

# **CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR YEAR ENDED JUNE 30, 2015**

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the  
Board of Directors  
Cumberland Plateau Planning District Commission:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Cumberland Plateau Planning District Commission, as of June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend in the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness 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***

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cumberland Plateau Planning District Commission, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

The Commission has elected to omit the Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 9 and the fiduciary statements on pages 13 and 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cumberland Plateau Planning District Commission's basic financial statements. The accompanying financial information listed as supplementary schedules in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basis financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying financial information listed as supplementary schedules in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2015, on our consideration of the Cumberland Plateau Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cumberland Plateau Planning District Commission's internal control over financial reporting and compliance.

*Bostic, Tucker and Company, PC*

Lebanon, Virginia  
December 1, 2015

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Exhibit 1

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 226,445	\$ -	\$ 226,445
Accounts receivable	413	-	413
Internal balances	-	-	-
Due from other governmental units	204,603	-	204,603
Prepaid expenses	31,155	-	31,155
Total current assets	<u>462,616</u>	<u>-</u>	<u>462,616</u>
Non-current assets:			
Restrictged cash and cash equivalents	-	444,978	444,978
Notes receivable (net of allowances for uncollectibles)	-	959,461	959,461
Capital assets, net	19,481	-	19,481
Total non-current assets	<u>19,481</u>	<u>1,404,439</u>	<u>1,423,920</u>
Total assets	<u>482,097</u>	<u>1,404,439</u>	<u>1,886,536</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	44,751	2,911	47,661
Accrued liabilities	20,629	-	20,629
Due to other governments	-	-	-
Accrued leave	28,375	-	28,375
Total current liabilities	<u>93,755</u>	<u>2,911</u>	<u>96,665</u>
Non-current liabilities:			
Accrued leave	39,486	-	39,486
Total non-current liabilities	<u>39,486</u>	<u>-</u>	<u>39,486</u>
Total liabilities	<u>133,241</u>	<u>2,911</u>	<u>136,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue from local sources and United States government	198,082	-	198,082
Total deferred inflows of resources	<u>198,082</u>	<u>-</u>	<u>198,082</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,481	-	19,481
Restricted for:			
Revolving loan fund and GIS fund	-	1,403,895	1,403,895
Unrestricted	131,293	(2,367)	128,927
Total net position	<u>\$ 150,774</u>	<u>\$ 1,401,529</u>	<u>\$ 1,552,303</u>

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Planning activities	\$ 404,878	\$ 313,372	\$ -	\$ -	\$ (91,506)	\$ -	\$ (91,506)
Administrative services	1,122,828	384,495	-	-	(738,333)	-	(738,333)
Community development	114,488	-	951,827	-	837,339	-	837,339
Management	131,163	-	153,591	-	22,428	-	22,428
Interest on long-term debt	-	-	-	-	-	-	-
Total government activities	\$ 1,773,356	\$ 697,867	\$ 1,105,418	\$ -	\$ 29,928	\$ -	\$ 29,928
Business-type activities:							
Revolving Loan Fund	10,878	19,616	-	-	-	8,738	8,738
GIS Services	-	1,269	-	-	-	1,269	1,269
Total business type-activities	10,878	20,885	-	-	-	10,007	10,007
Total primary government	\$ 1,784,234	\$ 718,752	\$ 1,105,418	\$ -	\$ 29,928	\$ 10,007	\$ 39,936
General Revenues:							
Miscellaneous					128	-	128
Interest earnings					187	1,431	1,617
Investment gain (loss)					-	-	-
Gain (loss) on disposal of capital assets					-	-	-
Transfers					2,538	(2,538)	(0)
Total general revenues, special items and transfers					2,852	(1,107)	1,745
Change in net position					32,780	8,900	41,680
Net position - beginning					117,994	1,392,629	1,510,623
Net position - ending					\$ 150,774	\$ 1,401,529	\$ 1,552,303

(See accompanying notes to financial statements)



CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

Exhibit A-1

	General	Planning Grants	Community Development	Administration Grants	Regional Water Grants	Small Projects	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 226,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,445
Accounts receivable	413	-	-	-	-	-	413
Prepaid expense	31,155	-	-	-	-	-	31,155
Due from other funds	6,399	5,817	-	117,708	-	-	129,424
Due from other governmental units	155	70,995	128,290	-	-	5,196	204,636
<b>Total assets</b>	<b>\$ 264,567</b>	<b>\$ 76,312</b>	<b>\$ 128,290</b>	<b>\$ 117,708</b>	<b>\$ -</b>	<b>\$ 5,196</b>	<b>\$ 592,073</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 44,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,751
Accrued liabilities	20,629	-	-	-	-	-	20,629
Due to other funds	-	-	124,228	-	-	5,196	129,424
Due to other governmental units	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>65,380</b>	<b>-</b>	<b>124,228</b>	<b>-</b>	<b>-</b>	<b>5,196</b>	<b>194,804</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unearned revenue from local sources and United States government	-	76,312	4,062	117,708	-	-	198,082
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>76,312</b>	<b>4,062</b>	<b>117,708</b>	<b>-</b>	<b>-</b>	<b>198,082</b>
<b>FUND BALANCES</b>							
Non-spendable	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	199,187	-	-	-	-	-	199,187
<b>Total fund balances</b>	<b>199,187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,187</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 264,567</b>	<b>\$ 76,312</b>	<b>\$ 128,290</b>	<b>\$ 117,708</b>	<b>\$ -</b>	<b>\$ 5,196</b>	<b>\$ 592,073</b>

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

\$ 199,187

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.

19,448

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (receivables) are offset by deferred revenues in the governmental funds and not included in fund balance.

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

(67,861)

Fund balance of General Government Activities

\$ 150,774

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2015**

Exhibit A-2

	General	Planning Grants	Community Development	Administration Services	Regional Water Grants	Small Projects	Total Governmental Funds
<b>REVENUES</b>							
Local sources	\$ 153,591	\$ 15,464	\$ 114,488	\$ 270,007	\$ -	\$ 18,539	\$ 572,090
Federal sources	-	224,266	-	-	-	-	224,266
State sources	-	73,641	-	-	933,288	-	1,006,929
Other income	129	-	-	-	-	-	129
Interest	187	-	-	-	-	-	187
<b>Total revenues</b>	<b>153,906</b>	<b>313,372</b>	<b>114,488</b>	<b>270,007</b>	<b>933,288</b>	<b>18,539</b>	<b>1,803,600</b>
<b>EXPENDITURES</b>							
Current programs:							
Planning activities	-	386,338	-	-	-	18,539	404,878
Administrative services	-	-	-	197,040	925,788	-	1,122,828
Community development	-	-	114,488	-	-	-	114,488
Management	139,030	-	-	-	-	-	139,030
Debt service	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>139,030</b>	<b>386,338</b>	<b>114,488</b>	<b>197,040</b>	<b>925,788</b>	<b>18,539</b>	<b>1,781,223</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>14,876</b>	<b>(72,967)</b>	<b>-</b>	<b>72,967</b>	<b>7,500</b>	<b>-</b>	<b>22,376</b>
<b>OTHER FINANCING SOURCES AND USES</b>							
Proceeds from long-term debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-
Operating transfers in	10,038	72,967	-	-	-	-	83,005
Operating transfers out	-	-	-	(72,967)	(7,500)	-	(80,467)
<b>Total other financing sources (uses)</b>	<b>10,038</b>	<b>72,967</b>	<b>-</b>	<b>(72,967)</b>	<b>(7,500)</b>	<b>-</b>	<b>2,538</b>
<b>Net change in fund balances</b>	<b>24,914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,914</b>
<b>Fund balances (deficit) beginning of year</b>	<b>174,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,272</b>
<b>FUND BALANCES (DEFICIT) END OF YEAR</b>	<b>\$ 199,187</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 199,187</b>

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit A-3

Net change in fund balances - total government funds	\$ 24,914
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds	-
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Add capital acquisitions	4,516
Subtract depreciation	<u>(6,032)</u>
	(1,516)
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Add debt repayment	-
Subtract debt proceeds	<u>-</u>
	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (such as compensated absences and accrued interest on long-term debt).	<u>9,382</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 32,780</u></u>

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit A-4

	Original and Final Budget	Actual	Positive (Negative) Variance
<b>Revenues:</b>			
Local sources	\$ 140,000	\$ 153,591	\$ 13,591
Federal sources	-	-	-
State sources	-	-	-
Other income	5,000	129	(4,872)
Interest	-	187	187
<b>Total revenues</b>	<b>145,000</b>	<b>153,906</b>	<b>8,906</b>
<b>Expenditures:</b>			
Current programs:			
Planning activities	-	-	-
Administrative services	-	-	-
Community development	-	-	-
Management	145,000	139,030	5,970
Debt service	-	-	-
<b>Total expenditures</b>	<b>145,000</b>	<b>139,030</b>	<b>5,970</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>14,876</b>	<b>14,876</b>
<b>Other financing sources (uses):</b>			
Proceeds from long-term debt	-	-	-
Capital outlay	-	-	-
Gain on sale of assets	-	-	-
Operating transfers in	-	10,038	10,038
Operating transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>10,038</b>	<b>10,038</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>24,914</b>	<b>24,914</b>
<b>Fund balance (deficit) - beginning</b>	<b>-</b>	<b>174,272</b>	<b>174,272</b>
<b>Fund balance (deficit) - ending</b>	<b>\$ -</b>	<b>\$ 199,187</b>	<b>\$ 199,187</b>

