cigarette Tax Board (BRCTB) are no longer included in the TJPDC general fund.

- Local contracts in FY23 included the local match for the Regional Transit Vision Plan and the Regional Transit Governance Study. Additionally, local funds were received for the Watershed Improvement Program (WIP), Hazard Mitigation, local per capita funds, and the required local match for the rural transportation program and the Charlottesville-Albemarle Metropolitan Planning Organization (CA-MPO). New local programs initiated in FY23 include the Regional Comprehensive Economic Development Strategy (CEDS) plan.

- Revenue from the use of money and property increased from $27,969 in FY22 to $57,305 in FY23, due to an increase in our interest earned and an increase in rentals of the Water Street Center and sub-tenant rents.

- Administrative expenses in FY23 were $192,400 compared to $320,912 in FY22, a decrease due to the higher indirect cost allocation. Personnel expenses decreased due to staff leadership changes. Other administrative operational expenses that increased were Contractual, Rent, Supplies and Professional Development. Operational expenses that decreased were a result of allocating more eligible direct expenses to programs.

Special Revenue Funds

Special Revenue Funds are the grant funds and other revenues dedicated to specific programs and projects. Special Revenue Funds income accounts for the vast majority of funds coming to the TJPDC. For FY23, Virginia Telecommunication Initiative (VATI) Broadband, through the Coronavirus State and Local Recovery Fund, was classified as a major program because it met the threshold of $750,000 in federal funding.

FINANCIAL HIGHLIGHTS: (CONTINUED)

Special Revenue Funds: (Continued)

A summary of the Commission's Statement of Activities is presented below on a full accrual basis.

TABLE 2 - STATEMENT OF ACTIVITIES

	FY 2023	FY 2022	Change From FY 2022
Federal Grant Revenues	$ 12,765,316	$ 1,319,639	$ 11,445,677
Non-Federal Grant Revenues	6,130,717	1,295,998	4,834,719
Special Fund Revenues	$ 18,896,033	$ 2,615,637	$ 16,280,396
General Fund Revenues	$ 332,720	$ 1,775,227	$ (1,442,507)
Total Revenues	$ 19,228,753	$ 4,390,864	$ 14,837,889
Current Operation Expenses	$ 18,468,455	$ 3,376,123	$ 15,092,332
Pass-Through Funds	517,298	852,541	(335,243)
Total Expenses	$ 18,985,753	$ 4,228,664	$ 14,757,089
Excess of Revenues over/(under) Expenses	$ 243,000	$ 162,200	$ 80,800
Capital Outlays and Depreciation, net	(73,229)	(101,192)	27,963
Change in Net Position	$ 169,771	$ 61,008	$ 108,763

During the fiscal year ended June 30, 2023, Special Revenue Funds income totaled $18,896,033, an increase of $16,280,396 from FY22's total of $2,615,637. Pass-through funds were $517,298 compared to $852,541 in FY22. FY23 Special Fund Revenues consisted of:

- $438,809 in federal funds, $188,306 in state funds, and $167,586 in local funds for transportation programs through the Virginia Department of Transportation and the Virginia Department of Rail and Public Transportation. This included funds for the Charlottesville-Albemarle Metropolitan Planning Organization (MPO), Rural Transportation, Rideshare, the Regional Transit Vision Plan, and the Regional Transit Governance Study.

- $553,144 for the HOME and HOME-ARP programs, funded through the US Department of Housing and Urban Development (HUD). Of which, $176,532 was used for administrative expenses.

- $2,794,580 for the Blue Ridge Cigarette Tax Board.

- $13,577,429 for the Viriginia Telecommunication Initiative (VATI) Broadband program.

- $1,176,179 for other governmental funds, including USDA's Housing Preservation Grant, Hazard Mitigation Planning, the Legislative Liaison program, the Central Virginia Regional Housing Partnership (CVRHP), the Regional Transit Partnership (RTP), the Virginia Eviction Reduction Pilot Program (VERP), the Virginia Housing Development Grant, Solid Waste, EDA's Comprehensive Economic Development Strategy (CEDS), the Rivanna River Basin Commission (RRBC), Stanardsville Transportation Alternatives Program (TAP), the Virginia Association of Planning District Commissions (VAPDC), and the Watershed Implementation Plan (WIP).

YEAR-END ANALYSIS OF THE COMMISSION

During FY23, the Commission's net position increased by $169,297. A summary of the Commission's Statement of Net Position is presented below:

TABLE 3 - STATEMENT OF NET POSITION

	FY 2023	FY 2022	Change From FY 2022
Current and Other Assets	$ 6,032,416	$ 2,582,412	$ 3,450,004
Capital Assets, net	235,324	308,553	(73,229)
Total Assets	$ 6,267,740	$ 2,890,965	$ 3,376,775
Deferred Outflows of Resources	$ 16,638	$ 79,116	$ (62,478)
Total Assets and Deferred Outflows	$ 6,284,378	$ 2,970,081	$ 3,314,297
Long-term Liabilities	$ 165,926	$ 269,327	$ (103,401)
Current Liabilities	4,626,376	$ 1,195,103	$ 3,431,273
Total Liabilities	$ 4,792,302	$ 1,464,430	$ 3,327,872
Deferred Inflows of Resources	$ 120,351	$ 303,697	$ (183,346)
Investment in Capital Assets	$ 13,347	$ (2,294)	$ 15,641
Restricted Net Position	474,726	580,565	(105,839)
Unrestricted Net Position	883,652	623,683	259,969
Total Net Position	$ 1,371,725	$ 1,201,954	$ 169,771
Total Liabilities, Deferred Inflows and Net Position	$ 6,284,378	$ 2,970,081	$ 3,314,297

Total Liabilities and Net Position shows a snapshot of receivables and payables on June 30, 2023; the change from FY22 reflects a $169,771 increase in net position. Liabilities increased due to the following:

- Accounts receivable increased by $3,416,594 and Accounts payable increased by $3,483,060 primarily due to the scale of the VATI program's revenues and expenditures.
- Lease Liability decreased due to an additional year of rent payments on the 5-year lease. The TJPDC now has one year in long term liabilities instead of two years.
- Deferred Revenue decreased by $61,122 due to earning funds for current projects and purchasing a vehicle for the Blue Ridge Cigarette Tax Board.

