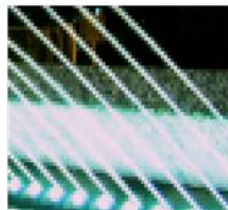
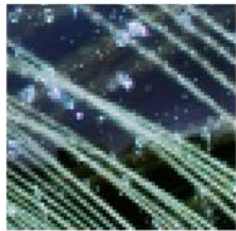




The Federal Planning Agency for America's Capital

Performance Accountability Report

2016



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MESSAGE FROM THE CHAIRMAN



I am pleased to present the National Capital Planning Commission's Performance and Accountability Report for FY 2016. Our report provides Congress and the American people with a clear, concise understanding of NCPC's financial and performance results for FY 2016.

NCPC is the federal government's central planning agency for the National Capital Region. The Commission provides overall planning guidance for federal land and buildings in the region. It also reviews the design of federal construction projects, oversees long-range planning for future development, and monitors capital investment by federal agencies. This has been a remarkable year for NCPC. The Commission continued to successfully accomplish its core mission with limited resources. NCPC reviewed approximately 130 development proposals and plans in the National Capital Region as part of its project planning and review responsibilities.

NCPC made significant progress towards meeting the goals in our FY 2015-2018 Strategic Plan. A few of our accomplishments are highlighted below.

NCPC adopted updates to the *Federal Elements of the Comprehensive Plan for the National Capital* for all elements except Parks and Open Space. This Element will be updated upon completion of the National Park Service/NCPC Small Parks Management Plan. The last full Plan adoption was in 2004.

NCPC led development of an economic market analysis and an urban design workshop, which will help inform potential economic and urban design strategies for near- and long-term improvements to Pennsylvania Avenue. NCPC also worked with federal and local partners to develop guidance for redevelopment of the J. Edgar Hoover (FBI) Headquarters site, located on the Avenue between 3rd and 15th Streets, NW in a special area of Washington where the 1974 Pennsylvania Avenue Plan guides development.

NCPC and its partners launched the Memorials for the Future ideas competition. The competition will be used as a resource for future memorial sponsors to help inform NCPC policy development related to commemoration and provide guidance to the National Capital Memorial Advisory Commission.

NCPC continued to ensure that its resources were well managed with the proper oversight. The performance and financial data in this report is reliable and complete and consistent with the guidance provided by the Office of Management and Budget. For the FY 2016 independent financial audit on NCPC's consolidated financial management statements, we received our 12th consecutive unqualified opinion, the highest audit opinion available. Based on the independent auditor's unqualified opinion and the absence of any material internal control weaknesses, I can provide reasonable assurance that the objectives of the Federal Manager's Financial Integrity Act have been met and that NCPC's financial systems conform to government-wide standards.

All of us at the NCPC look forward to continuing our work to provide overall planning guidance for federal land and buildings in the region. We are proud of the agency's accomplishments and we look forward to reporting further progress.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Preston Bryant, Jr.", written in a cursive style.

L. Preston Bryant, Jr.
Chairman

PART I: MANAGEMENT'S DISCUSSION AND ANALYSIS

NCPC at a Glance

The National Capital Planning Commission (NCPC) was established in 1924 as a park-planning agency. Two years later its role was expanded to include comprehensive planning. In 1952, under the National Capital Planning Act, we were designated the central planning agency for the federal government responsible for all property in the District of Columbia, and all federal property in the National Capital Region (NCR).

In 1973, the National Capital Planning Act was amended by the D.C. Home Rule Act, which made the Mayor the chief planner for private development in the District of Columbia, and maintained NCPC as the central planning agency for all federal lands and facilities in the District of Columbia and the NCR.

The agency is governed by a 12-member Commission that includes three presidential appointees, one of whom is designated by the President to serve as Chairman; two mayoral appointees; a representative of the three major federal landholding agencies (the Department of Defense, the Department of the Interior, and the General Services Administration); one member of the U.S. Senate; one member of the U.S. House of Representatives; the Mayor of the District of Columbia; and the Chairman of the City Council of the District of Columbia.

Mission Statement

The National Capital Planning Commission preserves and enhances the extraordinary historical, cultural, and natural resources and federal assets of the National Capital Region to support the needs of the federal government and enrich the lives of the region's residents, workers, and visitors.

NCPC, through planning, policymaking, and plan review, defines and protects both federal interests and broader national interests in the development of the National Capital Region. The federal interest is wide-ranging and multifaceted, from ensuring that government agencies have adequate facilities and their employees have quality workplaces, to protecting the environment, public parks, and the region's historic resources.

NCPC encourages efficient transportation and smart growth, accommodates the needs of foreign missions, and balances security elements with urban planning principles. NCPC also incorporates broader national interests into its planning guidance. This includes safeguarding the visual preeminence of Washington's iconic civic and symbolic structures, such as its national monuments, which have contributed to the identity of our nation's capital for over 200 years. It also includes enhancing the visitor's experiences within and around Washington's federal buildings, commemorative works, and national parks.

Strategic Goals

1. Foster a vibrant, well planned national capital.
2. Ensure that individual projects and plans within the National Capital Region are consistent with Federal interests.
3. Advance the orderly federal capital improvement of the National Capital Region.

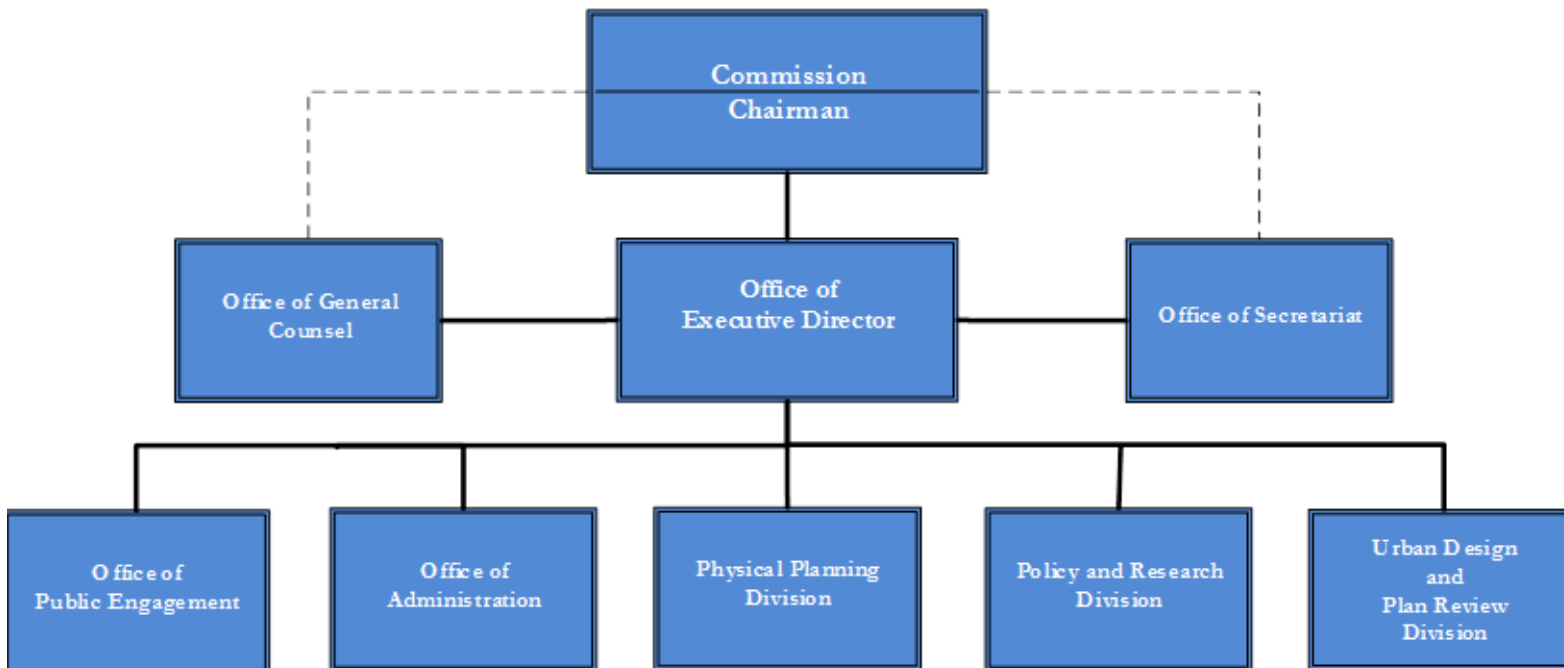
Management Goal

4. Ensure effective management and accountability of agency resources.

National Capital Planning Commission

Organizational Chart

September 2016



NCPC Organizational Overviews

Office of the Executive Director

The Office of the Executive Director provides the 12-member Commission with planning expertise and policy recommendations, guides the agency in fulfilling its mission and principal objectives, sets agency priorities, oversees the day-to-day operations, represents the agency before Congress and the Office of Management and Budget and serves as the liaison with federal, state and regional agencies as well as professional organizations and planning boards.

Office of the Secretariat

The Office of the Secretariat acts as a primary liaison with the Chairman and members of the Commission. It prepares notices, agendas, memoranda of action, and other materials related to Commission meetings; assists in responding to federal and local agencies and the public regarding agenda items and subsequent actions of the Commission; and advises the presiding officer at Commission meetings on Commission by-laws and standing rules of procedures.

Office of the General Counsel

The Office of the General Counsel advises the Commission, Executive Director, and staff on the statutory powers, duties, and functions of the Commission and on legal questions in the fields of planning, plan review, environment, transportation, zoning, open space, and landmarks preservation. It also reviews and prepares litigation reports, serves as the Ethics and Privacy Officer, responds to Freedom of Information Act requests and ensures compliance with federal laws.

Office of Public Engagement

The Office of Public Engagement prepares and disseminates materials and information to educate the general public and specialized audiences about planning and development in the national capital. The Office seeks to involve local, national, and international audiences in the planning process; responds to the media and general public regarding specific plans and projects pending before the Commission; executes public outreach programs that advance the Commission's goals; and provides the public with information through the agency's website and social media.

Office of Administration

The Office of Administration provides day-to-day operations and support to the Commission and staff in the areas of human resources; financial management and accounting; budget formulation, execution, and control; procurement and contracting; space and facilities management; property and inventory control; and other general administrative functions. The office is also responsible for the Commission's technical support systems, information security, communication systems, software application training and information technology (IT) policy and planning.

Policy and Research Division

The Policy and Research Division is responsible for identifying critical issues and opportunities facing the federal government in the National Capital Region, evaluating policy options and priorities, and working with Commission and other partners in developing an agenda for public and private action. The work of the Policy and Research Division includes developing and updating the Comprehensive Plan, preparing the Federal Capital Improvement Program and conducting research on important federal interests in the region.

Physical Planning Division

The Physical Planning Division is responsible for guiding the design, visualization and implementation of Commission policies that are focused on a specific geography. The goal is to advance the federal interest and enhance the livability, human scale, and cultural treasures of the Nation's Capital. The initiatives that are undertaken by the Physical Planning Division range from specific sites to districts encompassing several neighborhoods.

Urban Design and Plan Review Division

The Urban Design and Plan Review Division coordinates and reviews development plans and projects of federal agencies, District of Columbia agencies, and other local jurisdictions in the NCR. It also provides professional and technical planning expertise in urban design, historic preservation, environment/energy, transportation, zoning, and land use to Commission staff.

Program Performance Overview

During FY 2016, NCPC pursued a number of initiatives in addition to performing its regulatory and statutory responsibilities. The following are a few examples of the major activities undertaken. A more inclusive representation is provided in Part II: Performance Section of this report.

As the central planning agency for the federal government in the National Capital Region, the NCPC is charged with planning for the appropriate and orderly development of the national capital and the conservation of its important natural and historical features. NCPC prepares and adopts a “comprehensive, consistent, and coordinated plan for the National Capital.” The *Comprehensive Plan for the National Capital: Federal Elements* is the blueprint for the long-term development of the national capital and is the decision-making framework for Commission actions on plans and proposals submitted for its review. The Commission’s comprehensive planning function involves preparing and adopting the Federal Elements, as well as reviewing the District of Columbia Elements for their impact on the federal interest. In FY 2016, NCPC adopted an updated Comprehensive Plan for all elements except Parks & Open Space.

Exercising its plan and project review responsibilities, NCPC reviewed the urban design, environmental, transportation and historic preservation implications for 130 projects. These projects included master plans and project plans for federal and District of Columbia installations and public buildings; site and design proposals for commemorative works in the District of Columbia and its environs; and proposed amendments to the District of Columbia zoning map, zoning regulations, and highway plan amendments, including street and alley closings, for their impact on the federal interests.

NCPC continued its work to improve the maintenance, operations, and programming of Pennsylvania Avenue (between the White House and the U.S. Capitol). NCPC led development of an economic market analysis and an urban design workshop. The initiative is committed to improving the Avenue and fostering an economically successful and culturally relevant destination for employees, tourists, and residents. The Agency developed the FY 2017-2022 Federal Capital Improvements Program. The FCIP contained 99 federal proposed projects totaling \$5.1 billion.

The Commission worked with federal and local partners to develop guidance for redevelopment of the J. Edgar Hoover FBI Headquarters site, located in a special area of Washington where the 1974 Pennsylvania Avenue Plan guides development on the Avenue between 3rd and 15th Streets, NW.

NCPC and its partners launched the Memorials for the Future ideas competition. The competition sought to reimagine how we think about, feel, and experience memorials. The ideas generated by the competition serve as a starting point to discuss some of the key findings emerging from the competition with groups deeply involved in the formal commemoration process.

NCPC continued to serve as an active member of the Board of Zoning Adjustment (BZA) and the Foreign Missions Board of Zoning Adjustment (FMBZA). BZA is responsible for granting relief from strict application zoning regulations, approving certain uses of land, and hearing appeals of land, and hearing appeals of action taken by the Zoning Administrator. FMBZA reviews the location, expansion, or replacement of chanceries in certain mixed-use areas in the District of Columbia.

NCPC continued to serve as a member of the National Capital Memorial Advisory Commission advising the Secretary of the Interior and the Administrator of General Services on policy and procedures for the establishment of commemorative works in the District and its environs.

Management Controls, Systems, and Compliance

Federal Managers' Financial Integrity Act (FMFIA)

The FMFIA requires federal agencies to provide an annual statement of assurance regarding management controls and financial systems. The statement of assurance is provided in the Chairman's message at the beginning of the Performance and Accountability Report. This statement is based on the review and consideration of internal analyses, reconciliations and the independent auditor's opinion on the NCPC's financial statements.

Prompt Payment Act

The Prompt Payment Act requires federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments. In FY 2015, the NCPC did not have any interest penalties associated with the Act.