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF NET POSITION—**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

Exhibit B-1

	<b>Revolving Loan Fund</b>	<b>GIS Services</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental units	-	-	-
Prepaid expenses	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>
<b>Non-current assets:</b>			
Restricged cash and cash equivalents	444,978	-	444,978
Notes receivable (net of allowances for uncollectibles)	959,461	-	959,461
Capital assets, net	-	-	-
Total non-current assets	<u>1,404,439</u>	<u>-</u>	<u>1,404,439</u>
<b>Total assets</b>	<u>1,404,439</u>	<u>-</u>	<u>1,404,439</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 2,911	\$ -	\$ 2,911
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Accrued leave	-	-	-
Total current liabilities	<u>2,911</u>	<u>-</u>	<u>2,911</u>
<b>Non-Current liabilities:</b>			
Accrued leave	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,911</u>	<u>-</u>	<u>2,911</u>
<b>Deferred inflows of resources :</b>			
Unearned revenue from local sources and United States government	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position</b>			
Net investment in capital assets	-	-	-
Restricted	1,404,439	-	1,404,439
Unrestricted	<u>(2,911)</u>	<u>-</u>	<u>(2,911)</u>
Total net position	<u>1,401,529</u>	<u>-</u>	<u>1,401,529</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 1,404,439</u>	<u>\$ -</u>	<u>\$ 1,404,439</u>

(See accompanying notes to financial statements)

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION—  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015**

	Revolving Loan Fund	GIS Services	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ 1,269	\$ 1,269
Interest income	19,616	-	19,616
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating revenues	19,616	1,269	20,885
	<hr/>	<hr/>	<hr/>
<b>OPERATING EXPENSES</b>			
Project material costs	-	-	-
Management services	10,380	-	10,380
Subcontractors	-	-	-
Salaries and wages	-	-	-
Fringe benefits	-	-	-
Directors' fees	-	-	-
Professional fees	-	-	-
Supplies	-	-	-
Insurance	-	-	-
Uniforms	-	-	-
Office	-	-	-
Contributions	-	-	-
Utilities	-	-	-
Oil, diesel fuel, and gas	-	-	-
Bad debts	-	-	-
Repairs and maintenance	-	-	-
Depreciation	-	-	-
Indirect costs	-	-	-
Travel	-	-	-
Miscellaneous	498	-	498
	<hr/>	<hr/>	<hr/>
Total operating expenses	10,878	-	10,878
	<hr/>	<hr/>	<hr/>
Net operating income (loss)	8,738	1,269	10,007
	<hr/>	<hr/>	<hr/>
<b>OTHER REVENUE AND (EXPENSES)</b>			
Grants and subsidies	-	-	-
Gain on sale of assets	-	-	-
Interest and dividend income	1,431	-	1,431
Investment gain (loss)	-	-	-
Operating grants and subsidies	-	-	-
Interest on long-term debt	-	-	-
Operating transfers	-	(2,538)	(2,538)
	<hr/>	<hr/>	<hr/>
Total non-operating revenues and expenses	1,431	(2,538)	(1,107)
	<hr/>	<hr/>	<hr/>
Net income (loss)	10,169	(1,269)	8,900
	<hr/>	<hr/>	<hr/>
Net assets - beginning of year	1,391,360	1,269	1,392,629
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS - END OF YEAR</b>	\$ 1,401,529	\$ -	\$ 1,401,529
	<hr/>	<hr/>	<hr/>

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF CASH FLOWS - BUSINESS – PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit B-3