ORIGINAL BUDGET VS FINAL BUDGET

Budget requests to local governments were submitted between October 2022 and January 2023. In accordance with the Bylaws, the Commission adopted the original FY23 operating budget at their March 2, 2023 meeting. This budget was used for the submission to the Virginia Department of Housing and Community Development (DHCD) along with the FY23 Work Program. The Commission adopted the final amended budget at their May 5, 2023, meeting, reflecting updated projections of revenues and expenditures, particularly in the VATI program. The May 5th budget was used for the financial reporting to the Commission for FY23.

Federal Revenues: Federal revenues decreased significantly between the original budget and the final budget primarily due to updating the progress on the 3-year Virginia Telecommunication initiative (VATI) Broadband program. Changed construction schedules, supply chain issues, and labor shortages all contributed to slower progress than expected for FY23.

State Revenues: State grants increased slightly due to an additional award from the Virginia Eviction Reduction Pilot (VERP) program as well as anticipated increased spending on the 3-year VA Housing PDC Development grant.

Local Revenues: Local revenues decreased between the original budget and the final due to the updated progress of the VATI program. Revenues from the use of money increased significantly between the two budgets due to the increased interest rates and greater rentals of the Water Street Center than expected. Finally, an anticipated reserve transfer to balance the budget was not needed and therefore not included in the revised final budget.

Local Contributions: The Commission approved equalized member assessments for FY23 based on the 2021 Provisional Weldon Cooper Population Estimates and a $0.62 per capita rate. The Commission adopted the Projected FY23 budget at their October 6, 2022, meeting to serve as the basis for budget requests to the member localities. The FY23 budget requests were slightly higher than FY22, due to population increases. The total request for Legislative Liaison was based on a per capita rate of $0.40, a change instituted with the FY18 budget. The Solid Waste total of $10,500 was unchanged from FY22, with small changes among the localities due to relative changes in population. RideShare requests remained unchanged from FY22 and were collected to cover the required match for the state funding. An assessment for RideShare was included in the budget submission to Greene County, however, Greene County chose not to participate in the program. The budget requests also included $10,500 for the Rivanna River Basin Commission (RRBC) for localities within the watershed (Charlottesville, Albemarle, Fluvanna and Greene) with all four localities providing the requested funding for the RRBC for FY23, as well as a request for $50,000 for the Regional Transit Partnership for the urban localities (Charlottesville and Albemarle) and a $50,000 request for the Regional Housing Partnership for all member jurisdictions. Local contributions fulfill the required local matches for the Rural Transportation (RTAC) program and the Charlottesville-Albemarle Metropolitan Planning Organization (CA-MPO) program to receive state and federal funding.

Expenditures varied significantly between the original and final budget for several reasons. Personnel expenses were less than expected due to the retirement of the Finance Director and staff transitions that left positions vacant for several months during the hiring process.

Administrative expenses were increased due to the Finance Director’s retirement and the need to contract out financial support during the transition. There was an increase in equipment/data use due to the purchase of a vehicle for compliance use for the Blue Ridge Cigarette Tax Board (in turn, significantly decreasing the travel/vehicle expenses where the vehicle was originally budgeted). Additionally, there was an increase in the use of contractual consultants to support programs such as the CA-MPO’s long range transportation program and the Comprehensive Economic Development Strategy.

FINAL BUDGET VS ACTUAL RESULTS

A summary of the Commission's Final Budget (see Exhibit 7 for detail) is presented below:

TABLE 4 - BUDGET TO ACTUAL

	Budget	Actual	% of Budget
REVENUES (INFLOWS)			
Federal grants...........................	$ 18,794,269	$ 12,248,018	65.17%
Federal pass-through...............	932,027	517,298	55.50%
State grants..............................	1,288,067	955,735	74.20%
Localities....................................	589,604	2,685,991	455.56%
Miscellaneous sources..............	2,739,034	2,821,711	103.02%
	$ 24,343,001	$ 19,228,753	78.99%
EXPENDITURES (OUTFLOWS)			
Operating expenses...............	$ 23,373,947	$ 18,577,550	79.48%
Pass-through expenses.........	932,027	517,298	55.50%
	$ 24,305,974	$ 19,094,848	78.56%

FY23 total revenues were 78.56% of budgeted revenues. Actual revenues were less than budgeted revenues for several reasons:

- Federal revenues for the VATI program were less than expected due to delays in the project related to supply chain issues, labor shortages, and dependence on outside partners to complete make-ready work. $11,500,319 of the federal revenue can be attributed to VATI. The anticipated work that was not completed in FY23 will be completed in FY24 and FY25.

- Federal pass-throughs were less than budgeted due to decreased spending by sub-recipients of HOME funds.

- Actual state revenues were 74% of the budgeted amount due to fact that the VA Housing Development grant sub-recipients expended less than expected. The anticipated work that was not completed in FY23 will be completed in FY24 and FY25.

- Local revenues were greater than expected due to the fact that many jurisdictions that contributed to the VATI program used local sources rather than federal ARPA funds as expected by the TJPDC. $2,077,110 of the local revenues can be attributed to the VATI program.

- Not including the local funds related to the VATI program ($2,077,110), locality revenues had a less than 4% variance between the budgeted and actual amounts ($565,790 vs $517,928).

- Miscellaneous sources of revenue include $2,764,305 in cigarette tax revenues that were then paid directly to Blue Ridge Cigarette Tax Board member jurisdictions.

- The greatest variance in Expenditures was in Operating Expenses due to the VATI program ($18,222,600 budgeted vs. $14,370,389 actual).

- In general, unrealized revenues carry forward to FY24 (except for certain MPO funds which roll-over into FY24 and RideShare funds, which are unrecoverable).