Federal Financial Management Improvement Act (FFMIA)

The National Capital Planning Commission is a federal agency subject to the Accountability of Tax Dollars Act (ATDA) of 2002. Agencies subject to the ATDA are not subject to the requirements of FFMIA.

Improper Payments Information Act

The Improper Payments Information Act of 2002 (IPIA) requires Federal agencies to identify and report on significant payment programs that are susceptible to improper payments. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires the development of policies and procedures for the prevention and detection of improper payments in the Federal government. IPERA expands on IPIA by, among other things, requiring an initial assessment to identify those programs that are susceptible to significant risk of improper payments.

OMB Memorandum M-11-16, dated April 14, 2011, issued government-wide IPERA guidance. Under IPERA, agencies are required to: 1) conduct reviews of all programs at a minimum of every three years to assess the risk of significant improper payments; 2) obtain a statistically valid estimate of the annual amount of improper payments for those programs identified to be at significant risk; 3) identify the reasons the identified significant-risk programs are at risk and implement a plan to reduce improper payments; 4) comply with specific reporting requirements for programs that possess a significant risk of erroneous payments; and 5) if cost-effective, conduct recovery audits for each program that expends \$1 million or more annually and report the results of recovery auditing activities. Intragovernmental payments and payments to employees are excluded from review.

The Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA) directs agencies to intensify and expand efforts to recover improper payments and establish a “Do Not Pay List” for agencies to check before making payments.

NCPC has not identified any programs where significant erroneous payments have occurred within the agency. The agency will continue to conduct reviews and comply with reporting requirements in accordance with IPERA and OMB guidance.

Limitations of the Financial Statements

These financial statements have been prepared to report the financial position and results of operations of NCPC pursuant to the requirements of 31 U.S.C. § 3515(b). While the statements have been prepared from the books and records of the Agency in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records.

These statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

Financial Statement Analysis

NCPC's financial position as of September 30, 2016 was strong and insignificantly differed with its financial position as of September 30, 2015. The only item significant to note is the receipt of \$400 more Appropriations in Fiscal Year 2016 than in Fiscal Year 2015.

Balance Sheet:

BALANCE SHEETS				
As of September 30, 2016 and 2015				
(Dollars in Thousands)				
<u>Total Assets</u>				
EXCERPT	FY 2016	FY 2015	★ Change	% Inc/Dec
Fund Balance with Treasury (Note 4)	\$ 2,790	\$ 2,627	\$ 163	6.2%
Accounts Receivable, Net (Note 5)	-	14	(14)	n/a
Total Intragovernmental Assets	2,790	2,641	149	5.6%
General Property, Plant and Equipment, Net (Note 6)	429	556	(127)	-22.8%
Total Non-Intragovernmental Assets	429	556	(127)	-22.8%
Total Assets	\$ 3,219	\$ 3,197	\$ 22	0.7%
★ The Change is the total of all transactions between October 1, 2015 and December 31, 2016				

Total Assets increased an insignificant amount between FY 2015 and FY 2016. However, the insignificant change is masking the offsetting changes in Intragovernmental Assets and Non-Intragovernmental Assets. Intragovernmental Assets increased \$149, but Non-Intragovernmental Asset decreased \$128. With the exception of Intragovernmental Accounts Receivable, the types of Asset transactions that NCPC incurred in FY 2016 are consistent with the types of transactions incurred in FY 2015.

Intragovernmental Assets:

As in prior Fiscal Years, Fund Balance with Treasury (FBWT) is the bulk of NCPC's Total Assets, 86.7% and has the most significant change in Intragovernmental Assets. FBWT represented 82.2% of Total Assets in FY 2015. FBWT increased \$163 between FY 2015 and FY 2016. It is important to note that the change in FBWT is the sum of all cash transactions between October 1, 2015 and September 30, 2016. The variances arising from the difference in Net Outlays in FY 2016 and FY 2015 are analyzed in The Statement of Budgetary Resources.

Change in FBWT in Unexpired Funds, (+\$1,745):

Fiscal Year 2016 Appropriations	+\$8,348
Non-Reimbursed Pay & Benefits disbursements	-\$4,614
GSA Lease Payments	-\$1,447
Non-Reimbursed Acquisition-Related disbursements	-\$542

Change in FBWT in Expired Funds, (-\$1,581):

Non-Reimbursed Acquisition-Related disbursements	-\$1,254
Non-Reimbursed Pay & Benefits disbursements	-\$142
GSA Lease Payments	-\$29
Cancelled FBWT returned to treasury (Fiscal Year 2010 annual Fund)	-\$170
Collections of Advances and Receivables	+\$14

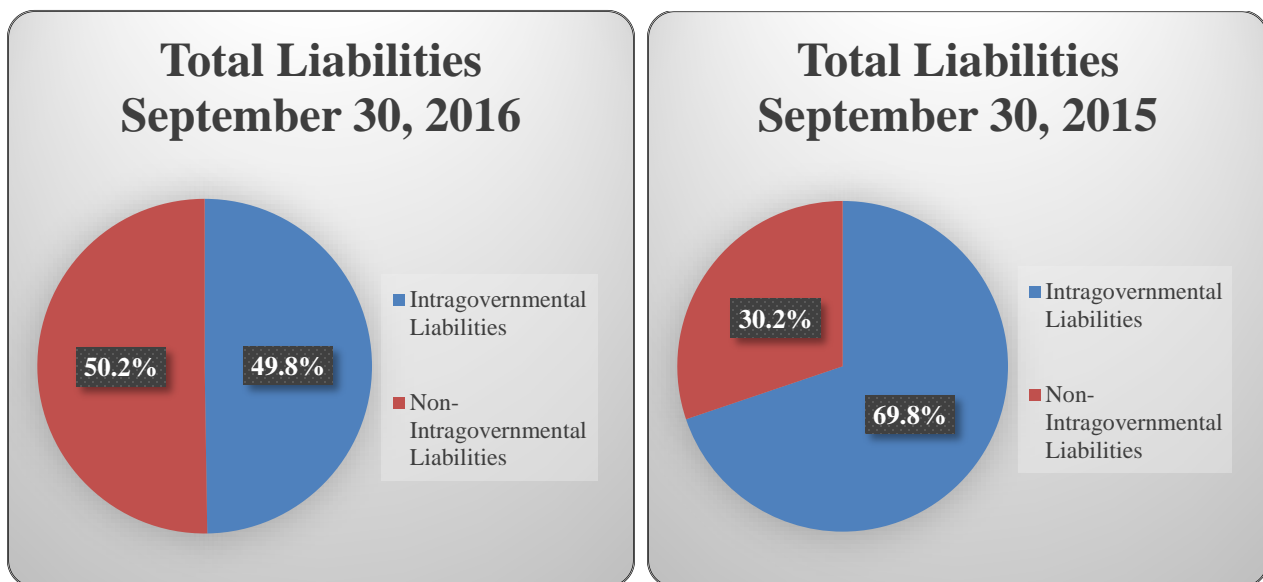
Intragovernmental Accounts Receivable decreased \$14 for Reimbursements Earned, but not yet received from disbursed Pay & Benefits, for an NCPC employee that was on a Reimbursable detail to the Department of Housing and Urban Development Agency (HUD), collected in FY 2016.

Non-Intragovernmental Assets:

Non-Intragovernmental Assets decreased \$127 due to the depreciation of essential facilities and equipment improvement projects completed in prior fiscal years.

BALANCE SHEETS				
As of September 30, 2016 and 2015				
(Dollars in Thousands)				
<i>Total Liabilities (Note 7)</i>				
EXCERPT	FY 2016	FY 2015	★ Change	% Inc/Dec
Accounts Payable	\$ 89	\$ 129	\$ (40)	-31.0%
Other Intragovernmental Liabilities (Note 8)	819	997	(178)	-17.9%
Total Intragovernmental Liabilities	908	1,126	(218)	-19.4%
Accounts Payable	403	90	313	347.8%
Other Liabilities (Note 8)	514	397	117	29.5%
Total Non-Intragovernmental Liabilities	917	487	430	88.3%
Total Liabilities	\$ 1,825	\$ 1,613	\$ 212	13.1%
★ The Change is the total of all transactions between October 1, 2015 and September 30, 2016				

Total Liabilities increased significantly between the Fiscal Years 2015 and 2016. The change is masking much more significant offsetting changes in Intragovernmental Liabilities and Non-Intragovernmental Liabilities. Intragovernmental Liabilities as a percentage of Total Liabilities decreased from 69.8% in FY 2015 to 49.8% in FY 2016. At the same time, Non-Intragovernmental Liabilities as a percentage of Total Liabilities increased from 30.2 % in FY 2015 to 50.2% in FY 2016. Although there are significant changes in each of the categories of liabilities, the types of liability transactions that NCPC incurred in FY 2016 are consistent with the types of transactions incurred in FY 2015.



Change in Other Intragovernmental Liabilities, (-\$178):

Amortization of the GSA Unfunded Liability due to the accounting treatment of Lease expense under the 10-year operating lease	-\$126
Unearned Reimbursable Advances received from GSA and NPS for the Pennsylvania Avenue Initiative	-60
Accrued Benefits Payable to Intragovernmental providers (Two more days accrued in Fiscal Year 2016 as compared to Fiscal Year 2015)	+\$8

The majority of the change in Intragovernmental Liabilities is the change in Other Intragovernmental Liabilities. Other Intragovernmental Liabilities decreased \$178 in Fiscal Year 2016, (-17.9%), since FY 2015 year-end.

Change in Unfunded Lease Liability (-\$126):

The Unfunded Lease Liability is NCPC's most significant Liability. NCPC entered into a 10-year operating lease with the General Services Administration (GSA) in December 2010 for office space at 401 9th Street, NW, Washington, DC. The lease expires in November 2020. The operating lease contained a provision for a \$1,075 rent credit for the first ten months of the lease. NCPC received an additional \$119 Commission Credit in Fiscal Year 2012. Minimum lease payments are scheduled to increase over the life of the lease due to inflation. NCPC accounts for the lease on a straight-line basis over the lease term. The unfunded liability as of September 30, 2016 is \$784 and is 43% of Total Liabilities. The unfunded liability as of September 30, 2015 was \$910 and was 56.4% of Total Liabilities; -\$126 was amortized in FY 2016.

Unearned Reimbursable Advances (-\$60):

In FY 2015, NCPC entered into three new Reimbursable Interagency Agreements where NCPC was the service provider; (1) \$30 with GSA and (2) \$30 with NPS for the Pennsylvania Avenue Initiative; and (3) \$36 with HUD for an employee detail. Reimbursements from HUD were collected on an Earned and Receivable basis, NCPC invoiced HUD for costs incurred after expenditure. NCPC received reimbursements in Advance from GSA and NPS that were unearned at September 30, 2015. In FY 2016, NCPC earned all \$60 of the reimbursable advances and did not enter into new Reimbursable Interagency Agreements where NCPC is the service provider.

Intragovernmental Accounts Payable:

Change in Intragovernmental Accounts Payable, (-\$40):

Reimbursable Interagency Agreements where the partner agency is the service provider	-\$40
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NCPC typically incurs three types of Intragovernmental Accounts Payable Accruals (1) Un-invoiced routine Interagency Administrative Services, such as GSA; (2) Un-invoiced costs for Reimbursable Agreements with Interagency partners to complete specific projects for which the partner agency is the service provider; and (3) Accrued Real Estate Tax Escalation. There was no change in the Accrued Real Estate Tax Escalation Accrual. The entire change in Intragovernmental Accounts Payable is due to the change in Accrued Interagency Agreements.

Change in Accrued Interagency Agreements (-\$40):

NCPC does not use an estimation method to accrue Intragovernmental Accounts Payable for Interagency Agreements. Routine Administrative Services are typically invoiced on a cycle. Interagency Obligations are reviewed monthly to determine if the Administrative Service provider is in arrears. On the other hand, due to the size and nature of Reimbursable Interagency Agreements, the NCPC Project Manager must closely monitor the services provided to determine if services have been received, but are un-invoiced to date. All Interagency Agreements, regardless of the service provider are assigned a Memorandum of Agreement number in the Financial System so it is relatively easy to determine the status of Intragovernmental Payables, as well as Receivables.

DC Parks Management project Reimbursable Interagency Agreement where The National Park Service (NPS) is the service provider (\$60 accrued as of September 30, 2015. \$22 accrued as of September 30, 2016)	-\$38
Routine Interagency Administrative Services Accounts Payable	-\$2

Non-Intragovernmental Liabilities:

The majority of the change in Non-Intragovernmental Liabilities is due to the change in Non-Intragovernmental Accounts Payable. Non-Intragovernmental Accounts Payable is 4.5 times higher at September 30, 2016 than at September 30, 2015, an increase of 22.1% since FY 2015 year-end.

Change in Non-Intragovernmental Accounts Payable, (+\$313):

Unpaid Accounts Payable invoices received prior to Fiscal Year-end	+\$158
Estimated Accounts Payable Accrual for goods or services not acquired on credit (Increased funding yielded a \$29 increase in the estimated accrual, in addition to a \$101 vendor-specific accrual)	+\$130
Accounts Payable Accrual for goods or services acquired on credit	+\$25

In addition to invoices NCPC received prior to Fiscal Year-end and unpaid prior to the Fiscal Year-end, NCPC accrues expenditures for good and services received prior to Fiscal Year-end, but have not been invoiced by the provider as of September 30, 2016. NCPC accrues three types of Non-Intragovernmental Expenditures (1) Estimated costs of un-invoiced routine Administrative Services; (2) Estimated costs of un-invoiced services to complete specific projects; and (3) Goods or services purchased on credit as of Fiscal Year-end. The majority of Non-Intragovernmental acquisitions are routine in nature and invoiced on a monthly basis. A rolling twelve month average of invoices received in the current month for goods or services provided in a prior month is used to calculate the estimated Accounts Payable Accrual. Additional estimated vendor-specific accruals may be made for contracts where the service provider has more than 1 month of un-invoiced services outstanding.