	Revolving Loan Fund	GIS Services	Total
<b>Cash Flows From Operating Activities:</b>			
Cash Received from Customers	\$ -	\$ -	\$ -
Cash Payments to Suppliers for Goods & Services	-	-	-
Cash Payments to Employees for Services	-	-	-
Other Operating Revenues	<u>11,105</u>	<u>2,538</u>	<u>13,643</u>
<b>Net Cash Provided by Operating Activities</b>	<u>11,105</u>	<u>2,538</u>	<u>13,643</u>
<b>Cash Flows From Financing Activities:</b>			
Interest Earned	1,431	-	1,431
Investment gain (loss)	-	-	-
Notes Receivable Payments (Loans)	(270,620)	-	(270,620)
Grants and Subsidies	-	-	-
Operating Transfers (To)/From Other Funds	-	(2,538)	(2,538)
Operating Transfers (To)/From Other Governments	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cash Used by Noncapital Financing Activities</b>	<u>(269,189)</u>	<u>(2,538)</u>	<u>(271,727)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
New Borrowings (Repayments)	-	-	-
Purchase of Property, Plant, & Equipment	(4,516)	-	(4,516)
Proceeds from Sale of Assets	-	-	-
Interest Paid on Long-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(4,516)</u>	<u>-</u>	<u>(4,516)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>(262,600)</u>	<u>-</u>	<u>(262,600)</u>
<b>Cash at Beginning of Year</b>	<u>707,578</u>	<u>-</u>	<u>707,578</u>
<b>Cash at End of Year</b>	<u>\$ 444,978</u>	<u>\$ -</u>	<u>\$ 444,978</u>
<b>Classified As:</b>			
Current Cash and Cash Equivalents	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	<u>444,978</u>	<u>-</u>	<u>444,978</u>
<b>Total Cash and Cash Equivalents</b>	<u>\$ 444,978</u>	<u>\$ -</u>	<u>\$ 444,978</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 8,738	\$ 1,269	\$ 10,007
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation	-	-	-
Bad debts	-	-	-
Receivables	-	-	-
Inventory	-	-	-
Prepaid Expense	-	-	-
Accounts Payable	2,367	-	2,367
Accrued Liabilities	-	-	-
Deferred Revenue	<u>-</u>	<u>1,269</u>	<u>1,269</u>
<b>Total Adjustments</b>	<u>2,367</u>	<u>1,269</u>	<u>3,636</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 11,105</u>	<u>\$ 2,538</u>	<u>\$ 13,643</u>

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITIONS--**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

Exhibit C-1

	<b>Retirement Trust Funds</b>
	<hr/>
<b>Assets</b>	
Cash and cash equivalents	\$ 239,032
Accounts receivable	9,678
Investments	
Mutual funds	2,202,026
Participant loans	<hr/> 62,747
Total assets	<hr/> <b>\$ 2,513,483</b> <hr/>
<b>LIABILITIES AND NET POSITION</b>	
Total liabilities	-
Net position:	
Held in trust for retirement benefits	<hr/> 2,513,483
Total liabilities and net position	<hr/> <b>\$ 2,513,483</b> <hr/>

(See accompanying notes to financial statements)



**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit C-2

	<b>Retirement Trust Funds</b>
	<hr/>
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 36,935
Employees	41,062
Total contributions	<hr/> 77,997
Investment income	<hr/> 44,068
Total additions	<hr/> 122,065
<b>DEDUCTIONS:</b>	
Participant distributions	86,488
Administrative fees	<hr/> 7,718
Total deductions	<hr/> 94,206
<b>NET INCREASE</b>	27,859
Net position held in trust for retirement benefits,	
Beginning of year	<hr/> 2,485,624
End of year	<hr/> <hr/> \$ 2,513,483

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Individual component unit disclosures**

The Cumberland Plateau Planning District Commission (the Commission) operates on behalf of the Counties of Russell, Dickenson, Buchanan and Tazewell in the promotion of physical, social and economic development by planning and assisting local governments to plan for the future as provided for in Title 15.1, Chapter thirty-four of the Code of Virginia. In addition, the Commission operates a geographic information systems program, a shell building program, promotes economic development, provides financing, and administers Community Development Block Grants.

**B. Individual component unit disclosures**

The financial statements of the Commission (reporting entity), as required by generally accepted accounting principles, include those of the Cumberland Plateau Planning District Commission (the primary government) and its component units. The Commission has determined that it has no component units for the year ended.

**C. Government – wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by grants and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items of income not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**D. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *Planning Grants fund* accounts for revenues derived from specific revenue sources that are legally restricted to expenditures for technical assistance to counties for industrial development and other community planning activities. Programs are primarily funded with Federal and State grants.

The *Community Development fund* accounts for revenues derived from specific revenue sources that are legally restricted to expenditures for community development such as public housing projects, water and sewer projects, construction of medical facilities, construction of daycare centers, community revitalization projects, etc. Programs are primarily funded with Community Development Block Grant funds.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**D. Measurement focus, basis of accounting, and financial statement presentation (continued)**

The *Administration Grants Fund* accounts for revenues derived from specific revenue sources that are legally restricted to expenditures for administration of funds for waste management and other projects. Programs are primarily funded with local sources.

The *Southwest Regional Water Fund* accounts for revenues that are considered pass-through funds that are used to reimburse local public service authorities and localities for regional water projects. Programs are primarily funded with State grants.

The government reports the following major proprietary funds:

The *Revolving Loan Fund* accounts for activities involving the loaning of funds to local industries or localities for business development and job creation. Federal monies, that are to be used for the loan activity and then re-loaned as current loans are collected fund the program. Also interest charged on the loans help fund the program.

