

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2022

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Financial Section



**RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA**

**P.O. Box 505, Lebanon, VA 24266
(276) 889-3103 Fax: (276) 889-0229
www.bthcpa.com**

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Cumberland Plateau Planning District Commission, as of June 30, 2022 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Cumberland Plateau Planning District Commission, as of June 30, 2022, 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.

Basis for Opinions

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 Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cumberland Plateau Planning District Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements

are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cumberland Plateau Planning District Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cumberland Plateau Planning District Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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 a appropriate operations, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, 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, and 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 & Company, PC

December 1, 2022
Lebanon, Virginia

Basic Financial Statements

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,227,149	\$ -	\$ 1,227,149
Accounts receivable	2,377,577	4,058	2,381,635
Internal balances	-	-	-
Due from other governmental units	147,104	-	147,104
Prepaid expenses	53,083	-	53,083
Total current assets	<u>3,804,913</u>	<u>4,058</u>	<u>3,808,971</u>
Non-current assets:			
Restricted cash and cash equivalents	-	457,902	457,902
Notes receivable (net of allowances for uncollectibles)	-	1,695,979	1,695,979
Capital assets, net	-	-	-
Total non-current assets	<u>-</u>	<u>2,153,881</u>	<u>2,153,881</u>
Total assets	<u>3,804,913</u>	<u>2,157,939</u>	<u>5,962,852</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,406,610	4,216	2,410,826
Accrued liabilities	24,907	-	24,907
Due to other funds	-	-	-
Accrued leave	24,819	-	24,819
Total current liabilities	<u>2,456,336</u>	<u>4,216</u>	<u>2,460,552</u>
Non-current liabilities:			
Accrued leave	29,911	-	29,911
Total non-current liabilities	<u>29,911</u>	<u>-</u>	<u>29,911</u>
Total liabilities	<u>2,486,247</u>	<u>4,216</u>	<u>2,490,463</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue from local sources and United States government	<u>1,254,080</u>	<u>-</u>	<u>1,254,080</u>
Total deferred inflows of resources	<u>1,254,080</u>	<u>-</u>	<u>1,254,080</u>
NET POSITION			
Net investment in capital assets	-	-	-
Restricted for:			
Revolving loan fund	-	2,153,881	2,153,881
Unrestricted	<u>64,586</u>	<u>(158)</u>	<u>64,428</u>
Total net position	<u>\$ 64,586</u>	<u>\$ 2,153,723</u>	<u>\$ 2,218,309</u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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
Primary Government:							
Governmental Activities:							
Planning activities	\$ 7,765,230	\$ -	\$ 7,378,821	\$ -	\$ (386,409)	\$ -	\$ (386,409)
Administrative services	132,269	132,269	-	-	-	-	-
Community development	77,847	-	77,847	386,560	386,560	-	386,560
Management	206,409	-	82,979	-	(123,430)	-	(123,430)
Interest on long-term debt	-	-	-	-	-	-	-
Total government activities	8,181,755	132,269	7,539,647	386,560	(123,279)	-	(123,279)
Business-type activities:							
Revolving Loan Fund	40,662	21,657	270,354	-	-	251,349	251,349
GIS Fund	-	-	-	-	-	-	-
Total business type-activities	40,662	21,657	270,354	-	-	251,349	251,349
Total primary government	<u>\$ 8,222,417</u>	<u>\$ 153,926</u>	<u>\$ 7,810,001</u>	<u>\$ 386,560</u>	<u>(123,279)</u>	<u>251,349</u>	<u>128,070</u>
General Revenues:							
Miscellaneous					4,879	-	4,879
Interest earnings					594	5,023	5,617
Investment gain (loss)					-	-	-
Gain (loss) on disposal of capital assets					-	-	-
Transfers					137,818	42,780	180,598
Total general revenues, special items and transfers					143,291	47,803	191,094
Change in net position					20,012	299,152	319,164
Net position - beginning					44,574	1,854,571	1,899,145
Net position - ending					<u>\$ 64,586</u>	<u>\$ 2,153,723</u>	<u>\$ 2,218,309</u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Exhibit A-1