Change in Other Non-Intragovernmental Liabilities, (+\$117):

Estimated Pay & Benefits earned by employees and the Commission and Benefits owed to Non-Intragovernmental providers (Two more days were accrued in Fiscal Year 2016 as compared to Fiscal Year 2015)	+\$31
Accrued GS Awards earned in FY 2016 to be distributed in FY 2017	+\$47
Estimated Unfunded Leave.	+\$39

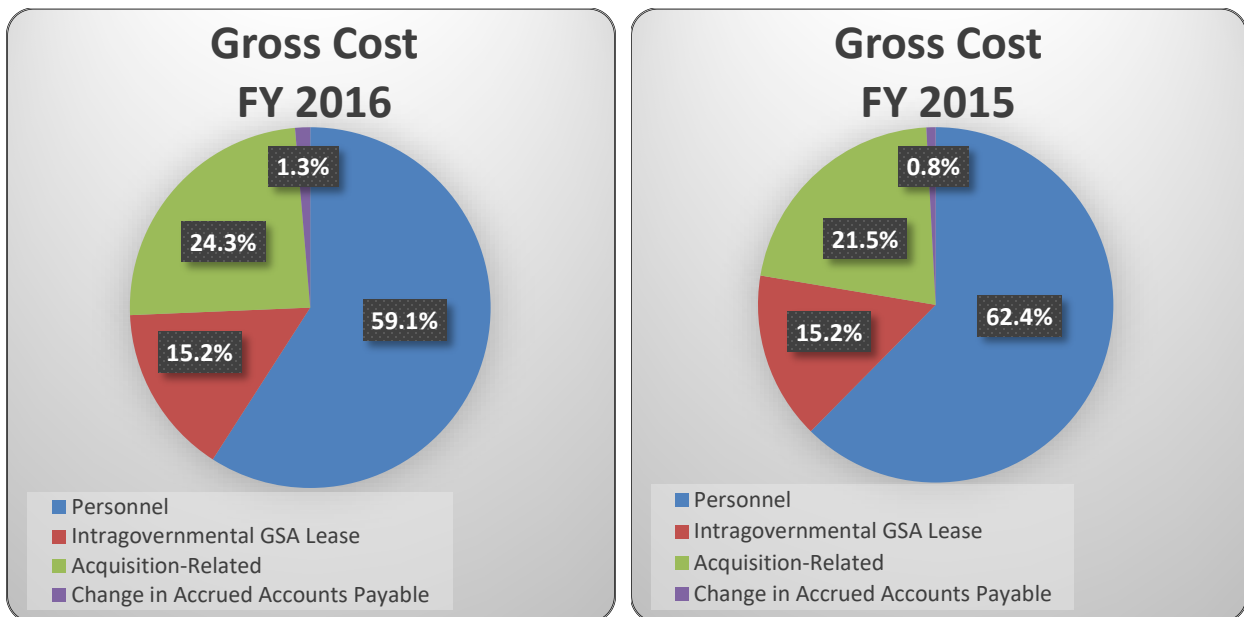
Accrued GS Awards earned in FY 2016 to be distributed in FY 2017 is 40.1% of the 28.2% increase in Other Non-Intragovernmental Liabilities since FY 2015 year-end. Prior to FY 2016, NCPC recognized expenditures for GS Awards when distributed. In FY 2016, NCPC made the decision to accrue GS Award expenditures in the year of the performance cycle to which they are attributed.

Statement of Net Cost:

STATEMENTS OF NET COST For the Years ended September 30, 2016 and 2015 (Dollars in Thousands)				
EXCERPT	FY 2016	FY 2015	Variance	% Inc/Dec
Intragovernmental Gross Costs	\$ 2,781	\$ 2,708	\$ 73	2.7%
Public Costs	5,888	5,245	643	12.3%
Gross Program Costs (Note 11)	8,669	7,953	716	9.0%
Less: Earned Revenue (Note 11 & Note 12)	(60)	(36)	(24)	n/a
Net Cost of Operations	\$ 8,609	\$ 7,917	\$ 692	8.7%

Gross Costs

With the exception of Reimbursable Pay & Benefits expense and related Intragovernmental Revenue for the employee detail to HUD in FY 2015, the types of transactions that impacted Net Cost in FY 2016 were largely consistent with the types of transactions that impacted FY 2015 Net Cost.



Personnel Expense:

Consistent with prior Fiscal Years, Personnel expense is the most significant component of Gross Cost:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Intragovernmental Personnel expense	\$951	\$900	+\$51	+5.7%
Non-Intragovernmental Personnel expense	\$3,890	\$3,780	+\$110	+2.9%
Total Pay & Benefits expense	\$4,841	\$4,680	+\$161	+3.4%
Percentage of Gross Cost	55.8%	58.8%		

Change Accrued Unfunded Leave	\$39	\$11	+\$28	+254.5%
Imputed Pension expense	\$242	\$272	-\$30	-11.0%
Total Personnel expense	\$5,122	\$4,963	+\$159	+3.2%
Percentage of Gross Cost	59.1%	62.4%		

In FY 2016, Pay & Benefits expense is 55.8% of Gross Cost. In FY 2015, Pay & Benefits expense was 58.8% of Gross Cost. Due to rising Pay & Benefits costs and FY 2016 being a Leap Year, NCPC incurred 3.4% more Pay & Benefits expense in FY 2016 as compared to FY 2015.

Acquisition-Related Expense:

As in prior years, Acquisition-Related expense is the second largest component of Gross Cost. The majority of the variance in Gross Cost is for Acquisition-Related expense:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Intragovernmental Acquisition-Related expense (GSA Rent expense not included)	\$306	\$256	+\$50	+19.5%
Non-Intragovernmental Acquisition-Related expense	\$1,675	\$1,328	+\$347	+26.1%
Total Funded Acquisition-Related expense	\$1,981	\$1,584	+\$397	+25.1%

Depreciation expense	\$127	\$127	\$0	n/a
Total Acquisition-Related expense	\$2,108	\$1,711	+\$397	+23.2%
Percentage of Gross Cost	24.3%	21.5%		

Acquisition-Related expenses in Fiscal Year 2016 as compared to Fiscal Year 2015:

Component	Fiscal Year 2016	% of Gross Cost	Fiscal Year 2015	% of Gross Cost	Variance
Professional Services, Communication & Data Services, Equipment, and Supplies for: (1) Information Technology infrastructure maintenance, security, and improvements; and (2) Information Resource Management security, and improvements	\$872	44.0%	\$791	49.9%	+\$81
Financial & Administrative Professional Services	\$425	21.5%	\$412	26.0%	+\$13
Professional Comprehensive Planning Services	\$378	19.1%	\$93	5.9%	+\$285
Professional Project Plan Review Services	\$109	5.5%	\$0	0.0%	+\$109
Training & Tuition	\$17	1.0%	\$79	5.0%	-\$62
Supplies-Other	\$8	0.4%	\$32	1.6%	-\$24
Other	\$172	8.7%	\$177	8.9%	-\$5

In FY 2016, NCPC continued to address information technology and information resource management compliance and security. Consequently, 44% of the Acquisition-Related expenses in Gross Cost are for Professional Services, Communication & Data Services, Equipment, and Supplies for: (1) Information Technology infrastructure maintenance, security, and improvements; and (2) Information Resource Management security, and improvements.

NCPC practices aggressive vacancy management to address rising Operations & Administrative costs. Savings from vacancy management are allocated to projects to achieve the current Fiscal Year's Strategic Program Goals and Management Goal. In FY 2016, NCPC invested in its Human Capital and funded Planning projects to advance its Comprehensive Planning, and Plan and Project Review Strategic Objectives. Training and Professional Services for the two programs attributed to 24.6% of the Acquisition-Related expense in Gross Cost.

Intragovernmental GSA Lease Expense:

Consistent with prior Fiscal Years, NCPC's operating lease with GSA is the third most significant component of Gross Cost:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
GSA Lease expense	\$1,448	\$1,452	-\$4	-0.3%
Change in accrued Real Estate Tax Escalation Expense	\$0	\$(138)	+\$138	-100.0%
Total Funded GSA Lease Expense	\$1,448	\$1,314	+\$134	+10.2%
Percentage of Gross Cost	16.7%	16.5%		

Amortization of the GSA Unfunded Lease Liability	\$(126)	\$(102)	-\$24	23.5%
Total GSA Lease Expense	\$1,322	\$1,212	+\$110	+9.1%
Percentage of Gross Cost	15.2%	15.2%		

Reference "Note 9 – Leases" or the discussion of Other Intragovernmental Liabilities in the Balance Sheet analysis for a description of NCPC's operating lease with GSA and the nature of the Unfunded Lease Liability and Accrued Real Estate Tax Escalation.

Change in accrued Real Estate Tax Escalation Accounts Payable and the Unfunded Lease Liability (+\$114):

Real Estate Tax Escalation expense is incurred when adjustments are made to the accrued liability. If the accrued liability decreases, negative expense is generated in the amount of the decrease. If the accrued liability increases, positive expense is generated in the amount of the increase. The total amount of the adjusted accrued liability is not the amount of expense incurred in Gross Cost.

There is \$0 net change in accrued Real Estate Tax Escalation Accounts Payable between September 30, 2015 and September 30, 2016 as compared to -\$138 change between September 30, 2014 and September 30, 2015 resulting in a +\$138 variance in Gross Cost between FY 2016 and FY 2015.

In FY 2016 GSA invoiced NCPC for the remaining balance of the FY 2015 cost accrued at Fiscal Year-end 2015 and the 1st two months of FY 2016. The negative expense generated by the reversal of the remaining balance of the FY 2015 accrual is offset by the estimated \$33 accrued remaining balance of the Real Estate Tax Escalation Expense attributable to the Fiscal Year 2016 Annual Fund.

In FY 2015, NCPC reversed the estimated \$132 accrued in the Fiscal Year 2010 Annual Fund when GSA indicated that it would not seek reimbursement for the FY 2010 expense. The negative \$132 expense generated by the reversed accrual was the majority of the -\$138 Gross Cost in FY 2015.

Finally, the Unfunded Lease Liability is being amortized over the GSA Lease Period. The amortized amount generates Gross Cost in the current period. The amortized amount is \$24 more in FY 2016 than in FY 2015.

As in prior Fiscal Years, combined Pay & Benefits expense & GSA Lease expense are a significant portion of Gross Cost. In FY 2016, combined, Pay & Benefits expense & GSA Lease expense represented 74.3% of Gross Cost. In FY 2015 the combined cost represented 77.6% of Gross Cost.

Change in Accrued Accounts Payable:

In any given Fiscal Year, the change in accrued Accounts Payable between the current Fiscal Year and the prior Fiscal Year is the expense reflected in Gross Cost. Therefore, the Accrued Accounts Payable expense in Gross Cost for Fiscal Year 2016 is the change between the Fiscal Year 2016 accrual and the Fiscal Year 2015 accrual. The Accrued Accounts Payable expense in Gross Cost for FY 2015 was the FY 2015 accrual less the FY 2014 accrual:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Change in Accrued Intragovernmental Accounts Payable	\$(40)	\$53	-\$93	-175.5%
Change in Accrued Non-Intragovernmental Accounts Payable	\$157	\$14	+\$143	+1021.4%
Total change in the Accounts Payable Accrual	\$117	\$67	+\$50	+74.6%
Percentage of Gross Cost	1.3%	0.8%		

Intragovernmental Revenue

In FY 2015, NCPC entered into three new Reimbursable Interagency Agreements where NCPC was the service provider; (1) \$30 with GSA and (2) \$30 with NPS for the Pennsylvania Avenue Initiative; and (3) \$36 with HUD for an employee detail. NCPC accrues Revenue in equal amounts as expenditures are incurred to execute the reimbursable agreement. NCPC accrued \$36 for the employee detail to HUD in Fiscal Year 2015. NCPC obligated the costs to execute the \$60 Interagency Agreements with GSA & NPS for the Pennsylvania Avenue Initiative, but did not incur expenditures against the obligation in FY 2015. In FY 2016 NCPC earned \$60 Intragovernmental Revenue for GSA's & NPS's contribution to the Pennsylvania Avenue Initiative.

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Intragovernmental Revenue for Reimbursements Earned & Collected for the Pennsylvania Avenue Initiative	\$(60)		-\$60	n/a
Intragovernmental Revenue for Reimbursements Earned & Collected for the employee detail to HUD		\$(22)	+\$22	n/a
Intragovernmental Revenue for Reimbursements Earned & Receivable for the employee detail to HUD		\$(14)	+\$14	n/a
Total Intragovernmental Revenue	\$(60)	\$(36)	-\$24	66.7%

Statement of Budgetary Resources:

NATIONAL CAPITAL PLANNING COMMISSION STATEMENTS OF BUDGETARY RESOURCES For the Years Ended September 30, 2016 and 2015 (Dollars in Thousands)				
<u>Budgetary Resources</u>				
EXCERPT	FY 2016 Total Budgetary	FY 2015 Total Budgetary	Variance	% Inc/Dec
Budgetary Resources:				
Unobligated Balance Brought Forward, Oct 1	\$ 634	\$ 676	\$ (42)	-6.2%
Recoveries of Prior Year Unpaid Obligations	45	133	(88)	-66.2%
Other Changes in Unobligated Balance (+ or -)	(170)	(198)	28	-14.1%
Unobligated Balance From Prior Year Budget Authority, Net	509	611	(102)	-16.7%
Appropriations	8,348	7,948	400	5.0%
Spending Authority From Offsetting Collections	-	96	(96)	n/a
Total Budgetary Resources	\$ 8,857	\$ 8,655	\$ 202	2.3%

With the exception of Spending Authority from Offsetting Collections in FY 2015, the types of budget authority that NCPC received in FY 2016 are consistent with the types of budget authority that NCPC received in FY 2015.

Net Appropriation:

NCPC has one primary source of budget authority, annual appropriations. As discussed in FBWT, NCPC received a significant \$400 increased net annual Appropriation in FY 2016 as compared to FY 2015.

Offsetting Collections:

NCPC occasionally receives authority from agreements to provide goods or services to other federal agencies and the District of Columbia on a reimbursable basis. In FY 2015, NCPC entered into three new Reimbursable Interagency Agreements where NCPC is the service provider; (1) \$30 with GSA and (2) \$30 with NPS for the Pennsylvania Avenue Initiative; and (3) \$36 with HUD for an employee detail. In FY 2016, NCPC did not enter into new Reimbursable Interagency Agreements where NCPC is the service provider.

Recoveries of Prior Year Unpaid Obligations:

The line item Recoveries of Prior Year Unpaid obligations is exclusively comprised of Downward Adjustments to prior year obligations in the current Fiscal Year. Recoveries of Prior Year Unpaid Obligations decreased \$88 (66.2%) as compared to FY 2015. Significant increases to the Expired Unobligated Balance for prior year recoveries are detailed below:

<u>Fiscal Year 2016</u>	(Inc)/Dec Expired Balance
Increases to Expired Authority	
Downward Adjustment to prior year Intragovernmental Accounts Payable accrual	\$(20)
Recovery of the remaining balances of obligations	\$(25)

Total Increases to Expired Authority **\$(45)**

<u>Fiscal Year 2015</u>	(Inc)/Dec Expired Balance
Increases to Expired Authority	
Adjustments to accrued Real Estate Tax Escalation Accounts Payable discussed previously in the Financial Statement analysis	\$(132)
All Other	\$(1)

Total Increases to Expired Authority **\$(133)**

Other Changes in Unobligated Balance:

NCPC is primarily funded through annual appropriations. Appropriations received in the current Fiscal Year are only available for new obligations in the current Fiscal Year. At the conclusion of the Fiscal Year, the unobligated balance of authority is Expired and available only for Upward Adjustments to Prior Year Obligations for the next five years. During the fund's Expired period, Downward Adjustments to Prior Year Obligations increase unobligated balance and Upward Adjustments decrease unobligated balance. At the conclusion of the 5-year Expired period, all remaining balances of obligations are recovered and the fund is cancelled.