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
As of June 30, 2023

		Governmental Activities
Assets:		
Current assets:		
Cash and cash equivalents	$	1,123,889
Receivables, net		685,232
Due from other governments:		
Federal		3,587,949
State		151,403
Prepaid expenses		9,217
Total current assets	$	5,557,690
Noncurrent assets:		
Net pension asset	$	474,726
Capital assets (net of depreciation):		
Leasehold improvements, leased building, vehicles, furniture and equipment		235,324
Total noncurrent assets	$	710,050
Total assets	$	6,267,740
Deferred Outflows of Resources:		
Pension deferrals	$	-
Group life insurance OPEB deferrals		16,638
Total deferred outflows of resources	$	16,638
Total assets and deferred outflows of resources	$	6,284,378
Liabilities:		
Current liabilities:		
Accounts payable	$	4,121,667
Compensated absences, current portion		33,635
Lease liability, current portion		95,164
Unearned revenue		375,910
Total current liabilities	$	4,626,376
Noncurrent liabilities:		
Net group life insurance OPEB liability	$	30,704
Lease liability, net of current portion		126,813
Compensated absences, net of current portion		8,409
Total noncurrent liabilities	$	165,926
Total liabilities	$	4,792,302
Deferred Inflows of Resources:		
Pension deferrals	$	98,930
Group life insurance OPEB deferrals		21,421
Total deferred inflows of resources	$	120,351
Net Position:		
Net investment in capital assets	$	13,347
Restricted - Net pension asset		474,726
Unrestricted		883,652
Total net position	$	1,371,725
Total liabilities, deferred inflows of resources and net position	$	6,284,378

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

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary Government					
Governmental activities					
Passed-through to other agencies	$ 517,298	$ -	$ -	$ 517,298	$ -
Programs administration:					
Office	613,442	(432,007)	-	-	(181,435)
Department of Transportation	508,470	141,826	-	649,991	(305)
Department of Housing and Urban Development	129,173	47,844	-	171,078	(5,939)
Department of Homeland Security	14,318	1,481	-	15,799	-
Department of Commerce	39,021	702	-	39,723	-
Environmental Protection Agency	54,043	28,231	-	82,274	-
Department of Housing and Community Development	14,114,326	114,892	-	14,229,218	-
Blue Ridge Cigarette Tax Board	2,740,110	29,749		30,183	(2,739,676)
US Department of Agriculture	164,249	-	-	164,249	-
Virginia Department of Rail and Public Transportation	102,590	42,120	-	144,710	-
Legislative Liaison	61,942	25,162	-	87,104	-
Total governmental activities	$ 19,058,982	$ -	$ -	$ 16,131,627	$ (2,927,355)

General Revenues	
Intergovernmental revenue not restricted to specific programs	$ 275,415
Other local taxes - Cigarette tax	2,764,305
Revenue from use of money	57,406
Total general revenues	$ 3,097,126
Change in net position	$ 169,771
Net position, beginning of year	1,201,954
Net position, end of year	$ 1,371,725

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

Fund Financial Statements

Balance Sheet
Governmental Funds
As of June 30, 2023

	General Fund	Department of Transportation	HOME Department of Housing and Urban Development	Blue Ridge Cigarette Tax Board	Broadband	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	$ 1,053,836	$ -	$ -	$ 70,053	$ -	$ -	$ 1,123,889
Receivables (net of allowance for uncollectibles):							
Accounts	8,490	1,444	-	239,583	435,715	-	685,232
Due from other governments:							
Federal	-	130,517	68,458	-	3,251,657	137,317	3,587,949
State	-	52,518	-	-	-	98,885	151,403
Due from other funds	79,030		-	73,962	53,974	-	206,966
Prepaid items	9,217	-	-	-	-	-	9,217
Total assets	$ 1,150,573	$ 184,479	$ 68,458	$ 383,598	$ 3,741,346	$ 236,202	$ 5,764,656
Liabilities:							
Accounts payable and accrued expenses	$ 34,851	$ 52,835	$ 8,705	$ 225,153	$ 3,685,194	$ 114,929	$ 4,121,667
Due to other funds	-	90,854	59,753			56,359	206,966
Unearned revenue	55,609	40,790		158,445	56,152	64,914	375,910
Total liabilities	$ 90,460	$ 184,479	$ 68,458	$ 383598	$ 3,741,346	$ 236,202	$ 4,704,543
Fund Balance:							
Nonspendable:							
Prepaid items	$ 9,217	$ -	$ -	$ -	$ -	$ -	$ 9,217
Committed:							
Capital reserve	411,094	-	-	-	-	-	411,094
Unassigned	639,802	-	-	-	-	-	639,802
Total fund balance	$ 1,060,113	$ -	$ -	$ -	$ -	$ -	$ 1,060,113
Total liabilities and fund balance	$ 1,150,573	$ 184,479	$ 68,458	$ 383598	$ 3,741,346	$ 236,202	$ 5,764,656

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2023

Total net position reported for governmental activities in the statement of net position are different because:				
Total fund balance for governmental funds (Exhibit 3)			$	1,060,113
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:				
Depreciable capital assets, net of accumulated depreciation	$	235,324		
Total capital assets				235,324
The net pension asset is not an available resource and, therefore, is not reported in the funds.				474,726
Items related to measurement of the net pension asset and net GLI OPEB liability are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and GLI expense over future years.				
Pension deferrals - Deferred outflows				-
Group life insurance OPEB deferrals - Deferred outflows				16,638
Pension deferrals - Deferred inflows				(98,930)
Group life insurance OPEB deferrals - Deferred inflows				(21,421)
Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:				
Net group life insurance OPEB liability	$	(30,704)		
Lease liability		(221,977)		
Compensated absences		(42,044)		
Total long-term liabilities				(294,725)
Total net position of governmental activities (Exhibits 1 and 2)			$	1,371,725

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Department of Transportation	HOME Department of Housing and Urban Development
Revenues:			
Federal Grants:			
Commission	$ -	$ 438,809	$ 176,532
Pass-Through	-	-	376,127
State Grants	89,971	188,306	-
Other:			
Localities	185,444	167,586	476
Other local taxes - Cigarette tax	-	-	-
Revenue from the use of money and property	57,305	-	9
Total revenues	$ 332,720	$ 794,701	$ 553,144
Expenditures:			
Current:			
Administrative	$ 192,400	$ -	$ -
Department of Transportation	-	650,296	-
Department of Housing and Urban Development	-	-	553,144
Department of Homeland Security	-	-	-
Department of Commerce	-	-	-
Environmental Protection Agency	-	-	-
Department of Housing and Community Development	-	-	-
US Department of Agriculture	-	-	-
Blue Ridge Cigarette Tax Board	-	-	-
Virginia Department of Rail and Public Transportation	-	144,710	-
Legislative Liason	-	-	-
Total expenditures	$ 192,400	$ 795,006	$ 553,144
Excess (deficiency) of revenues over (under) expenditures	$ 140,320	$ (305)	$ -
Other financing sources (uses):			
Transfers in	$ -	$ 305	$ -
Transfers (out)	(6,415)	-	-
Total other financing sources (uses)	$ (6,415)	$ 305	$ -
Net changes in fund balance	$ 133,905	$ -	$ -
Fund balance at beginning of year	926,208	-	-
Fund balance at end of year	$ 1,060,113	$ -	$ -