The *GIS Services Fund* accounts for services provided to local governments for mapping activities. The program is funded by fees charged to the local governments for the service provided.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include administrative charges between the government's individual funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and that of the

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**D. Measurement focus, basis of accounting, and financial statement presentation (continued)**

Government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**E. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Receivables and payables**

Activity between the funds are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**3. Allowance for uncollectible accounts**

All receivables are reported at their gross value and where appropriate are reduced by the estimated portion that is expected to be uncollectible. Historically, uncollectible accounts receivable in the proprietary fund type funds have been immaterial and the direct write-off method is used to write off uncollectible proprietary fund accounts based upon analysis and judgment of management. The allowance for doubtful accounts as of The year end, for the Revolving Loan Fund was \$145,447.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**E. Assets, liabilities, and net assets or equity (continued)**

**4. Use of estimates**

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

**5. Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000 for machinery and equipment, land, and buildings, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following useful lives:

Buildings	30 – 40 years
Building improvements	15 – 40 years
Machinery and equipment	3 – 25 years.

**6. Compensated absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive benefits. The Commission accrues salary related costs associated with the payment of compensated absences.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**E. Assets, liabilities, and net assets or equity** *(continued)*

**7. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the life of the related bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**9. Net position**

Net position is the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

**10. Investments**

Investments of the Pension Trust Fund and the Expendable Trust Fund – Deferred Compensation Plan are reported at fair value; investment income is recognized as earned. Funds on deposit with the deferred compensation plan are stated at market. For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**E. Assets, liabilities, and net assets or equity** (continued)

**11. Restricted assets**

The Commission segregates monies held on behalf of third parties and restricted donations which have not yet been totally expended for their intended purposes.

**12. Indirect cost allocation plan**

At The year end, the District used a cost rate of 28% to allocate indirect costs between the general, special revenue and enterprise funds.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary information**

Budgetary Accounting: The Cumberland Plateau Planning District Commission's annual budget is a management tool for assisting users in analyzing financial activity for the fiscal year ended. The Commission's primary funding sources are federal, state, and local grants that have grant periods that may or may not coincide with the Commission's fiscal year. These grants are normally for a twelve-month period, but may, however be awarded for periods shorter or longer than twelve months.

As a result of the Commission's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the best available information as to sources of revenue. The Commission's annual budget differs from that of local government in two respects (1) the uncertain nature of grant awards from other entities and (2) conversion of grant awards to a fiscal year basis. The resultant annual budget is subject to constant change with the fiscal year due to:

- \*Increases or decreases in actual grant awards from those estimated
- \*Changes in grant period
- \*Unanticipated grant awards not included in the budget
- \*Expected grant awards that fail to materialize

Greater emphasis is placed upon compliance with the grant budget, terms, and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

**NOTE 3. INDIRECT COSTS**

Indirect costs are pooled and allocated among the several cost centers contained in the General (Local) Fund, Public Works Program, GIS Program and Shell Building Program (Enterprise Fund), and the Special Revenue Fund in accordance with an indirect cost plan. Allocated direct costs for the year was \$377,382 which was 28 percent of total allowable costs.



**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4. DEPOSITS AND INVESTMENTS**

**Deposits:** All cash of the primary government is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

**Investments:** Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments are comprised of those held separately by the Pension Trust Fund and the Deferred Compensation Plan. Responsibility for the management of funds and investments has been assigned to professional investment managers. The Pension Trust Fund and the Deferred Compensation Plan are authorized to invest in obligations of the U.S. Government and its agencies; corporate or state tax exempt bonds rated by Moody's and/or Standard & Poor's Corporation; and Commercial Paper Record, respectively.

In addition, the Pension Trust Fund and the Deferred Compensation Plan may invest in corporate stocks, repurchase agreements, money market/mutual funds, and certificates of deposit. The Pension Plan and Deferred Compensation Plan currently invest in mutual funds containing two types of investments: fixed income securities (U.S. Government obligations, corporate bonds and corporate notes) and corporate stocks.

Investments are generally classified into three categories to give an indication of the level of risk assumed by the fund. Category 1 includes investments that are insured or registered or for which the Plan or its agent in the Plan's name holds the securities. Category 2 includes uninsured and unregistered investments with the securities held by the counterparty's trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments with the securities held by the counterparty or by its trust department or agent but not in the Plan's name. Investments in mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Investments in the Cumberland Plateau Planning District Commission Retirement Savings Plan & Trust are long-term investments in mutual funds which had a market value of \$2,513,483 as of the end of the year.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at yearend:

	Primary Government	business Type Activities	Totals
Federal Government	\$ 70,995	\$ -	\$ 70,995
Commonwealth of Virginia	-	-	-
Local Governments	133,486	-	133,486
	<u>\$ 204,481</u>	<u>\$ -</u>	<u>\$ 204,481</u>