NCPC cancelled the Fiscal Year 2011 Annual Fund at Fiscal 2016 Year-end. The Fiscal Year 2010 Annual Fund was cancelled at FY 2015 Year-end. Cumulative changes to the Expired unobligated balance in the Fiscal Year 2011 and 2010 Annual Funds are detailed below:

<u>Fiscal Year 2011 Fund</u>	(Inc)/Dec Expired Balance
Adjustments to Expired Authority	
Beginning Balance of Expired Authority at Fiscal 2011 Year-end	\$ (58)

Cumulative Adjustments to Expired Authority:

Recovery of an obligation with the General Services Administration (GSA) for security upgrades the Building Manager did not approve	\$(45)
Recovery of the remaining balance of a legal obligation upon resolution of the matter	\$(39)
Recovery of the remaining balance of an obligation for Help Desk services	\$(24)
All Other routine recoveries	\$(4)
Total Cancelled Authority	\$(170)

<u>Fiscal Year 2010 Fund</u>	(Inc)/Dec Expired Balance
Adjustments to Expired Authority	
Beginning Balance of Expired Authority at Fiscal 2010 Year-end	\$ (41)

Cumulative Adjustments to Expired Authority:

Adjustments to accrued Real Estate Tax Escalation Accounts Payable discussed previously in the Financial Statement analysis	\$(132)
Recovery of an obligation with the Department of Homeland Security (DHS) for security upgrades the Building Manager did not approve	\$(21)
All Other routine recoveries	\$(4)
Total Cancelled Authority	\$(198)

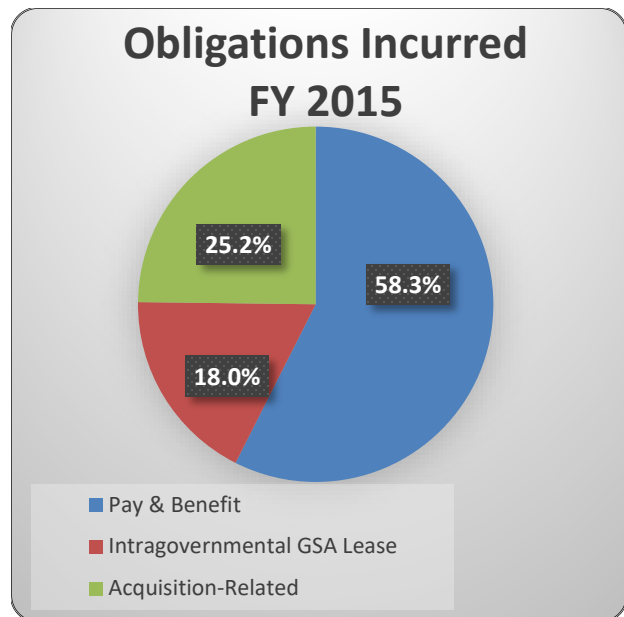
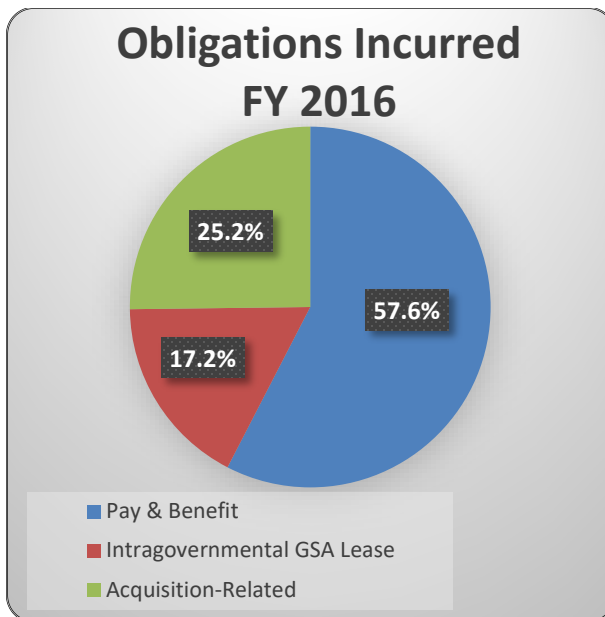
NATIONAL CAPITAL PLANNING COMMISSION
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2016 and 2015
(Dollars in Thousands)

Status of Budgetary Resources

EXCERPT	FY 2016 Total Budgetary	FY 2015 Total Budgetary	Variance	% Inc/Dec
Status of Budgetary Resources:				
Obligations Incurred (Note 13)	\$ 8,407	\$ 8,021	\$ 386	4.8%
Total Unobligated Balance, End of Year	450	634	(184)	-29.0%
Total Status of Budgetary Resources	\$ 8,857	\$ 8,655	\$ 202	2.3%
Budget Authority and Outlays, Net:				
Budget Authority, Gross	\$ 8,348	\$ 8,044	\$ 304	3.8%
Actual Offsetting Collections	(13)	(83)	70	n/a
Change in Uncollected Fed Customer Payments	13	(13)	26	n/a
Budget Authority, Net	\$ 8,348	\$ 7,948	\$ 400	5.0%
Outlays, Gross	8,028	7,710	318	4.1%
Actual Offsetting Collections	(13)	(83)	70	n/a
Agency Outlays, Net	\$ 8,015	\$ 7,627	\$ 388	5.1%

Obligations Incurred

The types of transactions that impacted Obligations Incurred in FY 2016 were largely consistent with the types of transactions that impacted FY 2015 Obligations Incurred. The \$400 increase in Appropriations is reflected in the \$388 variance in Obligations Incurred in FY 2016 and FY 2015.



Pay & Benefit Obligations Incurred:

Consistent with prior Fiscal Years, Pay & Benefits is the most significant component of Obligations Incurred:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Employee and Commission Payroll obligations incurred	\$3,743	\$3,637	+\$106	+2.9%
Employee Benefit obligations incurred	\$1,098	\$1,043	+\$55	+5.3%
Total Pay & Benefits Obligations Incurred	\$4,841	\$4,680	+\$161	+3.4%
Percentage of Obligations Incurred	57.6%	58.3%		

In FY 2016, Pay & Benefits obligations incurred is 57.6% of Obligations Incurred. In FY 2015, Pay & Benefits obligations incurred was 58.3% of obligations incurred. Due to rising Pay & Benefits costs and FY 2016 being a Leap Year, NCPC incurred 3.4% more Pay & Benefits obligations incurred in FY 2016 as compared to FY 2015.

Acquisition-Related Obligations Incurred:

As in prior years, Acquisition-Related obligations incurred are the second largest component of Obligations Incurred. The majority of the variance in Obligations Incurred is for Acquisition-Related obligations incurred:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Intragovernmental Acquisition-Related obligations incurred (GSA Rent obligations not included)	\$342	\$263	+\$79	+30.0%
Non-Intragovernmental Acquisition-Related obligations incurred	\$1,776	\$1,632	+\$144	+8.8%
Total Acquisition-Related obligations Incurred	\$2,118	\$1,895	+\$223	+11.8%
Percentage of Obligations Incurred	25.2%	23.6%		

Acquisition-Related obligations Incurred in Fiscal Year 2016 as compared to Fiscal Year 2015:

Component	Fiscal Year 2016	% of Gross Cost	Fiscal Year 2015	% of Gross Cost	Variance
Professional Services, Communication & Data Services, Equipment, and Supplies for: (1) Information Technology infrastructure maintenance, security, and improvements; and (2) Information Resource Management security, and improvements	\$767	36.2%	\$732	34.6%	+\$35
Financial & Administrative Professional Services	\$560	26.4%	\$489	23.1%	+\$71
Professional Comprehensive Planning Services	\$312	14.7%	\$288	13.6%	+\$24
Professional Project Plan Review Services	\$168	7.9%	\$127	6.0%	+\$41
Training & Tuition	\$51	2.4%	\$47	2.2%	+\$4
Other	\$260	12.3%	\$212	10.0%	+\$48

In FY 2016, NCPC continued to address information technology and information resource management compliance and security. Consequently, 36.2% of the Acquisition-Related obligations incurred is for Professional Services, Communication & Data Services, Equipment, and Supplies for: (1) Information Technology infrastructure maintenance, security, and improvements; and (2) Information Resource Management security, and improvements.

In FY 2016 NCPC received \$400 of additional funding over FY 2015. NCPC also practices aggressive vacancy management to address rising Operations & Administrative costs. The additional funding and savings from vacancy management are allocated to projects to achieve the current Fiscal Year's Strategic Program Goals and Management Goal. In FY 2016 NCPC continued to invest in its Human Capital and funded planning projects to advance its Comprehensive Planning, and Plan and Project Review Strategic Objectives. Training and Professional Services for the two programs attributed to 22.6% of the Acquisition-Related obligations incurred.

Intragovernmental GSA Lease Obligations Incurred:

Consistent with prior Fiscal Years, NCPC's operating lease with GSA is the third most significant component of obligations incurred:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
GSA Lease Occupancy Agreement	\$1,413	\$1,411	+\$2	+0.1%
Estimated Real Estate Tax Escalation	\$35	\$35	\$0	0.0%
Total GSA Lease Obligations Incurred	\$1,448	\$1,446	+\$2	+0.1%
Percentage of Gross Cost	17.2%	18.0%		

Reference "*Note 9 – Leases*" or the discussion of Other Intragovernmental Liabilities in the Balance Sheet analysis for a description of NCPC's operating lease with GSA and the nature of the estimated Real Estate Tax Escalation.

As in prior Fiscal Years, combined Pay & Benefits expense & GSA Lease expense are a significant portion of obligations incurred. In FY 2016, combined Pay & Benefits obligations incurred & GSA Lease obligations incurred represented 74.8% of obligations incurred. In FY 2015 the combined obligations represented 76.4% of Gross Cost.

Total Unobligated Balance, End of Year

The ending Unobligated Balance decreased \$184 between FY 2015 and FY 2016. It is important to note that the change in the unobligated balance is the sum of all transactions impacting Expired Authority between October 1, 2015 and September 30, 2016 and the addition of the FY 2016 annual fund's ending unobligated balance:

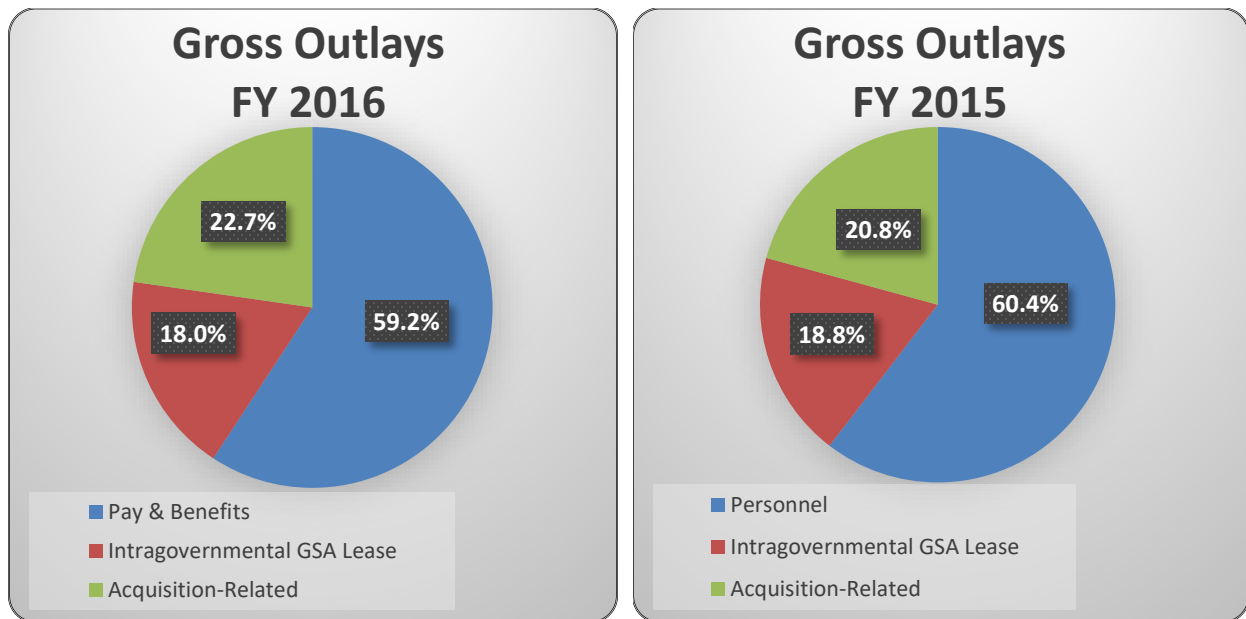
Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Cancelled Funds (Reference Budgetary Resources Analysis: Other Changes in Unobligated Balance)	\$(170)	\$(198)	+\$28	-14.1%
Recoveries of Prior Year Unpaid Obligations (+) (Reference Budgetary Resources Analysis)	\$45	\$133	-\$88	-66.2%
Upward Adjustments of Prior Year Obligations Incurred (-)	\$(81)	\$(21)	-\$60	+285.7%
Current Year Ending Unobligated Balance	\$22	\$44	-\$22	-50.0%
Total Change in Unobligated Balance, End of Year	\$(184)	\$(42)	-\$142	+338.1%

The unobligated balance of the Cancelled Fund in FY 2016 is consistent with the unobligated balance of the Cancelled Fund in FY 2016. Recoveries of Prior Year Unpaid Obligations is 62.0% of the total change in the Unobligated Balance. Reference Budgetary Resources Analysis for a discussion of Recoveries of Prior Year Unpaid Obligations.

Budget Authority and Outlays, Net; Outlays, Gross:

With the exception of Reimbursable Pay & Benefits outlays for the employee detailed to HUD in FY 2015, the types of outlays that impact Gross Outlays incurred in FY 2016 are consistent with the types of outlays incurred in FY 2015.

Variances in Gross Outlays arise when there is a difference in the amount disbursed in the current Fiscal Year as compared to the prior Fiscal Year. The change in FBWT is the sum total of all cash transactions between October 1, 2015 and September 30, 2016. The change in FBWT is discussed in the Balance Sheet analysis.