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Blue Ridge Cigarette Tax Board	Broadband	Other Governmental Funds	Total Governmental Funds
Revenues:				
Federal Grants:				
Commission	$ -	$ 11,500,319	$ 132,358	$ 12,248,018
Pass-Through	-	-	141,171	517,298
State Grants	-	-	677,458	955,735
Other:				
Localities	30,183	2,077,110	225,192	2,685,991
Other local taxes - Cigarette tax	2,764,305	-	-	2,764,305
Revenue from the use of money and property	92	-	-	57,406
Total revenues	$ 2,794,580	$ 13,577,429	$ 1,176,179	$ 19,228,753
Expenditures:				
Current:				
Administrative	$ -	$ -	$ -	$ 192,400
Department of Transportation	-	-		650,296
Department of Housing and Urban Development	-	-	-	553,144
Department of Homeland Security	-	-	15,799	15,799
Department of Commerce	-	-	39,723	39,723
Environmental Protection Agency	-	-	82,274	82,274
Department of Housing and Community Development	-	13,577,429	792,960	14,370,389
US Department of Agriculture	-	-	164,249	164,249
Blue Ridge Cigarette Tax Board	2,794,760	-	-	2,794,760
Virginia Department of Rail and Public Transportation	-	-	-	144,710
Legislative Liason	-	-	87,104	87,104
Total expenditures	$ 2,794,760	$ 13,577,429	$ 1,182,109	$ 19,094,848
Excess (deficiency) of revenues over (under) expenditures	$ (180)	$ -	$ (5,930)	$ 133,905
Other financing sources (uses):				
Transfers in	$ 180	$ -	$ 5,930	$ 6,415
Transfers (out)	-	-	-	(6,415)
Total other financing sources (uses)	$ 180	$ -	$ 5,930	$ -
Net changes in fund balance	$ -	$ -	$ -	$ 133,905
Fund balance at beginning of year	-	-	-	926,208
Fund balance at end of year	$ -	$ -	$ -	$ 1,060,113

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balance - total governmental funds (Exhibit 5)	$	133,905
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays		30,183
Depreciation expense		(103,412)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this adjustment consist of the change in deferred inflows of resources related to the measurement of the net pension asset and net group life insurance OPEB liability.		
Change in deferred inflows of resources related to measurement of net pension asset		182,736
Change in deferred inflows of resources related to measurement of net group life insurance OPEB liability		610
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Details of this adjustment are as follows:		
Principal retired on lease liability		88,870
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in net pension asset		(105,839)
Change in net group life insurance OPEB liability		8,997
Change in deferred outflows of resources related to measurement of net pension asset		(57,387)
Change in deferred outflows of resources related to measurement of net group life insurance OPEB liability		(5,091)
Change in compensated absences		(3,801)
Change in net position of governmental activities (Exhibit 2)	$	169,771

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

B. Basic Financial Statements − Government-wide Statements

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

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

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

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

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

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

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

C. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the Commission:

Governmental Funds:

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

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

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

Major and Nonmajor Funds:

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

1. The General Fund is always classified as major.

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

The Commission's funds are classified as follows:

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

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

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

Major and Nonmajor Funds: (Continued)

Fund	Brief Description
Major:	
Broadband	Accounts for and reports revenues and expenses restricted for the VATI Broadband Funding.
Blue Ridge Cigarette Tax Board	Accounts for and reports revenues and expenses restricted for the Blue Ridge Cigarette Tax Board
Nonmajor-Other Governmental Funds:	
Special Revenue Funds:	
Virginia Department of Rail and Public Transportation	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Virginia Department of Rail and Public Transportation.
Department of Homeland Security	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Department of Homeland Security.
Environmental Protection Agency	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Environmental Protection Agency.
Virginia Housing Development Authority	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Virginia Housing Development Authority.
Virginia Department of Agriculture	Accounts for and reports revenues and expenses restricted for the purpose of various projects funded by the Virginia Department of Agriculture.
Legislative Liaison	Accounts for and reports revenues and expenses for the Legislative Liaison Program.

D. Basis of Accounting

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

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

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

D. Basis of Accounting: (Continued)

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

E. Budgets and Budgetary Accounting

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

1. Prior to due dates for budget submissions to localities, the Executive Director submits to the Commission a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

2. After the budget is approved by the Commission, it is presented to the local governing bodies within its jurisdiction for approval of appropriations to the Commission.

3. The budget amounts depend on the staff securing grants and contracts throughout the year; therefore, appropriate budget revisions are proposed and approved by the Commission during the year. The Commission adopts a working budget for the fiscal year beginning July 1 at their May meeting, per the Bylaws. The Commission adopts the final budget for use in financial reporting at the March meeting.

4. The approved budget is utilized as a management control device.

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. All budgetary data presented in the accompanying financial statements represents both the original and revised budgets as of June 30.

F. Use of Estimates

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

G. Cash and Cash Equivalents

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

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

G. Cash and Cash Equivalents: (Continued)

State statutes authorize the Commission to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

H. Receivables and Payables

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

I. Prepaid Items

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

J. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

The current year report includes a change in calculations related to restricted cash and restricted net position. The prior year restricted amounts have been updated to reflect current year calculations.

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

K. Net Position Flow Assumption

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

L. Capital Assets

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

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

M. Unearned Revenue

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

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

O. Pensions

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

P. OPEB

Group Life Insurance

For purposes of measuring the net GLI Plan OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Plan OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Fund Balance

The Commission reports fund balance in the required classifications. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

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

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

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

R. Legislative Liaison

The Liaison reports regularly to the local governments during the General Assembly session and when studies are undertaken by the General Assembly and are pertinent to local government interests. The Liaison prepares a Legislative Program in consultation with the localities who subsequently adopt the Program.

S. Leases

The Commission leases various buildings requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The Commission recognizes a lease liability and intangible right-to-use lease asset (lease asset) with an initial value of $5,000, individually or in the aggregate. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Board uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.

- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability.