**NOTE 6. INTERFUND TRANSFERS**

Following are the interfund transfers for the year:

	Transfers In	Transfers Out	Totals
Primary Government:			
General	\$ 10,038	\$ -	\$ 10,038
Planning	72,967	-	72,967
Community Development	-	-	-
Administration Grants	-	72,967	(72,967)
Regional Water	-	7,500	(7,500)
Small Projects	-	-	-
Business-Type Activities:			
Revolving Loan Fund	-	-	-
GIS Services	-	2,538	(2,538)
	<u>\$ 83,005</u>	<u>\$ 83,005</u>	<u>\$ -</u>

**NOTE 7. UNEARNED REVENUE**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the accrual basis of accounting, such amounts are measurable, but not available. Total deferred revenue is \$198,082. Deferred revenue totaling \$191,582 results from advanced grant funding and deferred revenue of \$7,500 results from billed revenue in excess of project costs. Advanced grant funding occurs when grant funds are not fully expended in accordance with the grant or contractual agreement at year-end. The liability is reduced and revenue recorded when expenditures are eventually made. If expenditures are not made, the funds may revert back to the grantor.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 8. LONG-TERM DEBT**

**A. Changes in long-term obligations--**

The following is a summary of long-term obligation for the year:

	Payable Beginning	Increases	Decreases	Payable Ending	Due Within One Year
Notes payable:	\$ -	\$ -	\$ -	\$ -	\$ -
Total notes payable	-	-	-	-	-
Other liabilities:					
Claims, judgments, and compensated absences payable	77,274	-	9,383	67,891	28,375
Total other liability	77,274	-	9,383	67,891	28,375
Total long-term liabilities	\$ 77,274	\$ -	\$ 9,383	\$ 67,891	\$ 28,375

There were no long-term liabilities for business type activities.

**B. Notes Payable--**

The Commission has the authority to borrowed funds from local banks for the acquisition and construction of buildings and equipment. Annual debt service requirements to maturity for the notes payable are as follows:

Year Ending June 30	Notes Payable		
Governmental Activities:	Principal	Interest	Total
2015	\$ -	\$ -	\$ -
2016	-	-	-
2017	-	-	-
2018-2022	-	-	-
2023-2027	-	-	-
2028-2032	-	-	-
2033-2037	-	-	-
	\$ -	\$ -	\$ -

There were no outstanding notes payable for business- type activities.

**C. Claims, Judgments, and Compensated Absences--**

Commission employees are entitled to certain compensated absences based on length of employment. Upon termination, employees may be paid up to a maximum of 90 days (720 hours) at their normal pay rate. The Commission adopted the policy of allowing employees with twenty years service to elect to be paid a lump sum payout at their current pay rate of their accumulated vacation leave. Under this policy, employees electing to receive a lump sum payout must leave 14 days accumulated leave. Only the current portion of unpaid leave benefits is accrued in the General Fund of the fund financial statements. The amount of

	Govern- mental	Business- Type	Total
Amount due within year	\$ 28,375	-	\$ 28,375
Amount long-term	39,486	-	39,486
Total	\$ 67,861	\$ -	\$ 67,861

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9. NOTES AND PARTICIPANT LOANS RECEIVABLE**

Notes and participant loans receivable were comprised of the following at yearend:

<u>Loan Type</u>	<u>Payment</u>	<u>Interest</u>	<u>Loan Date</u>	<u>Security</u>	<u>Balance</u>
<b><u>Business Type Activities:</u></b>					
Promissory	\$ 5,000	4.50%	02/24/1993	Equipment	\$ 77,155
Promissory	759	4.00%	04/10/1999	Equipment	13,792
Promissory	797	4.00%	11/16/1999	Equipment	42,665
Promissory	1,593	4.00%	10/06/2000	Equipment	55,792
Promissory	2,030	4.00%	10/12/2007	Equipment	61,364
Promissory	689	4.00%	06/23/2008	Equipment	25,749
Promissory	2,723	2.50%	08/31/2012	Building	250,000
Promissory	964	2.50%	12/01/2014	Equipment	99,244
Promissory	2,538	4.00%	10/16/2000	Equipment	29,016
Promissory	839	2.50%	03/06/2012	Equipment	63,983
Promissory	2,357	2.50%	01/09/2015	Equipment	240,782
Promissory	1,667	0.00%	08/19/2031	Real estate	99,999
Promissory	102	4.00%	05/01/2010	Personal	5,826
Promissory	102	4.00%	05/01/2010	Personal	5,415
Promissory	102	4.00%	05/01/2010	Personal	5,415
Promissory	304	4.00%	05/01/2010	Personal	30,000
					<u>1,106,197</u>
Less allowance for uncollectable accounts					<u>145,447</u>
Total Business - Type Activity					<u>\$ 960,750</u>
Due from other governmental units					\$ 125,748
Notes receivable, net of allowances for uncollectable					835,002
Total					<u>\$ 960,750</u>
<b><u>Trust Fund:</u></b>					
Participant plan loans requiring monthly payments based on repayment beyond the earlier of five years or the participant's normal retirement date. Interest rates per annum range from 7.5 to 8.00 percent. Loans are secured by the individual participant's retirement					\$ 62,747
Total Trust Fund					<u>\$ 62,747</u>