Pay & Benefits Outlays:

Consistent with prior Fiscal Years, disbursements for Pay & Benefits is the most significant component of Gross Outlays:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Pay & Benefits disbursements	\$4,756	\$4,658	+\$98	+2.1%

Percentage of Gross Outlays	59.2%	60.4%		
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In FY 2016, Pay & Benefits disbursements are 59.2% of Gross Outlays. In FY 2015, Pay & Benefits disbursements were 60.4% of Gross Outlays. Although Pay & Benefit disbursements as a percentage of Gross Outlays is consistent between FY 2016 and FY 2015, Pay & Benefit disbursements are materially higher in FY 2016. Due to rising Pay & Benefits costs, FY 2016 being a Leap Year, and the timing of disbursement, NCPC incurred 2.1% more Pay & Benefits outlays in FY 2016.

Gross Outlays in Unexpired Funds:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Pay & Benefits disbursements	\$4,540	\$4,609	-\$69	-1.5%
GSA Lease Payments	\$1,418	\$1,418	\$0	0.0%
Acquisition-Related disbursements	\$571	\$508	+\$63	+12.4%

Gross Outlays from Unexpired Funds	\$6,603	\$6,466	+\$137	+2.1%
Percentage of Gross Outlays	82.2%	83.9%		

Gross Outlays in Expired Funds:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Pay & Benefits disbursements	\$142	\$118	+\$24	+20.3%
GSA Lease Payments	\$29	\$34	-\$5	-14.7%
Acquisition-Related disbursements	\$1,254	\$1,092	+\$162	+14.8%

Gross Outlays from Expired Funds	\$1,425	\$1,244	+\$181	+14.5%
Percentage of Gross Outlays	17.8%	16.1%		

Acquisition-Related Outlays:

Consistent with the prior Fiscal Year, Acquisition-Related disbursements is the second most significant component of Gross Outlays and the majority of the variance in Gross Outlays. The variance is consistent with NCPC's \$400 increase in the Annual Appropriation:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
Acquisition-Related disbursements	\$1,600	\$1,060	+\$540	+50.9%
Percentage of Gross Outlays	20.8%	14.6%		

GSA Lease Payments:

Consistent with the prior Fiscal Year, Lease payments for the GSA operating lease is the third most significant component of Gross Outlays:

Component	Fiscal Year 2016	Fiscal Year 2015	Variance	Percentage Inc/(Dec)
GSA Lease payments	\$1,447	\$1,452	-\$5	-0.3%
Percentage of Gross Outlays	18.0%	18.8%		

As in prior Fiscal Years, combined Pay & Benefits disbursements & GSA Lease payments are a significant portion of Gross Outlays. In Fiscal Year 2016, combined Pay & Benefits disbursements & GSA Lease payments represented 77.3% of Gross Outlays and 91.4% of the outlays from unexpired funds. In FY 2015, combined Pay & Benefits disbursements & GSA Lease payments represented 79.2% of Gross Outlays and 92.1% of outlays from expired funds.

PART II: PERFORMANCE SECTION

FY 2016 ANNUAL PERFORMANCE REPORT

In accordance with the Government Performance Results Act, the National Capital Planning Commission (NCPC) proudly presents its performance report for Fiscal Year (FY) 2016. The Commission's FY 2016 Performance Report is based on the goals, strategies, and performance objectives set forth in the agency's Strategic Plan for FY 2015-FY 2018 and its FY 2016 Annual Performance Plan.

NCPC works with a variety of partners, including federal, state, and local agencies that have a direct stake in many of its planning efforts. Achievement of performance goals is contingent in part upon the participation of other agencies. Additionally, unforeseen circumstances, i.e. an administration directive, congressional request, limited resources, etc., may influence the accomplishment and timing of performance goals which are established 12 to 18 months prior to implementation.

To optimize opportunities for success during FY 2016, the agency continued to foster strong affiliations with federal and local agencies on major initiatives to support its long-range planning objectives. NCPC expanded its focus on integrating urban design, sustainability and security objectives into projects in the monumental core and throughout the District. In the exercise of its core responsibilities, NCPC approved and commented on 78 federal plans and projects submitted by federal applicants, developed the Federal Capital Improvements Program, and completed a major update to the *Comprehensive Plan for the National Capital: Federal Elements*. A more complete discussion of results by strategic goals is provided on the following pages.

Strategic Goal 1

Foster a vibrant, well planned national capital.

SW Ecodistrict Plan

NCPC participated in a 2-year Target City program which focused on educating and building awareness among stakeholders on governance models that can advance near- and long-term projects to implement the SW Ecodistrict recommendations. This included consideration of a coordinated improvement plan (master plan) for the major redevelopment components within the SW Ecodistrict, as well as advancing studies of railroad improvements within the corridor.

Building upon the SW Ecodistrict recommendations, NCPC facilitated a partnership between the National Park Service (NPS), the District Department of Transportation (DDOT) and the private sector to design and obtain concept approval for interim pedestrian and bicycle access, and stormwater management improvements to Banneker Park. This initiative will also improve connections between the National Mall and the waterfront.

Pennsylvania Avenue Initiative

To begin to assess operational, maintenance, governance, and programmatic needs, NCPC convened an Executive Committee to explore potential physical and economic improvements to Pennsylvania Avenue. NCPC spearheaded development of an economic market analysis and an urban design workshop; and is currently working on an urban design analysis and project objectives that will help inform potential economic and urban design strategies for near- and long-term improvements to the Avenue.

Development Guidelines for Squares 378/379 (FBI Headquarters Site) NCPC worked with federal and local partners to develop square guidelines for redevelopment of the J. Edgar Hoover (FBI) Headquarters site, located in a special area of Washington where the 1974 Pennsylvania Avenue Plan guides development on the Avenue between 3rd and 15th Streets, NW.

Square Guidelines provide guidance on each square's build-to line, initial and overall building heights, density, land use, and other planning and design elements typically included in a zoning code. Because the FBI Headquarters was constructed prior to development of the 1974 Plan, no Square Guidelines exist for the site. As the General Services Administration (GSA) seeks to exchange the site for a new suburban headquarters for FBI, the Commission is responsible for recommending to GSA Square Guidelines to shape redevelopment of the downtown Washington site to protect and enhance federal and local interests.

As a prerequisite to preparing the draft Square Guidelines, NCPC prepared and obtained approval of a Plan Amendment in December 2015 that was transmitted to Congress for review. The Plan amendment was approved in March 2016 to allow the site to be developed as a high density, mixed-use development in a manner that respects and protects the public space and national role of the Avenue. Draft Guidelines were complete in September 2016.

Open Space Management Plan (now called Small Parks Management Strategies Plan) and the Memorials and Museums Master Plan

A draft summary report, of the NPS/NCPC Open Space Management Plan, was initiated in FY 2016 and will be completed in the Fall of 2016. The update to the 2M Plan will be finalized early FY 2017 upon completion of the NPS/NCPC Small Parks Management Plan.

The scope of the NPS/NCPC Open Space Management Plan was revised to address only small parks under NPS jurisdiction (now referred to as the *Small Parks Management Strategies Plan*). The primary purpose of the *Small Parks Management Strategies Plan* is to help NPS develop strategies for improving their approach to management of small urban parks. Several key tasks were completed in FY 16 as part of the *Small Parks Management Strategies Plan*. These tasks included: establishment of a legal framework for small parks, completion of a visioning and goals identification workshop, development of a small parks inventory of 300 parcels under NPS ownership, establishment of an evaluation and planning criteria matrix, completion of a park alignment analysis, identification of management options and development of an action plan.

NCPC's Policy Making and Applicability

The Commission adopted the updates to the *Comprehensive Plan for the National Capital: Federal Elements* for all elements, except Parks & Open Space. The Parks & Open Space Element

will be updated following the completion of the NPS/NCPC Small Parks Management Plan in early FY 2017. The update to the Federal Elements includes a new Urban Design Element and Technical Addendum. The Urban Design Element includes policies that promote quality design and development in the NCR; and contribute to the nation's capital unique identity and character. Policies in the Federal Workplace Element respond to how transforming technology and productivity goals impact federal employees. Policies in the Federal Environment Element respond to guidance on sustainability, climate change, and related issues such as flooding.

Through the Comprehensive Plan's Federal Elements, the Commission establishes goals and policies that guide federal development and provide a decision-making framework for future initiatives.

Potomac Heritage National Scenic Trail Feasibility Study

South of the Mt. Vernon Estate, there are large gaps in the 710-mile Potomac Heritage National Scenic Trail (PHNST). The intent of the trail feasibility study is to evaluate the potential to close the gaps through the Fort Belvoir area of southern Fairfax County.

Recognizing the importance of the National Scenic Trail and the mission of Fort Belvoir, the study will produce trail alignment alternatives that strive to balance the interests of the public and the security needs of the military installation. NCPC is conducting this work in consultation with stakeholders, including the Department of the Army, the National Park Service (NPS), and the Northern Virginia Regional Commission (NVRC), along with several trail advocacy groups.

To inform development of the draft alternatives, NCPC studied the existing conditions, identified opportunities and constraints, led a stakeholder meeting in November 2015, co-hosted a public meeting with the NPS in June 2016, and identified preliminary trail alternatives. With stakeholder input, staff will evaluate these alternatives, complete the feasibility report, and make a recommendation to Ft. Belvoir in FY 2017.

Memorials for the Future Design Competition

The NCPC and National Park Service partnered with Van Alen Institute to launch the Memorials for the Future ideas competition. The competition sought to reimagine how we think about, feel, and experience memorials. The competition focused on how to incorporate more inclusive and representative subject matter; create new materials and media; develop temporal, ephemeral, and event-driven approaches; and provide concepts for greater accessibility and integration into surrounding communities. The ideas generated from the competition offer new and alternative approaches to traditional commemoration, expanding approaches to place-making, using technology and telling multiple stories.

The competition took place over the course of six months. The four final proposals addressed subject matter, including climate change, immigration, and national parks. The proposals offer a variety of innovative approaches to share and add new narratives, and connect people and places from across the nation. Staff worked with Van Alen Institute to develop a final report that summarizes findings, ideas, and issues addressed during the competition. The Memorials for the Future report will serve as a resource for future memorial sponsors and the National Capital Memorial Advisory Commission.

Fiscal Year 2015 Annual Report

NCPC completed its second electronic annual report, 2015 Year in Review. It chronicles NCPC's priority initiatives and core programs on cornerstone projects related to Commemoration, Sustainability and Urban Design. The report details NCPC's efforts over the past year to meet Federal and local needs. The FY 2015 Annual Report was posted on-line and distributed electronically to more than 3,000 individuals. The annual report was designed to be easily viewed on mobile devices as well as laptops.

NCPC also created the NCPC Field Guide, a small notebook providing key information about the agency's mission, history, and priority work areas. This evergreen printed document serves as a complement to the annual report.

Open Government

NCPC seeks to cultivate a strong culture of open government organized around the principles of transparency, participation and collaboration. This is critical to ensure that the agency can leverage the benefits of open government to increase public participation and stakeholder collaboration, while creating greater accountability in regards to the agency's plans and projects.

NCPC welcomed comments from stakeholders at Commission meetings and other events, and made commenting in-person or online easy by providing and publicizing the platforms available on its website. The Commission agenda and project materials for Commission items were available for public review in person at NCPC's offices and online, and staff recommendations were posted electronically before meetings. Notices about the agency's periodic public meetings and events related to important projects and plans were provided electronically through e-newsletters, social media and the agency's website, and were included in press advisories sent to print and online media outlets.

Strategic Goal 2

Ensure that individual projects and plans within the National Capital Region are consistent with Federal interests.

Project review and analysis of federal plans; District of Columbia, state and local plans; proposed Zoning Commission actions and proposed street and alley closing.

The Commission approved and commented on 78 federal plans and projects submitted by federal applicants; 11 District of Columbia plans and projects submitted by District government applicants and 41 proposed zoning actions highway plan amendments and street and alley closings. Through staff consultation and Commission action, these projects were evaluated against the highest planning standards. Key evaluation standards include meeting environmental performance, developing sound transportation strategies, protecting natural resources and enhancing the quality and livability of the city. A few of the notable projects include:

- Preliminary site and building plans for Phase 1 of the Constitution Gardens Rehabilitation on the National Mall
- Preliminary approval of perimeter security improvements for the Harry S Truman Federal Building

- Proposed site for the FDR Prayer Plaque at the World War II Memorial
- Final site development plans approval for the Intelligence Community Campus – Bethesda
- Comments on the concept design for the National China Garden at the National Arboretum
- Preliminary site and building plan approval for the Franklin Park Rehabilitation
- Comments on site selection for the Gold Star National Monument.
- Final master plan for the National Institute of Health Bethesda Campus, Maryland
- Final master plan for the Marine Corps Base Quantico
- Final master plan for the Pentagon Reservation
- Preliminary and final site and building plans for the Pentagon Support Operations Center
- Comments on concept design for Banneker Park Pedestrian Access Improvements.
- Comments on concept design for the Arlington Memorial Bridge Rehabilitation.
- Preliminary and final site and building plans for the expansion of the John F. Kennedy Center for the Performing Arts.

Within the framework of plan and project review, NCPC completed a draft update to the submission guidelines. These guidelines direct applicants through the agency’s consultation and review process. The guidelines explain what is required from applicants and set forth the conditions for NCPC’s review. They are a critical tool to the agency in carrying out its planning activities and implementing its regulatory authority.

Local Plan Reviews / Rulmaking

NCPC provided advisory comments on several local plans in the NCR. These plans included *DC State Rail Plan*, and the *District of Columbia Department of Transportation proposed rules to regulate the display of outdoor signs and exterior advertising within the District of Columbia*. Further, staff reviewed and provided comments on the Washington, DC to Richmond segment of the Southeast High Speed Rail project, *Northeast Corridor FUTURE Plan* and the DC Zoning Regulations Review. Staff’s review and comment of local plans in the NCR help ensure consistency with the *Comprehensive Plan for the National Capital: Federal Elements*.

Strategic Goal 3

Advance the orderly federal capital improvement of the National Capital Region.

Proposed capital improvement projects for federal and non-federal agencies

NCPC completed its review and analysis of proposed capital improvement projects submitted by federal agencies for the FY 2017-2022 FCIP, and submission to the Office of Management and Budget. This is consistent with its responsibility as forth in the National Capital Planning Act, to recommend “a six-year program of public works projects for the Federal Government...” to ensure the comprehensive planning and orderly development of the National Capital.

NCPC also reviewed and analyzed five non-federal Capital Improvement Programs (CIP) in the NCR to include: Government of the District of Columbia FY 2017-2022 CIP; Prince William County, Fairfax County, City of Alexandria, Virginia Proposed FY 2017-2026 CIP’s; and the

Montgomery and Prince George's Counties, Maryland Proposed 2017-2022 CIP's. NCPC's advisory review and comment of local, non-federal CIP's in the NCR help ensure consistency with the *Comprehensive Plan for the National Capital: Federal Elements*.