The Commission monitors changes in circumstances that would require a remeasurement or modification of its leases. The Commission will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 2–DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Commission does not have a policy related to credit risk of debt securities.

The Commission's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values

	Fair Quality Ratings	
Rated Debt Investments	**AAAm**	**AAf**
Virginia Investment Pool	$ 903,939	$ -
Total	$ 903,939	$ -

Investment maturities in years:

Investment Type	Fair Value	Less Than 1 Year
Virginia Investment Pool	$ 903,939	$ 903,939
Total	$ 903,939	$ 903,939

Redemption Restrictions: Commission is limited to two withdrawals per month.

Fair Value Measurements: Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission has measured fair value of the above investments at the net asset value (NAV).

NOTE 3—ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:

Accounts and due from other governments are as follows:

Federal Government:		
Department of Transportation	$	130,517
Department of Housing and Urban Development		68,458
Department of Homeland Security		6,039
Department of Housing and Community Development		3,341,921
Department of Commerce		14,773
Environmental Protection Agency		26,241
Total Federal Government	$	3,587,949
State:		
Department of Transportation	$	10,856
Department of Homeland Security		1,514
Virginia Housing Development Authority		29,364
Department of Housing and Community Development		68,007
Department of Rail and Public Transportation		41,662
Total State	$	151,403
Accounts Receivable:		
Stanardsville TAP	$	49
Nelson TAP		1,444
Greene		17,587
Amherst		72,198
Louisa		331,855
Campbell		14,075
VAPDC-ED		8,333
Cigarette tax		239,583
Other		108
Total Accounts Receivable	$	685,232

NOTE 4—INTERFUND OBLIGATIONS:

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

	Interfund Receivable	Interfund Payable
General Fund	$ 79,030	$ -
Department of Transportation	-	90,854
HOME Department of Housing and Urban Development	-	59,753
Blue Ridge Cigarette Tax Board	73,962	-
Broadband	53,974	
Nonmajor Governmental Funds	-	56,359
Total	$ 206,966	$ 206,966

NOTE 5–CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Capital assets, being depreciated:				
Office furniture and equipment	$ 74,555	$ -	$ -	$ 74,555
Vehicle	-	30,183	-	30,183
Website	19,978	-	-	19,978
Leased building	392,496	-	-	392,496
Leasehold improvements	11,993	-	-	11,993
Total capital assets being depreciated	$ 499,022	$ 30,183	$ -	$ 529,205
Less accumulated depreciation for:				
Office furniture and equipment	$ 72,389	$ 2,166	$ -	$ 74,555
Vehicle	-	5,282		5,282
Website	13,735	3,612	-	17,347
Leased building	92,352	92,352	-	184,704
Leasehold improvements	11,993	-	-	11,993
Total accumulated depreciation	$ 190,469	$ 103,412	$ -	$ 293,881
Total capital assets being depreciated, net	$ 308,553	$ (73,229)	$ -	$ 235,324
Governmental activities capital assets, net	$ 308,553	$ (73,229)	$ -	$ 235,324

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Office administration	$ 98,130
Blue Ridge Cigarette Tax Board	5,282
Total governmental activities	$ 103,412

NOTE 6–COMPENSATED ABSENCES:

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

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

An employee may accumulate a maximum of 30 days of annual leave. At the time of separation of employment, the employee will be compensated for the accumulated leave balance. Accrued annual leave was $42,044 as of June 30, 2023. The following is a summary of changes in accrued annual leave for the year ended June 30, 2023:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
$ 38,243	$ 3,801	$ -	$ 42,044

NOTE 7–OFFICE LEASE:

At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. The Commission recognizes a lease liability and an intangible right-to-use lease asset (leased asset) in the financial statements. On October 1, 2020, the Commission entered into a noncancellable five-year lease agreement for office space. The lease agreement requires 60 monthly payments that increase each year with a discount rate of 4.00%.

NOTE 7–OFFICE LEASE: (CONTINUED)

The lease liability activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Issuance/ Increases	Retirement/ Decreases	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Lease Liability	$ 310,847	$ -	$ 88,870	$ 221,977	$ 95,164
Total Governmental Activities	$ 310,847	$ -	$ 88,870	$ 221,977	$ 95,164

The future principal and interest payments as of June 30, 2023 were as follows:

Year Ending June 30,	Lease Liability Principal	Lease Liability Interest
2024	$ 95,164	$ 7,172
2025	101,800	3,269
2026	25,013	175
Total	$ 221,977	$ 10,616

NOTE 8–COMMITMENTS/CONTINGENT LIABILITIES:

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

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

NOTE 9–PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Thomas Jefferson Planning District Commission are covered by a VRS Retirement Plan after six months of employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 9—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	9
Inactive members:	
Vested inactive members	10
Non-vested inactive members	8
Active members active elsewhere in VRS	11
Total inactive members	29
Active members	10
Total covered employees	48

NOTE 9—PENSION PLAN: (CONTINUED)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Commission's contractually required employer contribution rate for the year ended June 30, 2023 was 0.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were $0 and $0 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension asset, less that employer's fiduciary net position. For Thomas Jefferson Planning District Commission, the net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 9—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTE 9–PENSION 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; the Commission was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	$ 2,011,708	$ 2,592,273	$ (580,565)
Changes for the year:			
Service cost	$ 50,745	$ -	$ 50,745
Interest	136,473	-	136,473
Changes of assumptions	-	-	-
Differences between expected and actual experience	(59,466)	-	(59,466)
Contributions - employer	-	-	-
Contributions - employee	-	25,723	(25,723)
Net investment income	-	(2,249)	2,249
Benefit payments, including refunds of employee contributions	(81,248)	(81,248)	-
Administrative expenses	-	(1,621)	1,621
Other changes	-	60	(60)
Net changes	$ 46,504	$ (59,335)	$ 105,839
Balances at June 30, 2022	$ 2,058,212	$ 2,532,938	$ (474,726)

NOTE 9—PENSION PLAN: (CONTINUED)

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

The following presents the net pension asset of the Commission using the discount rate of 6.75%, as well as what the Commission's net pension asset 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:

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Commission's Net Pension Liability (Asset)	$ (190,790)	$ (474,726)	$ (702,686)

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

For the year ended June 30, 2023, the Commission recognized pension expense of ($19,510). At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 23,643
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	75,287
Employer contributions subsequent to the measurement date	-	-
Total	$ -	$ 98,930

NOTE 9–PENSION PLAN: (CONTINUED)

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

$0 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30		
2024	$	(53,098)
2025		(30,527)
2026		(50,365)
2027		35,060
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 10–DEFERRED COMPENSATION PLAN:

During the year ended June 30, 1998, the employees of the Commission adopted a Section 457 Deferred Compensation Plan. The Commission delegates administrative and investment responsibilities for its 457 Plan assets to a third-party administrator. The Commission does not have to report these assets on their financial statements.