**NOTE 10. SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 1, 2015, which is the date the financial statements were available to be issued.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11. RISK MANGEMENT**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disaster. The Commission participates in a self-insured liability plan sponsored by the state of Virginia for local political subdivisions. The plan provides \$1,000,000 coverage against public official liability claims. The Commission also participates in a local government group self-insurance pool. The pool provides coverage for worker's compensation insurance. The Commission has secured coverage in the areas of general liability, property, business interruption, and employee's criminal acts thru a private insurance carrier. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded coverage in previous fiscal years.

**NOTE 12. RETIREMENT PLAN**

The Commission contributes annually to a defined contribution plan, the Cumberland Plateau Planning District Commission Retirement Savings Plan, on behalf of substantially all full-time employees.

A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participants' account, the returns earned on investment of those contributions, and forfeitures of other participants' benefits that may be allocated to such participants' account.

Employees are eligible to participate in the plan once they have completed two years of service. Contributions made by the employee vest immediately and contributions made by the Commission vest after 2 years of full-time employment. Contributions are determined annually by the Commission's Board of Directors, and are based on a percentage of covered payrolls. The Commission's total active payroll was \$492,461 for the year ended. The payroll for Commission employees covered by the Pension Plan was \$492,461 or 100% of the total active payroll.

During the year ended, contributions to the plan by the Commission were \$36,934, which represented 7.5% of covered payroll for the fiscal year.

The Retirement Plan held no securities of the Commission or other related parties during the year or as of the close of the fiscal year.

The amount of participant loans outstanding at year end was \$62,747.

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 13. 457 DEFERRED COMPENSATION PLAN**

The Commission established a deferred compensation plan in December 1993. The plan, available to all Commission employees who fulfill the plan participation criteria, permits them to defer a portion of their salary until future years. Participation in the plan is optional. Payments from the plan do not occur until retirement, death, termination or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the Commission, subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of the general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant. Investments held by the deferred compensation fund are recorded at market value.

It is the opinion of the Commission's management that the Commission has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

In accordance with the amended provisions of IRC Section 457, which were enacted into law and were subsequently adopted by the Commission, all assets and income of the plan were transferred to a trust in July of 1977, and held for the exclusive benefit of participants and their beneficiaries. Therefore, the July 1, 1997, plan balance of \$168,371 was transferred from Agency Funds to Expendable Trust Funds.

This reporting is in accordance with Governmental Accounting Standards Board Statement No. 32 *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"*. The account balances and transactions related to the plan for the fiscal year were as follows:

Market value, beginning	\$ 745,357
Contributions	19,736
Investment earnings	7,706
Withdrawals	<u>(112,128)</u>
Market value, ending	<u><u>\$ 660,671</u></u>

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 14. CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	Beginning	Increases	Decreases	Ending
<b>Governmental activities capital assets:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Vehicles	23,089	-	-	23,089
Furniture and equipment	114,050	4,516	-	118,566
Construction in progress	-	-	-	-
<b>Total capital assets at cost</b>	<b>137,139</b>	<b>4,516</b>	<b>-</b>	<b>141,655</b>
<b>Less accumulated depreciation:</b>				
Land	-	-	-	-
Buildings	-	-	-	-
Vehicles	5,003	4,618	-	9,621
Furniture and equipment	111,138	1,415	-	112,553
<b>Total accumulated depreciation</b>	<b>116,141</b>	<b>6,033</b>	<b>-</b>	<b>122,174</b>
<b>Capital assets, net</b>	<b>20,998</b>	<b>6,033</b>	<b>-</b>	<b>19,481</b>
<b>Business type activities capital assets:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Vehicles	-	-	-	-
Furniture and equipment	70,695	-	-	70,695
Construction in progress	-	-	-	-
<b>Total capital assets at cost</b>	<b>70,695</b>	<b>-</b>	<b>-</b>	<b>70,695</b>
<b>Less accumulated depreciation:</b>				
Land	-	-	-	-
Buildings	-	-	-	-
Vehicles	-	-	-	-
Furniture and equipment	70,695	-	-	70,695
<b>Total accumulated depreciation</b>	<b>70,695</b>	<b>-</b>	<b>-</b>	<b>70,695</b>
<b>Capital assets, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Capital Net Assets All Activities</b>	<b>\$ 20,998</b>	<b>\$ 6,033</b>	<b>\$ -</b>	<b>\$ 19,481</b>
<b>Depreciation expense was charged to the following functions:</b>				
<b>Governmental activities:</b>				
General government				\$ 6,323
Planning grants				-
Community development				-
Administrative grants				-
Other functions				-
				<b>6,323</b>
<b>Business type activities</b>				
Revolving loan fund				-
GIS Services				-
				<b>-</b>
<b>Total All Activities</b>				<b>\$ 6,323</b>