Strategic Goal 4

Ensure effective management and accountability of agency resources.

Recruitment and Retention

NCPC developed its first Hiring Procedures Manual -- a step-by-step resource for Hiring Managers and HR Specialists. It provides the basic knowledge and understanding of federal hiring standards and establishes guidelines for the employment process to ensure that the recruitment and selection processes are consistent with federal laws, principles and practices and supports the agency's strategic human capital goals.

NCPC initiated six recruitment actions ranging from, a management assistant, community planner to supervisory community planner. In several instances, NCPC received a large number of applications which were scored and ranked for eligibility with the certificate of referral provided to the selecting officials well within the timeframe established by OPM. In three instances the recruitment process was completed with the selection of candidates in an average of 48 days. Thirty-two days less than OPM's recommended target of 80 days for full recruitment.

In furtherance of Strategic Human Capital objectives, NCPC developed its 2016 Annual Training Plan. The plan provides a comprehensive view of the requisite training essential to building and maintaining a cadre of employees with the competencies to achieve the agency's mission. The plan leverages both paid and unpaid training and developmental opportunities that are prioritized by organizational needs and the Individual Development Plan.

FY 2015 Financial Statement Audit

NCPC received an Unmodified audit opinion for FY 2015. The independent financial statement audit report concluded that NCPC's financial statements were presented fairly, in all material respects, the financial position of NCPC as of September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the year then ended in conformity with U.S. generally accepted accounting principles.

IT Security Solutions

In accordance with the Memorandum for Chief Information Officers on the subject of "*Security Authorization of Information Systems in Cloud Computing Environments*," NCPC continued to adopt FedRAMP-approved cloud computing solutions. NCPC leveraged FedRAMP approved packages to increase cost efficiencies associated with the current security authorization process. NCPC expanded its use of Microsoft's cloud offerings.

NCPC enabled the Microsoft OneDrive feature by migrating user files from an on-premise file storage solution to the cloud-based Microsoft OneDrive. OneDrive reduced the need for expensive on-premise storage hardware. Implementing OneDrive also increased user mobility by providing

a collaboration tool to retrieve files on NCPC-issued mobile devices from anywhere with an Internet connection.

To ensure compliance with HSPD-12 and to protect the NCPC network and information systems from unauthorized access, NCPC implemented PIV for logical access to its environment. As of September 30, 2016, 90% of NCPC staff and contractors use PIV cards to authenticate to the NCPC network. NCPC is working with a contractor to implement physical access.

Continuous Monitoring

NCPC adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework. This framework consists of five functions to identify, assess, and manage cybersecurity risks. The five functions are Identify, Protect, Detect, Respond, and Recover. Based on a self-assessment of these five functional areas, NCPC has shown significant progress and is on target to strengthen its cybersecurity posture.

NCPC made the most progress in the Identify and Protect functions. NCPC identified mission essential systems and assessed and authorized the Central Files Information System (CFIS) the agency's primary records management system. To protect the network, NCPC enforced multi-factor authentication using Personal Identity Verification (PIV) cards for logical access to the NCPC network. The self-assessment also determined that NCPC continues to make progress in meeting Cybersecurity Cross-Agency Priority (CAP) goal targets. Of the seven CAP goal targets in the FY16 FISMA Report, NCPC met or exceeded five. NCPC met or exceeded the CAP goal in Hardware Asset Management, Software Asset Management, Vulnerability Management, Secure Configuration Management, and Unprivileged PIV logical access. NCPC continued to work towards compliance with the CAP goals for Privileged PIV logical access and Anti-Phishing and Malware Defense.

In addition to the self-assessment of the Cybersecurity Framework functions, NCPC used existing security tools and applications to monitor the proper implementation of security controls. Automated tools, such as Nessus, SolarWinds, Heat Endpoint Management System, and Symantec Anti-virus provide near real-time system and vulnerability information of the NCPC network and supporting applications. This valuable information helped NCPC identify potential misconfigurations and/or security vulnerabilities in its network environment.

NCPC continued to participate in the DHS Continuous Diagnostic and Mitigation (CDM) program. The purpose of the CDM program is to provide federal departments and agencies with capabilities and tools that identify cybersecurity risks on an ongoing basis, prioritize these risks based upon potential impacts, and enable cybersecurity personnel to mitigate the most significant problems first. This program will enhance NCPC's automated security toolset and will assist NCPC in maturing its security authorizing and ongoing authorization program.

NCPC used Managed Trusted Internet Protocol Services (MTIPS) from a third-party vendor to reduce and consolidate the number of external access points, including internet connections, and to ensure that all external connections are routed through an OMB-approved Trusted Internet Connection (TIC). NCPC worked with the MTIPS provider on a semi-annual basis to evaluate the TIC Reference Architecture 2.0 capabilities. The purpose of this evaluation was to verify the

MTIPS provider met the minimum requirements to protect internet connections to and from NCPC. NCPC also participated in the Einstein 3 Accelerated (E3A) program which detects malicious traffic targeting Federal Government networks.

In addition to reviewing TIC 2.0 capabilities, NCPC worked with the Managed Network Security (MNS) team to review NCPC's inner firewall capabilities. During that review, NCPC determined additional security capabilities could be enabled. As a result, NCPC applied a change to its Firewall (Internal Network to All) – for an Outbound rule where a number of prohibited websites were blocked.

NCPC monitored network traffic using the Solarwinds Log and Event Management tool to identify potentially suspicious activity. Any suspected or confirmed incidents were reported to US-CERT for further investigation. NCPC reported two computer security incidents to US-CERT. NCPC identified the source of the incident and mitigated the issue with the assistance of US-CERT.

Cloud-based Development and Test Environment

NCPC developed and deployed a staging area and operational procedures for a development test environment. This enables NCPC to successfully test system design, development, and integrate without adversely impacting the agency's production environment. This Development and Test environment is physically and logically separate from the NCPC network. The NCPC Dev/Test environment is hosted in the Microsoft Azure cloud environment to ensure changes can be rigorously vetted and tested before deployment to the NCPC production environment. The Microsoft Azure environment is FedRAMP certified. NCPC has developed and documented a security authorization package that addresses the NCPC-responsible security controls and will submit the authorization package to Microsoft to leverage the FedRAMP certified package.

PART III: FINANCIAL SECTION

Message from the Chief Operating Officer



The National Capital Planning Commission (NCPC) takes seriously its responsibility to preserve and enhance the extraordinary historical, cultural, and natural resources and federal assets of the National Capital Region; and to manage its financial resources in a prudent and effective manner to ensure mission success. This Performance Accountability Report (PAR) demonstrates our efforts to present the Agency's financial position and to provide the public a full understanding of the activities for the NCPC in Fiscal Year (FY) 2016.

I am honored to join Chairman Bryant in presenting the FY 2016 financial statements for the NCPC; and in affirming that an independent auditor, Key & Associates, P.C., has rendered an unqualified opinion on the NCPC's financial statements. The auditor has also rendered an unqualified opinion on NCPC's internal control over financial reporting and concluded that the NCPC is compliant with pertinent provisions of laws and regulations. These findings represent our twelfth consecutive year receiving the highest audit opinion.

The NCPC's financial condition is sound and has sufficient internal controls to ensure that its budget authority is not exceeded and its funds are used efficiently and effectively. The independent auditor has determined that the financial statements included in this report are accurate and complete, in all material respects, and in conformity with U.S. Generally Accepted Accounting Principles.

During FY 2016 the NCPC continued to make significant strides improving the effectiveness of financial management practices across the organization, and implementing business process improvements to tighten controls during the financial planning and execution. The NCPC enhanced financial control and reporting frameworks to align with the agency's strategic plan and budget structure. NCPC strengthened its partnership with an outside firm to administer various aspects of financial management and accounting functions. NCPC instituted new policies and procedures to enhance internal controls; continued to update the accounting system to improve financial management and reporting; and increased oversight and transparency through active participation of the agency's Financial Audit Committee / Senior Management Council.

As financial management and accountability generate greater demands, the NCPC is committed to continuous improvement and to the preparation of timely, accurate, reliable, and transparent financial information. In the year to come, the NCPC will continue to fine-tune its financial practices, policies and systems to keep pace with the ever-changing landscape.

Thank you for taking time to better understand the Agency's financial position and activities.

A handwritten signature in black ink, reading "Barry S. Socks". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Barry S. Socks
Chief Operating Officer



INDEPENDENT AUDITOR'S REPORT

Chairman, Commissioners,
Executive Director and Chief Operating Officer
National Capital Planning Commission
Washington, DC

Report on the Financial Statements

In accordance with the Accountability of Tax Dollars Act of 2002, we are responsible for conducting an audit of the National Capital Planning Commission. We have audited the accompanying balance sheet of the National Capital Planning Commission as of September 30, 2016 and the related statements of net cost, changes in net position, and budgetary resources for the year then ended, and the related notes to the financial statements (hereinafter referred to as "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Capital Planning Commission, as of September 30, 2016, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with U.S. generally accepted accounting principles.

The financial statements of the National Capital Planning Commission as of September 30, 2015 were audited by other auditors whose report dated November 9, 2015 expressed an unqualified opinion on those statements.

Other Matters

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis section be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Chairperson's message, performance and other information sections of the National Capital Planning Commission's *Agency Financial Report* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, as of and for the year ended September 30, 2016, we considered the National Capital Planning Commission's internal control over the financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of The National Capital Planning Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of The National Capital Planning Commission's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by *the Federal Managers' Financial Integrity Act of 1982*.

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 significant deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

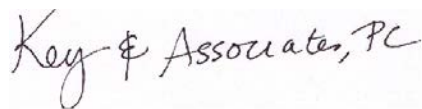
As part of obtaining reasonable assurance about whether the National Capital Planning Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB bulletin No. 15-02. 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 of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 15-02.

Purpose of Other Reporting Required by Government Auditing Standards

The purpose of the communication provided in the Other Reporting Required by *Government Auditing Standards* section 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 agency's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

Restriction of Use of the Report on the Financial Statements

This report is intended solely for the information and use of the management and members of the National Capital Planning Commission, U.S. Department of Treasury, the U.S. Office of Management and Budget, the U.S. Government Accountability Office, and the U.S. Congress in connection with the preparation and audit of the Financial Report of the U.S. Government and is not intended to be and should not be used by anyone other than these specified parties.



Silver Spring, Maryland
November 10, 2016

Financial Statements

NATIONAL CAPITAL PLANNING COMMISSION BALANCE SHEETS As of September 30, 2016 and 2015

(Dollars in Thousands)

	FY 2016	FY 2015
Assets (Note 3)		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 4)	\$ 2,790	\$ 2,627
Accounts Receivable (Note 5)	-	14
Total Intragovernmental Assets:	2,790	2,641
General Property, Plant and Equipment, Net (Note 6)	429	556
Total Assets	\$ 3,219	\$ 3,197
Liabilities (Note 7)		
Intragovernmental Liabilities:		
Accounts Payable	\$ 89	\$ 129
Other Intragovernmental Liabilities (Note 8)	819	997
Total Intragovernmental Liabilities:	908	1,126
Accounts Payable	403	90
Other Liabilities (Note 8)	514	397
Total Liabilities	\$ 1,825	\$ 1,613
Net Position		
Unexpended Appropriations - All Other Funds	2,067	2,215
Cumulative Results - All Other Funds	(673)	(631)
Total Net Position - All Other Funds	\$ 1,394	\$ 1,584
Total Net Positions	\$ 1,394	\$ 1,584
Total Liabilities and Net Position	\$ 3,219	\$ 3,197

The accompanying notes are an integral part of these financial statements

NATIONAL CAPITAL PLANNING COMMISSION
STATEMENTS OF NET COST
For the Years ended September 30, 2016 and 2015

(Dollars in Thousands)

	<u>FY 2016</u>	<u>FY 2015</u>
Program Costs (Note 11):		
Comprehensive Planning:		
Gross Costs	\$ 3,415	\$ 3,176
Less: Earned Revenue (Note 12)	<u>(60)</u>	<u>(14)</u>
Net Program Costs	\$ <u>3,355</u>	\$ <u>3,162</u>
 Plan & Project Review:		
Gross Costs	\$ 2,118	\$ 2,075
Less: Earned Revenue (Note 12)	<u>-</u>	<u>(21)</u>
Net Program Costs	\$ <u>2,118</u>	\$ <u>2,054</u>
 Federal Capital Improvements Program:		
Gross Costs	\$ 179	\$ 174
Net Program Costs	\$ <u>179</u>	\$ <u>174</u>
 Planning Operations:		
Gross Costs	\$ 2,957	\$ 2,528
Less: Earned Revenue (Note 12)	<u>-</u>	<u>(1)</u>
Net Program Costs	\$ <u>2,957</u>	\$ <u>2,527</u>
 Net Program Costs Including Assumption Changes	\$ <u><u>8,609</u></u>	\$ <u><u>7,917</u></u>
 Net Cost of Operations	\$ <u><u>8,609</u></u>	\$ <u><u>7,917</u></u>

The accompanying notes are an integral part of these financial statements

NATIONAL CAPITAL PLANNING COMMISSION
STATEMENTS OF CHANGES IN NET POSITION
For the Years ended September 30, 2016 and 2015

(Dollars in Thousands)

	FY 2016 All Other	FY 2016 All Other
Cumulative Results of Operations:		
Beginning Balances	\$ (631)	\$ (595)
Beginning Balances, As Adjusted	(631)	(595)
Budgetary Financing Sources:		
Appropriations Used	8,326	7,609
Other Financing Sources:		
Imputed Financing From Costs Absorbed by Others	241	272
Total Financing Sources	8,567	7,881
Net Cost of Operations (+/-)	(8,609)	(7,917)
Net Change	(42)	(36)
Cumulative Results of Operations	\$ (672)	\$ (631)
Unexpended Appropriations:		
Beginning Balances	\$ 2,215	\$ 2,074
Beginning Balances, As Adjusted	2,215	2,074
Budgetary Financing Sources:		
Appropriations Received	8,348	7,948
Other Adjustments (Rescissions, etc.) (+/-)	(170)	(198)
Appropriations Used	(8,326)	(7,609)
Total Budgetary Financing Sources	(148)	141
Total Unexpended Appropriations	\$ 2,067	\$ 2,215
Net Position	\$ 1,395	\$ 1,584

The accompanying notes are an integral part of these financial statements

NATIONAL CAPITAL PLANNING COMMISSION
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2016 and 2015

(Dollars in Thousands)