Employee contributions to this plan for the year ended June 30, 2023 were $23,750. There were no matching contributions.

NOTE 11–UNEARNED REVENUE:

The details of unearned revenue at June 30, 2023 are as follows:

Fund Name		Amount
General Fund	$	55,609
Department of Transportation		40,790
Blue Ridge Cigarette Tax Board		158,445
Broadband		56,152
HOME Department of Housing and Urban Development		64,914
	$	375,910

NOTE 12–LITIGATION:

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

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

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

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

This ratio is calculated on an annual basis. The rate used during the fiscal year ended June 30, 2023 was 55%, for billing purposes.

The actual indirect cost rate for the fiscal year ended June 30, 2023 was 56% and was calculated as follows:

Indirect costs	$	503,944	=	56%
Individual programs' personnel costs		905,660		

NOTE 14–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

NOTE 14–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were $4,039 and $2,999 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2023, the entity reported a liability of $30,704 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00260% as compared to 0.00340% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $297. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 14–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,431	$ 1,232
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,919
Change in assumptions	1,145	2,991
Changes in proportion	9,023	15,279
Employer contributions subsequent to the measurement date	4,039	-
Total	$ 16,638	$ 21,421

$4,039 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2024	$ (1,222)
2025	(1,897)
2026	(3,205)
2027	(277)
2028	(2,221)
Thereafter	-

NOTE 14–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 14–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	$	1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NOTE 14–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation, at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the

NOTE 14–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate (Continued)

GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Commission's proportionate share of the GLI Plan Net OPEB Liability	$ 44,679	$ 30,704	$ 19,411

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual - Governmental Funds
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal Grants:				
Commission	$ 24,818,982	$ 18,794,269	$ 12,248,018	$ (6,546,251)
Pass-Through	1,087,192	932,027	517,298	(414,729)
State Grants	1,100,715	1,288,067	955,735	(332,332)
Other:				
Localities	11,387,878	589,604	2,685,991	2,096,387
Other local taxes - Cigarette tax	2,687,034	2,687,034	2,764,305	77,271
Revenue from the use of money	71,270	52,000	57,406	5,406
Total revenues	$ 41,153,071	$ 24,343,001	$ 19,228,753	$ (5,114,248)
Expenditures				
Current:				
Administrative	$ 1,729,776	$ 1,511,870	$ 192,400	$ 1,319,470
Department of Transportation	547,411	547,411	650,296	(102,885)
Department of Housing and Urban Development	937,322	763,113	553,144	209,969
Department of Homeland Security	13,000	13,000	15,799	(2,799)
Department of Commerce	33,334	33,334	39,723	(6,389)
Environmental Protection Agency	80,727	80,727	82,274	(1,547)
Department of Housing and Community Development	34,696,626	18,222,600	14,370,389	3,852,211
Blue Ridge Cigarette Tax Board	2,687,034	2,687,034	2,794,760	(107,726)
US Department of Agriculture	149,870	168,914	164,249	4,665
Virginia Department of Rail and Public Transportation	174,198	174,198	144,710	29,488
Legislative Liaison	103,773	103,773	87,104	16,669
Total expenditures	$ 41,153,071	$ 24,305,974	$ 19,094,848	$ 5,211,126
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 37,027	$ 133,905	$ 96,878
Net change in fund balance	$ -	$ 37,027	$ 133,905	$ 96,878
Fund balance, beginning of year	-	-	926,208	926,208
Fund balance, end of year	$ -	$ 37,027	$ 1,060,113	$ 1,023,086

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	$ 50,745	$ 57,333	$ 49,884	$ 45,609	$ 47,097
Interest	136,473	117,798	115,583	109,185	102,465
Differences between expected and actual experience	(59,466)	39,495	(58,224)	8,945	4,016
Changes in assumptions	-	91,465	-	51,616	-
Benefit payments, including refunds of employee contributions	(81,248)	(79,082)	(69,767)	(55,827)	(59,339)
Net change in total pension liability	$ 46,504	$ 227,009	$ 37,476	$ 159,528	$ 94,239
Total pension liability - beginning	2,011,708	1,784,699	1,747,223	1,587,695	1,493,456
Total pension liability - ending (a)	$ 2,058,212	$ 2,011,708	$ 1,784,699	$ 1,747,223	$ 1,587,695
Plan fiduciary net position					
Contributions - employer	$ -	$ -	$ 2,390	$ 2,951	$ 9,937
Contributions - employee	25,723	31,700	24,828	29,018	29,495
Net investment income	(2,249)	565,573	39,709	131,859	137,364
Benefit payments, including refunds of employee contributions	(81,248)	(79,082)	(69,767)	(55,827)	(59,339)
Administrative expense	(1,621)	(1,416)	(1,362)	(1,299)	(1,180)
Other	60	53	(47)	(83)	(122)
Net change in plan fiduciary net position	$ (59,335)	$ 516,828	$ (4,249)	$ 106,619	$ 116,155
Plan fiduciary net position - beginning	2,592,273	2,075,445	2,079,694	1,973,075	1,856,920
Plan fiduciary net position - ending (b)	$ 2,532,938	$ 2,592,273	$ 2,075,445	$ 2,079,694	$ 1,973,075
Commission's net pension liability (asset) - ending (a) - (b)	$ (474,726)	$ (580,565)	$ (290,746)	$ (332,471)	$ (385,380)
Plan fiduciary net position as a percentage of the total pension liability	123.06%	128.86%	116.29%	119.03%	124.27%
Covered payroll	$ 555,407	$ 704,693	$ 544,700	$ 632,061	$ 634,356
Commission's net pension liability (asset) as a percentage of covered payroll	-85.47%	-82.39%	-53.38%	-52.60%	-60.75%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 43,503	$ 56,311	$ 50,141	$ 69,411
Interest	102,011	96,363	94,691	87,524
Differences between expected and actual experience	(21,557)	(14,126)	(61,088)	-
Changes in assumptions	(58,077)	-	-	-
Benefit payments, including refunds of employee contributions	(59,462)	(56,246)	(63,463)	(45,653)
Net change in total pension liability	$ 6,418	$ 82,302	$ 20,281	$ 111,282
Total pension liability - beginning	1,487,038	1,404,736	1,384,455	1,273,173
Total pension liability - ending (a)	$ 1,493,456	$ 1,487,038	$ 1,404,736	$ 1,384,455
Plan fiduciary net position				
Contributions - employer	$ 9,145	$ 18,635	$ 20,868	$ 37,157
Contributions - employee	25,481	24,742	27,522	32,439
Net investment income	204,382	29,062	73,203	218,230
Benefit payments, including refunds of employee contributions	(59,462)	(56,246)	(63,463)	(45,653)
Administrative expense	(1,183)	(1,033)	(1,005)	(1,145)
Other	(181)	(12)	(16)	11
Net change in plan fiduciary net position	$ 178,182	$ 15,148	$ 57,109	$ 241,039
Plan fiduciary net position - beginning	1,678,738	1,663,590	1,606,481	1,365,442
Plan fiduciary net position - ending (b)	$ 1,856,920	$ 1,678,738	$ 1,663,590	$ 1,606,481
Commission's net pension liability (asset) - ending (a) - (b)	$ (363,464)	$ (191,700)	$ (258,854)	$ (222,026)
Plan fiduciary net position as a percentage of the total pension liability	124.34%	112.89%	118.43%	116.04%
Covered payroll	$ 539,257	$ 517,609	$ 563,802	$ 615,185
Commission's net pension liability (asset) as a percentage of covered payroll	-67.40%	-37.04%	-45.91%	-36.09%