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 15. CONTINGENT LIABILITIES (INCLUDING FEDERALLY ASSISTED  
PROGRAMS - COMPLIANCE AUDITS)**

The Commission receives funding under Federal, State and local grant programs. These grants, and the programs they fund, are subject to compliance audits by the grantors or their representatives. The amount, if any, of expenditures that might be disallowed by the granting agencies is not determinable.

The Commission may be involved in potential lawsuits arising in the ordinary course of business. It is management's belief that any liability resulting from such lawsuits would not be material to the Commission's financial position.



**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2015**

Schedule 1

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
Appalachian Regional Commission:		
Local Development District - 12/31/14	23.009	\$ 45,386
Local Development District - 12/31/15	23.009	51,215
Department of Commerce:		
Economic Development Administration-		
Planning Assistance Grant - 12/31/14	11.302	34,431
Planning Assistance Grant - 12/31/15	11.302	35,234
Revolving Loan Funds	11.307	1,415,462 <i>b</i>
Department of Transportation:		
Virginia Department of Transportation-		
Federal SPR Funds		<u>58,000</u>
Total Federal Assistance		<u><u>\$ 1,639,728 <i>a</i></u></u>

*a* The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cumberland Plateau Planning District Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

*b* The sum of loan balances outstanding, cash, and administrative expenses of the Revolving Loan Fund

(See accompanying notes to financial statements)

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**SCHEDULE OF INDIRECT COSTS**  
**YEAR ENDED JUNE 30, 2015**

Exhibit B-2

<u>Description</u>	<u>Amount</u>
Chargeable salaries - indirect	\$ 25,770
Employee benefits	280,262
Professional fees	13,601
Dues	-
Software maintenance	5,316
Travel	6,147
Equipment maintenance	278
Equipment lease	4,553
Supplies	8,415
Insurance	2,282
Printing	-
Telephone	10,967
Postage and freight	2,806
Utilities	16,308
Publications and subscriptions	365
Maintenance	<u>312</u>
Total	<u><u>\$ 377,382</u></u>

(See accompanying notes to financial statements)



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

The Honorable Members of the  
Board of Directors  
Cumberland Plateau Planning District Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Cumberland Plateau Planning District Commission as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Cumberland Plateau Planning District Commission's basic financial statements, and have issued our report thereon dated December 1, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cumberland Plateau Planning District Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Cumberland Plateau Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cumberland Plateau Planning District Commission's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Bostic, Tacker & Company, PC*

December 1, 2015  
Lebanon, Virginia



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Members of the  
Board of Directors  
Cumberland Plateau Planning District Commission

**Report on Compliance for Each Major Federal Program**

We have audited the Cumberland Plateau Planning District Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cumberland Plateau Planning District Commission's major federal programs for the year ended June 30, 2015. The Cumberland Plateau Planning District Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Cumberland Plateau Planning District Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cumberland Plateau Planning District Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Cumberland Plateau Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the Cumberland Plateau Planning District Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cumberland Plateau Planning District Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cumberland Plateau Planning District Commission's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Bostic, Tucker & Company, PC*

December 1, 2015  
Lebanon, Virginia

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2015**

**Financial Statements:**

Type of auditor's opinion issued:	<b>Unqualified</b>
Internal control over financial reporting:	
Material weaknesses identified	<b>No</b>
Significant deficiencies in internal control were disclosed by the audit of the financial statements:	<b>No</b>
Noncompliance material to financial statements noted?	<b>No</b>

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	<b>No</b>
Significant deficiencies in internal control were disclosed by the audit of the financial statements:	<b>No</b>
Type of auditor's opinion issued on compliance for major programs:	<b>Unqualified</b>
Any findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<b>No</b>
<b>Major programs identified:</b>	<b><u>CFDA</u></b>
Revolving Loan Fund	11.307
Dollar threshold used to distinguish between Type A and Type B programs:	<b>\$500,000</b>
Auditee qualified as low risk?	<b>Yes</b>

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2015**

**PAGE 2**

**Section II – Financial Statement Findings:**

None Reported

**Section III – Federal Award Findings and Questioned Costs**

None Reported

**Prior Year Findings:**

None Reported