	FY 2016 Total Budgetary	FY 2015 Total Budgetary
Budgetary Resources:		
Unobligated Balance Brought Forward, Oct 1	\$ 634	\$ 676
Unobligated Balance Brought Forward, Oct 1, as Adjusted	634	676
Recoveries of Prior Year Unpaid Obligations	45	133
Other Changes in Unobligated Balance (+ or -)	(170)	(198)
Unobligated Balance From Prior Year Budget Authority, Net	509	611
Appropriations (Discretionary and Mandatory)	8,348	7,948
Spending Authority From Offsetting Collections (Discretionary and Mandatory)	-	96
Total Budgetary Resources	\$ 8,857	\$ 8,655
Status of Budgetary Resources:		
Obligations Incurred (Note 13)	\$ 8,407	\$ 8,021
Unobligated Balance, End of Year:		
Unapportioned	450	634
Total Unobligated Balance, End of Year	450	634
Total Status of Budgetary Resources	\$ 8,857	\$ 8,655
Change in Obligated Balance:		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, Oct 1	2,006	\$ 1,828
Obligations Incurred	8,407	\$ 8,021
Outlays (Gross) (-)	(8,028)	\$ (7,710)
Recoveries of Prior Year Unpaid Obligations (-)	(45)	(133)
Unpaid Obligations, End of Year	2,340	\$ 2,006
Uncollected Payments:		
Change in Uncollected Pymts, Fed Sources (+ or -)	(13)	-
Uncollected Pymts, Fed Sources, End of Year (-)	13	(13)
Memorandum (non-add) Entries:		
Obligated Balance, Start of Year (+ or -)	\$ 1,993	\$ 1,828
Obligated Balance, End of Year (+ or -)	\$ 2,340	\$ 1,993
Budget Authority and Outlays, Net:		
Budget Authority, Gross (Discretionary and Mandatory)	\$ 8,348	8,044
Actual Offsetting Collections (Discretionary and Mandatory) (-)	(13)	(83)
Change in Uncollected Customer Payments From Federal Sources (Discretionary and Mandatory) (+ or -)	13	(13)
Budget Authority, Net (Discretionary and Mandatory)	\$ 8,348	\$ 7,948
Outlays, Gross (Discretionary and Mandatory)	8,028	\$ 7,710
Actual Offsetting Collections (Discretionary and Mandatory) (-)	(13)	(83)
Outlays, Net (Discretionary and Mandatory)	8,015	7,627
Agency Outlays, Net (Discretionary and Mandatory)	\$ 8,015	\$ 7,627

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

NOTE 1 – Overview of Reporting Entity

In accordance with the implementation of the GPRA Modernization Act of 2010, and to promote efficiency and transparency, the Strategic Goals presented in NCPC's FY 2015-2018 Strategic Plan are aligned with NCPC's Budget Justification and Annual Performance Plan. The annual budget, obligations incurred, costs, and revenues required to execute NCPC's mission and achieve its Strategic Goals are captured in the financial system by four major programs that align with NCPC's Strategic Goals: 1) Strategic Goal 1, "Foster a vibrant, well-planned national capital," is captured in the Comprehensive Planning program; 2) Strategic Goal 2, "Ensure that individual projects and plans within the National Capital Region are consistent with federal interests," is captured in the Plan & Project Review program; 3) Strategic Goal 3, "Advance the orderly federal capital improvement of the National Capital Region," is captured in the Federal Capital Improvements program; and 4) Management Goal 4, "Ensure effective stewardship and accountability of agency resources," is captured in the Planning Operations program.

- I. **Comprehensive Planning** - NCPC develops its planning vision for the National Capital Region through the *Comprehensive Plan for the National Capital* (Comprehensive Plan), signature planning efforts, emerging issues planning, and a robust public process.

Federal Elements of the Comprehensive Plan

The *Comprehensive Plan* sets forth the long-term planning vision for the National Capital Region. NCPC drafts the Federal Elements of the *Comprehensive Plan*. The Mayor of the District of Columbia drafts the District Elements of the *Comprehensive Plan*.

The Federal Elements of the *Comprehensive Plan* outline policies for eight distinct planning elements of capital city life in which the federal government has an interest. It addresses the needs of federal employees as well as visitors to the capital; devises policies for locating new federal facilities and maintaining existing ones; guides the placement of foreign missions and international agencies; promotes the preservation and improvement of the natural environment and public parks; protects historic and cultural resources; and encourages efficient transportation into, out of, and around the National Capital Region.

The *Comprehensive Plan* is a key factor in NCPC's decision-making process. Policies are updated periodically to respond to changing circumstances, the evolving priorities of the federal government, and the findings of studies undertaken by our agency and others.

NOTE 1 – Overview of Reporting Entity (Continued)

Signature Planning Activities and Sector Plans

NCPC's signature planning efforts are re-envisioning the urban form and function of selected federal buildings, resources, and lands within the capital city. These sector plans merge physical planning strategies, programming opportunities, and policy goals in areas with a concentration of federal assets. Sector plans often address challenges associated with integrating federal and local land uses and goals. Examples of NCPC's past and current sector planning work include: *Robert F. Kennedy Site Redevelopment Plan*, *South Capitol Street Plan*, *North Capitol Street Plan*, *The Monumental Core Framework Plan*, and the *SW Ecodistrict Plan*.

Emerging Planning Issues

To improve the depth of its policymaking, NCPC undertakes focused studies of key and emerging planning issues. More recently, NCPC published studies related to building heights (*Height Master Plan for Washington, DC - 2013*), commemorative works (*Memorial Trends and Practice in Washington, DC, 2012*), and parks and open space (*Capital Space, 2011*).

The reports, policies, and concept designs that result from the study of emerging planning issues help define and clarify federal and national interests in these areas. They often form the basis for future planning initiatives and help establish priorities for updating the *Comprehensive Plan* or inform a new signature planning initiative.

- II. **Plan & Project Review** - Through its regulatory responsibilities, NCPC protects and represents the federal interest on all planning matters. The primary method for carrying out these responsibilities is through agency consultation and the monthly plan and project review process. NCPC also protects federal interests through its representation on local and regional planning bodies. NCPC also reviews state, district and local plans for consistency with the *Comprehensive Plan*, federal sector plans, urban planning and design principles, and other federal interests.

The Commission reviews a wide range of plans and projects to determine whether they are consistent with the federal interest. Federal interests in the development of the National Capital Region encompasses many policy areas, and because the needs and priorities of any one agency may not align with those of another, NCPC weighs varying concerns to determine how best to serve the broader federal interest. For example, securing public buildings and monuments is an important federal interest, but so is maintaining the image of the capital city's architecture and public spaces. Building new facilities in locations that serve the needs of particular agencies are also in the federal interest, but so is preventing urban sprawl and increasing the use of public transit. The review of plans and proposals is a rigorous and systematic process, and assessing the federal interests in any given situation is contingent upon many factors.

NOTE 1 – Overview of Reporting Entity (Continued)

In evaluating designs for site and building projects, NCPC's staff professionals consider the federal interest within the context of federal, state and local laws; the policies and guidelines articulated in the *Comprehensive Plan* and other long-range plans; the plans and policies of local and regional planning authorities; the needs and master plans of the applicant agency; the concerns of other agencies; and public input. The public is invited to comment on projects under Commission consideration. NCPC staff consults closely with submitting agencies, stakeholders and the public to identify and resolve issues. Staff recommendations and public input inform the discussion of the commissioners, who vote on projects during their monthly meetings.

In addition to its individual project review during NCPC's Commission meetings, NCPC protects the federal interest through formal representation on various local, regional and federal authorities such as the Board of Zoning Adjustment, the Foreign Missions Board of Zoning Adjustment, the National Capital Memorial Advisory Commission, and the Transportation Planning Board of the Metropolitan Washington Council of Governments. NCPC also participates in project-specific and issue-based studies conducted by other agencies and organizations to ensure federal interests are recognized and to advance agency plans. As an example, NCPC is involved in the following external initiatives: the National Mall Roads Interagency Group (NPS), National Tour Bus Study (NPS), District of Columbia Streetcar Task Force (DC), St. Elizabeths DHS Campus (GSA), the DC Surface Transit, Inc. (Downtown Business Improvement District), and the Regional Transit System Plan (WMATA). As one of NCPC's key statutory responsibilities, external representation must be fully integrated with the agency's other planning and plan review activities.

To coordinate development planning in the region, NCPC reviews plans developed by regional and local planning agencies. NCPC provides comment letters to municipalities within the region regarding major projects, such as municipal capital improvement programs and park master plans.

III. Federal Capital Improvements Program - Analyze and recommend proposed capital improvement projects in consultation with stakeholders in the National Capital Region.

Each year the federal government spends millions to maintain and improve its facilities in the National Capital Region. Construction of new office buildings and rehabilitation of old ones; improvements to roads, bridges, and recreation, military, and cultural facilities; and building and land purchases are all included in the capital improvements programs that federal agencies propose for funding.

NOTE 1 – Overview of Reporting Entity (Continued)

As part of the Federal Capital Improvements Program (FCIP), NCPC receives annual proposals from federal agencies for capital improvements to be carried out over the next six years. NCPC reviews each submission for consistency with the Comprehensive Plan and federal and local planning policies. NCPC provides the FCIP to the Office of Management and Budget (OMB).

- IV. **Planning Operations** - Management systems and operations systems functions and responsibilities provide strategic direction, oversight, and the required resources to ensure the agency fulfills its planning functions and management Strategic Objectives and achieves its mission with the most efficient and effective utilization of funding provided by Congress. Management pursues the following Program Objectives in support of achieving NCPC's Strategic Objectives:

NCPC ensures that its financial systems and operations can produce, in a timely manner, accurate and relevant financial information to support sound decision making and comply with the external reporting requirements directed by OMB and the U.S. Department of the Treasury. The agency can demonstrate that appropriate financial controls are in place to quickly identify and correct potential waste, fraud and abuse. The financial system and processes enables the agency to link investment of resources to performance.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared from the accounting records of NCPC in accordance with generally accepted accounting principles in the United States (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular A-136, *Financial Reporting Requirements*, as OMB A-136 has been updated and amended several times from publication to the present year. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants.

OMB Circular A-136 Financial Reporting Requirements requires agencies to prepare financial statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2016, amounts of future economic benefits owned or managed by NCPC (assets), amounts owed by NCPC (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within NCPC and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual basis of accounting in accordance with OMB Circular A-136, "Financial Reporting Requirements". Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

NCPC follows standard Federal budgetary accounting policies and practices in accordance with OMB Circular No. A-11, "Preparation, Submission, and Execution of the Budget," dated July 1, 2016. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. Each year, Congress provides NCPC appropriations to incur obligations in support of agency programs. For Fiscal Year (FY) 2016 and 2015, NCPC is accountable for general fund appropriations, no-year fund carryover and Offsetting Collections, and deposit funds. NCPC recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants and when spending authority from the offsetting collection is incurred.

Revenues and Other Financing Sources

NCPC receives the majority of the funding needed to support all of its programs through appropriations and other collections. NCPC receives annual, multi-year and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional amounts are obtained from service fees through reimbursable agreements for services performed for intra-governmental and public entities. Appropriations are recognized as revenues as the related program or administrative expenses are incurred. Other financing sources for NCPC consist of imputed financing sources which are costs financed by other federal entities on behalf of NCPC, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

Receivables

Accounts receivable consist of amounts owed to NCPC by other Federal agencies and the public. Federal accounts receivable are generally the result of the provision of goods and services to other federal agencies and, with the exception of occasional billing disputes, are considered to be fully collectible. Public accounts receivable are generally the result of the provision of goods and services, or erroneous payments. Amounts due from the public are presented net of an allowance for loss on uncollectible accounts, which is based on historical collection experience and/or an analysis of the individual receivables.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Inventory and Operating Materials and Supplies

NCPC's operating materials and supplies are immaterial. Operating materials and supplies are expended as purchases are received.

Property and Equipment

NCPC currently has a capitalization threshold of \$200,000 for structures and facilities and \$25,000 for other property, plant and equipment. The subsidiary property management system accumulates costs assigned to the equipment or facility being constructed. The straight line method is generally used to depreciate capitalized assets.

Prepaid and Deferred Charges

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

Liabilities

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act payments. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Personnel Compensation and Benefits

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities as earned. These expenses are recognized as a funded liability when accrued.

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used and no future liability is recognized for these amounts.

NCPC's employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. NCPC and its employees both contribute to these systems. Public Law 112-96, Section 5001, the "Middle Class Tax Relief and Job Creation Act of 2012", divided FERS participants into two categories, FERS employees and FERS-Revised Annuity Employees (FERS-RAE). Employees hired on or after January 1, 2013, with some exceptions, are required to contribute 2.3% more to FERS than FERS employees hired prior to January 1, 2013. Although NCPC funds a portion of benefits under CSRS and FERS and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans in accordance with SFFAS No. 5, "Accounting for Liabilities of the Federal Government."

For FERS employees, NCPC contributes an amount equal to 11.9% of the employees' basic pay to the plan. For FERS-RAE employees, NCPC contributes an amount equal to 9.6% of the employees' basic pay to the plan. For CSRS employees, NCPC contributes an amount equal to 7% of the employees' basic pay to the plan.

Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan intended to supplement the benefits provided under CSRS and FERS. For FERS employees, NCPC contributes an amount equal to 1% of the employee's basic pay to the TSP and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from NCPC.

The U.S. Office of Personnel Management (OPM) is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including NCPC employees. NCPC has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by NCPC and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain “basic life” term life insurance, with the employee paying two-thirds of the cost and NCPC paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers the FEGLI program and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government’s service cost for the post-retirement portion of basic life coverage. Because NCPC’s contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Commission has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

Borrowings Payable to Treasury

NCPC does not engage in Treasury Borrowing activities.