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ -	$ -	$ -	$ 748,004	0.00%
2022	-	-	-	555,407	0.00%
2021	3,474	3,474	-	704,693	0.49%
2020	4,812	4,812	-	544,700	0.88%
2019	8,299	8,299	-	632,061	1.31%
2018	10,718	10,718	-	634,356	1.69%
2017	11,001	11,001	-	539,257	2.04%
2016	19,773	19,773	-	517,609	3.82%
2015	21,536	21,536	-	563,802	3.82%
2014	37,157	37,157	-	615,185	6.04%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of the Commission's Share of Net OPEB Liability
Group Life Insurance Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2022	0.00260%	$ 30,704	$ 555,407	5.53%	67.21%
2021	0.00340%	39,701	$ 704,693	5.63%	67.45%
2020	0.00270%	44,224	544,700	8.12%	52.64%
2019	0.00323%	52,561	632,061	8.32%	52.00%
2018	0.00333%	51,000	634,356	8.04%	51.22%
2017	0.00292%	44,000	539,257	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Group Life Insurance Plan
For the Years Ended June 30, 2017 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 4,039	$ 4,039	$ -	$ 748,004	0.54%
2022	2,999	2,999	-	555,407	0.54%
2021	3,805	3,805	-	704,693	0.54%
2020	2,832	2,832	-	544,700	0.52%
2019	3,287	3,287	-	632,061	0.52%
2018	3,324	3,324	-	634,356	0.52%
2017	2,822	2,822	-	539,257	0.52%

Schedule is intended to show information for 10 years. Information prior to the 2017 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Group Life Insurance Plan
For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

OTHER SUPPLEMENTARY INFORMATION

Supporting Schedules

Schedule of Expenditures - General Fund
For the Year Ended June 30, 2023

Administrative		
Current Operating:		
Salaries and fringe	$	365,100
Contractual		91,174
Insurance		7,312
Subscriptions and publications		314
Dues		4,398
Advertising		2,609
Supplies		7,624
Copier		144
Meetings		2,518
Rent		98,342
Bank and finance charges		214
Janitorial service		2,917
Postage		1,913
Travel		1,620
Professional development		3,181
Telephone		5,040
Audit and legal		18,692
Miscellaneous		(468)
Indirect costs allocation		(432,007)
Equipment use and maintenance		11,763
Total expenditures	$	192,400

Schedule of Indirect Costs
For the Year Ended June 30, 2023

Administrative		
Current operating:		
Personnel	$	265,294
Postage		1,913
Subscriptions and publications		314
Supplies		7,624
Travel		688
Audit/legal services		18,442
Advertising		2,609
Bank charges		208
Professional meetings and development		1,548
Contractual services		90,074
Dues		4,298
Insurance/bonding		6,771
Printing and copier		(322)
Rent		77,844
Janitorial		2,917
Equipment repair/maintenance/use		17,541
Miscellaneous		(468)
Meeting expenses		1,609
Telephone		5,040
Total indirect costs	$	503,944

Schedule of Individual Programs' Personnel Costs
For the Year Ended June 30, 2023

Total Salaries and Fringes:		
Salaries	$	967,741
Fringe benefits		203,213
Total Salaries and Fringes	$	1,170,954
Less Administrative Personnel Costs:		
Administration	$	265,294
Network support		-
Total Administrative Personnel Costs	$	265,294
Total Individual Programs' Personnel Costs	$	905,660
Calculation of indirect cost rate:		
Indirect Costs /		503,944
Individual Programs' Personnel Costs		905,660
Indirect cost rate		56%

Schedule of Grant Contracts
For the Year Ended June 30, 2023

Grant or Contract	Grant-Contract Start Date	Grant-Contract End Date	Grant-Contract Total	Year to Date FY23	Grant-Contract To Date	Budgeted Amount For Fy24	Grant-Contract Remaining
MPO-FTA	07/01/22	06/30/23	$ 137,720	$ 137,720	$ 137,720	$ -	$ -
MPO-PL	07/01/22	06/30/23	218,555	186,318	186,318	32,237	-
HOME TJPDC	07/01/22	06/30/23	99,686	99,686	99,686	-	-
HOME PASS-THROUGH	07/01/22	06/30/23	376,127	376,127	376,127	-	-
HOME ARPA	10/01/21	06/30/23	2,452,271	77,332	107,713	2,344,558	-
HOUSING HPG	07/01/22	06/30/23	23,078	23,078	23,078	-	-
HPG PASS-THROUGH	07/01/22	06/30/23	141,171	141,171	141,171	-	-
STATE SUPPORT TO PDC	07/01/22	06/30/23	89,971	89,971	89,971	-	-
WATER STREET CENTER	07/01/22	06/30/23	22,090	22,090	22,090	-	-
EDA-CEDS	07/01/22	06/30/23	100,000	39,723	39,723	60,277	-
RIDESHARE	07/01/22	06/30/23	144,710	144,710	144,710	-	-
RURAL TRANSPORTATION	07/01/22	06/30/23	58,000	58,000	58,000	-	-
RTP-TDM	07/01/22	06/30/23	118,393	118,393	118,393	-	-
REGIONAL TRANSIT GRANT	07/01/22	06/30/23	32,723	11,038	11,038	21,685	-
REGIONAL TRANSIT GRANT PASS -THROUGH	07/01/22	06/30/23	149,600	127,361	127,361	22,239	-
HAZARD MITIGATION	07/01/22	06/30/23	67,200	14,578	66,678	522	-
VA HOUSING	07/01/22	06/30/23	200,000	24,503	59,551	140,449	-
VA HOUSING PASS-THROUGH	07/01/22	06/30/23	1,800,000	328,248	630,476	1,169,524	-
VATI ADMIN	04/01/22	04/01/25	875,000	200,474	255,333	619,667	-
VATI PASS-THROUGH	04/01/22	04/01/25	109,848,780	13,376,956	13,376,956	96,471,824	-
LEGISLATIVE LIAISON	07/01/22	06/30/23	103,773	86,645	86,645	17,128	-
VAPDC-ED	07/01/22	06/30/23	50,294	50,294	50,294	-	-
SOLID WASTE	07/01/22	06/30/23	10,500	5,281	5,281	5,219	-
RRBC	07/01/22	06/30/23	13,040	13,040	13,040	-	-
WIP PHASE V	06/01/19	12/31/21	58,000	34,901	57,997	3	-
WIP PHASE VI	07/01/22	06/30/23	58,000	30,223	30,223	27,777	-
MEMBER PER CAPITA	07/01/22	06/30/23	160,848	160,848	160,848	-	-
STANARDSVILLE TAP	04/06/15	10/01/20	28,772	2,006	28,772	-	-
Nelson TAP	07/01/22	06/30/23	10,000	1,444	1,444	8,556	-
VERP	07/01/22	06/30/23	26,250	12,633	19,385	6,865	-
VERP PASS-THROUGH	07/01/22	06/30/23	498,750	319,187	338,496	160,254	-
BLUE RIDGE CIGARATTE TAX BOARD	07/01/22	06/30/23	134,727	134,727	134,727	-	-
BLUE RIDGE CIGARATTE TAX PASS-THROUGH	07/01/22	06/30/23	2,659,620	2,659,620	2,659,620	-	-
BANK INTEREST	07/01/22	06/30/23	35,107	35,107	35,107	-	-
TOTAL			$ 120,802,756	$ 19,143,433	$ 19,693,972	$ 101,108,784	$ -

* Funds are available for completion of the project.

COMPLIANCE

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

To the Commissioners
Thomas Jefferson Planning District Commission
Charlottesville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thomas Jefferson Planning District Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Thomas Jefferson Planning District Commission's basic financial statements and have issued our report thereon dated March 28, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thomas Jefferson Planning District Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 28, 2024

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

To the Commissioners
Thomas Jefferson Planning District Commission
Charlottesville, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Thomas Jefferson Planning District Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Thomas Jefferson Planning District Commission's major federal programs for the year ended June 30, 2023. Thomas Jefferson Planning District Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Thomas Jefferson Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Thomas Jefferson Planning District Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Thomas Jefferson Planning District Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Thomas Jefferson Planning District Commission's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Thomas Jefferson Planning District Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Thomas Jefferson Planning District Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Thomas Jefferson Planning District Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Thomas Jefferson Planning District Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Thomas Jefferson Planning District Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 28, 2024

THOMAS JEFFERSON PLANNING DISTRICT COMMISSION

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Primary Government:				
Department of Housing and Urban Development:				
Direct Payments:				
HOME Investment Partnerships Program	14.239	N/A	$ 475,328	$ 376,127
COVID-19 ARPA - HOME Investment Partnerships Program	14.239	N/A	77,332	-
Total Department of Housing and Urban Development			$ 552,660	$ 376,127
Department of Transportation:				
Pass-Through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	EN07-039-118,P101, C501	$ 223,616	$ -
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	FTA VA-80-0019-00	215,193	-
Total Department of Transportation			$ 438,809	$ -
Environmental Protecton Agency:				
Direct Payments:				
Geographic Programs - Chesapeake Bay Program	66.466	N/A	$ 65,804	$ -
Department of Agriculture:				
Direct Payments:				
Rural Housing Preservation Grants	10.433	N/A	$ 164,249	$ 141,171
Department of Treasury:				
Pass-Through Payments:				
Virginia Department of Housing and Community Development:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	$ 10,687,112	$ -
Amherst County:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	223,089	-
Albemarle County:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	145,051	-
City of Charlottesville:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	68,864	-
Fluvanna County:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	88,909	-
Greene County:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	287,294	-
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Fund			$ 11,500,319	$ -
Total Department of Treasury			$ 11,500,319	$ -
Department of Commerce:				
Direct Payments:				
Economic Adjustment Assistance	11.307	N/A	$ 31,779	$ -
Department of Homeland Security:				
Pass-Through Payments:				
Virginia Department of Emergency Management:				
Hazard Mitigation Grant	97.039	Not Available	$ 11,696	$ -
Total Expenditures of Federal Awards			$ 12,765,316	$ 517,298

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Thomas Jefferson Planning District Commission under programs of the federal government for the year ended June 30, 2023. 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Thomas Jefferson Planning District Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Thomas Jefferson Planning District Commission.

Note 2 - Summary of Significant Accounting Policies

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

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

(3) The Commission did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 - Subrecipients

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

Assistance Listing Number	Program Name		Amount provided to subrecipients
14.239	HOME Investment Partnerships Program	$	376,127
10.433	Rural Housing Preservation Grants		141,171
	Total	$	517,298

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
Department of Transportation	$	438,809
HOME Department of Housing and Urban Development		552,659
Broadband		11,500,319
Other Governmental Funds		273,529
Total primary government	$	12,765,316
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	12,765,316

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Fund

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

There are no prior year audit findings.