Contingencies

The criteria for recognizing contingencies for claims are: (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated). NCPC recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and environmental suits that have been brought to the attention of legal counsel, some of which will be paid by the Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 3 – Non-Entity Assets

Intragovernmental:	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Total Non-Entity Assets	\$ -	\$ -
Total Entity Assets	<u>3,219</u>	<u>3,197</u>
Total Assets	<u>\$ 3,219</u>	<u>\$ 3,197</u>

NOTE 4 – Fund Balance with Treasury

Fund Balances:	<u>September 30, 2016</u> Total	<u>September 30, 2015</u> Total
General Funds	<u>\$ 2,790</u>	<u>\$ 2,627</u>
Total	<u>\$ 2,790</u>	<u>\$ 2,627</u>

Status of Fund Balance with Treasury:

Unobligated Balance		
Unavailable	450	634
Obligated Balance Not Yet Disbursed	<u>2,340</u>	<u>1,993</u>
Total	<u>\$ 2,790</u>	<u>\$ 2,627</u>

Other Information:

The U.S. Treasury performs cash management activities for all Federal agencies. Fund Balance with Treasury is the aggregate amount of the agency's accounts with Treasury for which the agency is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of non-expenditure Treasury Warrants for appropriations, positive non-expenditure transfers, and other expenditure inflows of funds. The Fund Balance with Treasury is reduced through non-expenditure Treasury Warrants for rescissions, negative non-expenditure transfers, disbursements, and other expenditure cash outflows of funds.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 5 - Accounts Receivable

	Gross Amount Due	Allowance for Uncollectible Amounts	Net Amount Due
As of September 30, 2016			
Intragovernmental:			
Accounts Receivable	\$ -	\$ -	\$ -
As of September 30, 2015			
Intragovernmental:			
Accounts Receivable	\$ 14	\$ -	\$ 14

Other Information:

In Fiscal Year 2015, NCPC entered into an intragovernmental reimbursable agreement without advance. The intragovernmental accounts receivable balance is the amount of unbilled reimbursements for the costs of services provided to the receiving agency by NCPC.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 6 – General Property, Plant, and Equipment

<u>Major Classes</u>	<u>Service Life</u>	September 30, 2016			September 30, 2015		
		<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	5 SL	\$ 306	\$ 268	\$ 38	\$ 306	\$ 206	\$ 100
Leasehold Improvements	10 SL	1,046	655	391	1,046	590	456
Total		<u>\$ 1,352</u>	<u>\$ 923</u>	<u>\$ 429</u>	<u>\$ 1,352</u>	<u>\$ 796</u>	<u>\$ 556</u>

<u>Major Classes</u>	<u>Capitalization Threshold</u>
Equipment	\$ 25
Internal Use Software	200
Bulk Purchase Software	200
Software Enhancements	200
Buildings/Structures	200
Leasehold Improvements	25

NCPC recognizes Construction in Progress based upon the estimated completion of assets under construction. At the conclusion of Fiscal Year 2013, all projects were estimated to be complete and placed in service. NCPC commences depreciation of assets in the month following the period that they have been completed, are fully operational, and in service.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 7 – Liabilities not covered by Budgetary Resources

Intragovernmental:	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Other Liabilities-Unfunded Rent	<u>\$ 784</u>	<u>\$ 910</u>
Total Intragovernmental	<u>\$ 784</u>	<u>\$ 910</u>
Other Liabilities-Unfunded Leave	<u>\$ 325</u>	<u>\$ 286</u>
Total Liabilities Not Covered by Budgetary Resources	<u>\$ 1,109</u>	<u>\$ 1,196</u>
Total Liabilities Covered by Budgetary Resources	<u>\$ 716</u>	<u>\$ 417</u>
Total Liabilities	<u><u>\$ 1,825</u></u>	<u><u>\$ 1,613</u></u>

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 8 – Other Liabilities

	Non-Current Liabilities	Current Liabilities	Total
As of September 30, 2016			
Intragovernmental:			
Accrued Pay and Benefits	\$ -	\$ 35	\$ 35
Unfunded Accrued GSA Rent	\$ 633	\$ 151	\$ 784
Total Intragovernmental Other Liabilities	<u>\$ 633</u>	<u>\$ 186</u>	<u>\$ 819</u>
Public:			
Accrued Pay and Benefits	\$ -	\$ 189	\$ 189
Other-Unfunded Leave	\$ 325	\$ -	\$ 325
Total Public Other Liabilities	<u>\$ 325</u>	<u>\$ 189</u>	<u>\$ 514</u>
As of September 30, 2015			
Intragovernmental:			
Advances and Prepayments	\$ -	\$ 60	\$ 60
Accrued Pay and Benefits	\$ -	\$ 27	\$ 27
Unfunded Accrued GSA Rent	\$ 784	\$ 126	\$ 910
Total Intragovernmental Other Liabilities	<u>\$ 784</u>	<u>\$ 213</u>	<u>\$ 997</u>
Public:			
Accrued Pay and Benefits	\$ -	\$ 111	\$ 111
Other - Unfunded Leave	\$ 286	\$ -	\$ 286
Total Public Other Liabilities	<u>\$ 286</u>	<u>\$ 111</u>	<u>\$ 397</u>

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 9 - Leases

Entity as Lessee:

Operating Leases:

Description of Leasing Arrangements:

NCPC leases office space at 401 9th Street, N.W., North Lobby, Suite 500, Washington, DC 20004. NCPC entered into a new operating lease in December 2010. The new lease expires in November 2020. The old lease expired in November 2010. NCPC received a rent credit of \$1,075 for the first ten months of the lease in Fiscal Year 2011. NCPC received an additional Commission Credit of \$119 in Fiscal Year 2012 of the lease. Minimum lease payments under the new lease are scheduled to increase over the life of the lease due to inflation. NCPC accounts for the lease on a straight-line basis over the lease term. The unfunded liability as of September 30, 2016 is \$784. The unfunded liability as of September 30, 2015 was \$910.

Other Information:

OMB Circular A-136 requires the disclosure of future lease payments, by major asset category, for all non-cancellable leases with terms longer than one year. It does not require the same disclosure for cancellable leases. Although NCPC's lease for office space is cancellable with four months of notice, to better understand the significance of NCPC's leased office space to NCPC's future annual funding, NCPC is disclosing future payments due under the lease in other information.

Future Payments Due (Dollars in Thousands):

The following is a schedule of the minimum lease payments required by the lease, plus estimated real estate property tax escalation:

	Buildings and Structures	
	(1)	Totals
Year 7	\$ 1,516	\$ 1,516
Year 8	\$ 1,541	\$ 1,541
Year 9	\$ 1,568	\$ 1,568
Year 10	\$ 1,595	\$ 1,595
Year 11 (2 months)	\$ 251	\$ 251
Total Future Lease Payments	\$ 6,471	\$ 6,471

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 9 - Leases (Continued)

Lease payments under the new lease, including estimated Real Estate Taxes Escalation Expense for the year ended September 30, 2016 is \$1,447. Lease payments for the year ended September 30, 2015 was \$1,452. Total funded and unfunded GSA lease expense was \$1,321 for the year ended September 30, 2016. Total funded and unfunded GSA lease expense for the year ended September 30, 2015 was \$1,212.

NOTE 10 - Commitments and Contingencies

Contingencies where any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred should be disclosed. SFFAS No. 5, as amended by SFFAS No.12, contains the criteria for recognition and disclosure of contingent liabilities.

On July 16, 2015, an Equal Employment Opportunity (EEO) matter was filed with the agency. Subsequently, On January 1, 2016, the Equal Employment Opportunity (EEO) matter was filed with the EEO Commission. It is reasonably possible (the chance of an unfavorable outcome is less than probable, but more than remote) that the matter will result in an unfavorable outcome. The estimated amount of potential loss is \$100, but may fall between the range of \$25 and \$100. The loss contingency meets the threshold for disclosure, but does not meet the threshold for either recognition or a loss accrual.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 11 – Intragovernmental Costs and Exchange Revenue

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Comprehensive Planning:		
Intragovernmental Gross Costs	\$ 1,203	\$ 1,153
Public Costs	2,212	2,023
Total Comprehensive Planning Costs	3,415	3,176
Intragovernmental Earned Revenue	(60)	(14)
Total Comprehensive Planning Earned Revenue	(60)	(14)
Plan & Project Review:		
Intragovernmental Gross Costs	\$ 889	\$ 908
Public Costs	1,229	1,167
Total Plan & Project Review Costs	2,118	2,075
Intragovernmental Earned Revenue	-	(21)
Total Plan & Project Review Earned Revenue	-	(21)
Federal Capital Improvements Program:		
Intragovernmental Gross Costs	\$ 83	\$ 80
Public Costs	96	94
Total Federal Capital Improvements Costs	179	174
Planning Operations:		
Intragovernmental Gross Costs	\$ 606	\$ 567
Public Costs	2,351	1,961
Total Planning Operations Costs	2,957	2,528
Intragovernmental Earned Revenue	-	(1)
Total Planning Operations Earned Revenue	-	(1)

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 11 – Intra-governmental Costs and Exchange Revenue (Continued)

Intragovernmental and public revenue is recognized when NCPC has earned funding received from a reimbursable agreement. A reimbursable agreement is where NCPC receives funding from another Federal Government entity, a state entity, or a local entity to provide goods and services to the other entity. Intragovernmental or public revenue is earned on a case-by-case basis when expenditures are incurred by NCPC to provide the goods and services required under the reimbursable agreement. NCPC classifies expenses as "intragovernmental" if goods and services are procured from another Federal Government entity and "public" if goods and services are procured from a public entity, regardless of funding source. Rarely, NCPC may provide goods and services to the public in exchange for a fee. Public revenue is recognized when NCPC provides the goods or services to the public entity.

NOTE 12 – Exchange Revenues

Description of exchange revenues:

Exchange revenue is recognized when NCPC has earned funding received from a reimbursable agreement. A reimbursable agreement is where NCPC receives funding from another Federal Government entity or a state or local entity to provide goods and services to the other entity. Exchange revenue is earned on a case-by-case basis when expenditures are incurred by NCPC to provide the goods and services required under the reimbursable agreement. Pricing is such that NCPC receives no profit from the exchange. NCPC is only reimbursed for the cost of providing the goods or services to the other entity. Occasionally, NCPC receives exchange revenue other than from a reimbursable agreement. NCPC provides data, images, or training related to Geographic Information Systems to public entities in exchange for a fee. The fees are based upon the estimated cost to provide the goods or services requested. Exchange Revenue is recognized upon delivery of the goods or services to the public entity. For the years ended September 30, 2016 and September 30, 2015, NCPC had \$0 exchange revenue with the public.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 13 – Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Direct Obligations Incurred:		
Category A	\$ 8,407	\$ 7,925
	-	-
Total Direct Obligations Incurred	<u>\$ 8,407</u>	<u>\$ 7,925</u>
Reimbursable Obligations Incurred:		
Category B	\$ -	\$ 96
Total Reimbursable Obligations Incurred	<u>\$ -</u>	<u>\$ 96</u>
Total Obligations Incurred	<u>\$ 8,407</u>	<u>\$ 8,021</u>

An apportionment is a plan, approved by OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). Resources are apportioned by Treasury Appropriation Fund Symbol (TAFS). The apportionment identifies amounts available for obligation and expenditure. It specifies and limits the obligations that may be incurred and expenditures made (or makes other limitations, as appropriate) for specified time periods, programs, activities, projects, objects, or any combination thereof. An apportioned amount may be further subdivided by an agency into allotments, suballotments, and allocations.

OMB Circular A-11 defines apportionment categories as follows:

Category A apportionments distribute budgetary resources by fiscal quarters.

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

Category C apportionments may be used in multi-year and no-year TAFS to apportion funds into future fiscal years.

Exempt from apportionment (see OMB Circular A-11, paragraph 120.5 for details).

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 14 – Undelivered Orders at the End of the Period

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Undelivered orders at the end of the period	\$ 1,625	\$ 1,649

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 15 – Explanation of Differences between the SBR and the Budget of the US Government

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting calls for explanations of material differences between budgetary resources available, status of those resources, and outlays as presented in the Statement of Budgetary Resources (SBR) to the related actual balances published in the Budget of the United States Government (President's Budget). The most current comparable data is FY 2015 Actual amounts presented in the President's Budget for Fiscal Year 2017. The President's Budget that will include FY 2016 Actual amounts has not yet been published. The President's Budget for FY 2018 is scheduled for publication in February 2017 on OMB's website.

Reconciling differences are caused by the exclusion of amounts of Budgetary Resources, Obligations Incurred, Offsetting Collections, and Outlays in expired funds that are not excluded in the SBR. The Ending Unobligated Balance on the SBR includes both unexpired and expired Budgetary Resources. The President's Budget discloses only unexpired Unobligated balances available for obligation in the following Fiscal Year. NCPC is funded primary through annual one-year Appropriations. Consequently, NCPC's actual Ending unobligated Balance from the previous year are not reflected as available Budgetary Resources in the President's Budget for the following Fiscal Year. In addition, the presentation of amounts in the SBR are in thousands of dollars. The presentation of amounts in the President's Budget are in millions of dollars. Small differences in amounts presented in thousands may convert to a difference of \$1 million for the purpose of this reconciliation.

	FY 2015 Obligated Balance			
	Beginning Balance	Obligations Incurred	Outlays	Ending Balance
Statement of Budgetary Resources	\$ 2	\$ 8	\$ 8	\$ 2
Difference	\$ -	\$ -	\$ -	\$ -
President's Budget	\$ 2	\$ 8	\$ 8	\$ 2

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 16 – Reconciliations of Net Cost of Operations to Budget

(Dollars in Thousands)

	<u>FY 2016</u>	<u>FY 2015</u>
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 8,407	\$ 8,021
Less: Spending Authority From Offsetting Collections & Recoveries	\$ 45	229
Obligations Net of Offsetting Collections & Recoveries	8,362	7,792
Net Obligations	\$ 8,362	\$ 7,792
Other Resources		
Imputed Financing from Costs Absorbed by Others	\$ 241	\$ 272
Net Other Resources Used to Finance Activities	\$ 241	\$ 272
Total Resources Used to Finance Activities	\$ 8,603	\$ 8,064
Resources Used to Finance Items Not Part of Net Cost of Operations:		
Change in Budgetary Resources Obligated But Not Provided (+/-)	\$ 36	\$ 183
Resources That Fund Expenses Recognized in Prior Periods	\$ 125	\$ 102
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	\$ 161	\$ 285
Total Resources Used to Finance the Net Cost of Operations	\$ 8,442	\$ 7,779

National Capital Planning Commission
Notes to Financial Statements
September 30, 2016 and 2015
(Dollars in Thousands)

NOTE 16 – Reconciliations of Net Cost of Operations to Budget (Continued)

	<u>FY 2016</u>	<u>FY 2015</u>
Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
Components Requiring/Generating Resources in Future Periods:		
Increase in Annual Leave Liability	\$ 40	\$ 11
Total Components Requiring or Generating Resources in Future Periods	\$ 40	\$ 11
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	\$ 127	\$ 127
Total Components Not Requiring or Generating Resources	\$ 127	\$ 127
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	\$ 167	\$ 138
Net Cost of Operations	\$ 8,609	\$ 7,917

NOTE 17 – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 10, 2016, which is the date the financial statements were available to be used.

National Capital Planning Commission
Other Information
September 30, 2016 and 2015

Summary of the Financial Statement Audit and Management's Assurances

Table 1: Summary of Financial Statement Audit:

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2: Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0

NCPC's Response to the Draft Audit Report

November 10, 2016

Beatrice Key
Key & Associates, P.C.
8720 Georgia Avenue, Suite 800
Silver Spring, MD 20910

Dear Ms. Key:

We have reviewed the draft report provided to us relating to your audit of the National Capital Planning Commission for the fiscal years ended September 30, 2016 and 2015. We concur with the facts and conclusions in the draft report.

Sincerely,



Barry S. Socks
Executive Director

National Capital Planning Commission

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