	General	Planning Grants	Community Development	Administration Grants	Labor Standards	Water Projects	Pocahontas Project	Batt/Elec Prpject	VATI Program	PDC Housing	Total Governmental Funds
ASSETS											
Cash and cash equivalents	\$ 1,227,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,227,149
Accounts receivable	-	-	-	-	-	-	-	-	2,283,865	93,712	2,377,577
Prepaid expense	53,055	-	-	-	-	-	-	-	-	-	53,055
Due from other funds	1,262,555	15,423	-	44,673	-	1,089,880	-	-	-	-	2,412,531
Due from other governmental units	-	58,460	44,455	25,644	11,295	-	7,250	-	-	-	147,104
Total assets	<u>\$ 2,542,759</u>	<u>\$ 73,883</u>	<u>\$ 44,455</u>	<u>\$ 70,317</u>	<u>\$ 11,295</u>	<u>\$ 1,089,880</u>	<u>\$ 7,250</u>	<u>\$ -</u>	<u>\$ 2,283,865</u>	<u>\$ 93,712</u>	<u>\$ 6,217,416</u>
LIABILITIES											
Accounts payable	\$ 2,398,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,046	\$ 2,406,611
Accrued liabilities	24,851	-	-	-	-	-	-	-	-	-	24,851
Due to other funds	-	-	44,455	-	11,295	-	7,250	-	2,283,865	65,666	2,412,531
Due to other governmental units	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>2,423,416</u>	<u>-</u>	<u>44,455</u>	<u>-</u>	<u>11,295</u>	<u>-</u>	<u>7,250</u>	<u>-</u>	<u>2,283,865</u>	<u>73,712</u>	<u>4,843,993</u>
DEFERRED INFLOWS OF RESOURCES											
Unearned revenue from local sources and United States government	-	73,883	-	70,317	-	1,089,880	-	-	-	20,000	1,254,080
Total deferred inflows of resources	<u>-</u>	<u>73,883</u>	<u>-</u>	<u>70,317</u>	<u>-</u>	<u>1,089,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>1,254,080</u>
FUND BALANCES											
Non-spendable	-	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	119,343	-	-	-	-	-	-	-	-	-	119,343
Total fund balances	<u>119,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,343</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,542,759</u>	<u>\$ 73,883</u>	<u>\$ 44,455</u>	<u>\$ 70,317</u>	<u>\$ 11,295</u>	<u>\$ 1,089,880</u>	<u>\$ 7,250</u>	<u>\$ -</u>	<u>\$ 2,283,865</u>	<u>\$ 93,712</u>	<u>\$ 6,217,416</u>

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

Fund Balance - Governmental Funds \$ 119,343

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. -

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. (54,757)

Fund balance of General Government Activities \$ 64,586

(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, 2022

Exhibit A-2

REVENUES	General	Planning Grants	Community Development	Grant Administration	Water Projects	Pocahontas Project	Special Projects	Telecomm Project	PDC Housing	Total Governmental Funds
Local sources	\$ 82,979	\$ 51,097	\$ 77,847	\$ 109,240	\$ -	\$ -	\$ 334,937	\$ 351,678	\$ -	\$ 1,007,778
Federal sources	-	465,779	-	-	-	-	-	-	373,354	839,133
State sources	-	97,798	-	-	387,841	-	-	5,725,925	-	6,211,564
Other income	4,851	-	-	-	-	-	-	-	-	4,851
Interest	594	-	-	-	-	-	-	-	-	594
Total revenues	88,424	614,674	77,847	109,240	387,841	-	334,937	6,077,603	373,354	8,063,920
EXPENDITURES										
Current programs:										
Planning activities	-	614,674	-	-	-	-	-	6,077,603	373,354	7,065,631
Administrative services	-	-	-	109,090	-	-	-	-	-	109,090
Community development	-	-	100,877	-	387,841	-	311,908	-	-	800,626
Management	206,409	-	-	-	-	-	-	-	-	206,409
Debt service	-	-	-	-	-	-	-	-	-	-
Total expenditures	206,409	614,674	100,877	109,090	387,841	-	311,908	6,077,603	373,354	8,181,756
Excess (deficiency) of revenues over expenditures	(117,985)	-	(23,030)	150	-	-	23,029	-	-	(117,836)
OTHER FINANCING SOURCES AND USES										
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Operating transfers in	129,597	-	23,030	-	-	-	-	-	-	152,627
Operating transfers out	-	-	-	(150)	-	-	(23,029)	-	-	(23,179)
Total other financing sources (uses)	129,597	-	23,030	(150)	-	-	(23,029)	-	-	129,448
Net change in fund balances	11,612	-	-	-	-	-	-	-	-	11,612
Fund balances (deficit) beginning of year	107,731	-	-	-	-	-	-	-	-	107,731
FUND BALANCES (DEFICIT) END OF YEAR	\$ 119,343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,343

(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, 2022**

Exhibit A-3

Net change in fund balances - total government funds	\$ 11,612
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	\$ -
Subtract depreciation	-
	<hr/> -
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	-
	<hr/> -
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).	<hr/> 52,974
Change in Net Assets of Governmental Activities	<hr/> <hr/> \$ 64,586

(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, 2022

Exhibit A-4

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
Local sources	\$ 1,105,680	\$ 82,979	\$ (1,022,701)
Federal sources	-	-	-
State sources	-	-	-
Other income	5,000	4,879	(121)
Interest	500	594	94
Total revenues	1,111,180	88,452	(1,022,728)
Expenditures:			
Current programs:			
Planning activities	-	-	-
Administrative services	-	-	-
Community development	349,678	-	349,678
Management	759,173	197,981	561,192
Debt service	-	-	-
Total expenditures	1,108,851	197,981	910,870
Excess (deficiency) of revenues over expenditures	2,329	(109,529)	(111,858)
Other financing sources (uses):			
Proceeds from long-term debt	-	-	-
Capital outlay	-	-	-
Gain on sale of assets	-	-	-
Operating transfers in	-	121,141	121,141
Operating transfers out	-	-	-
Total other financing sources (uses)	-	121,141	121,141
Net change in fund balance	2,329	11,612	9,283
Fund balance (deficit) - beginning	-	107,731	107,731
Fund balance (deficit) - ending	\$ 2,329	\$ 119,343	\$ 117,014

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION--
PROPRIETARY FUNDS
JUNE 30, 2022

Exhibit B-1

	<u>Revolving Loan Fund</u>	<u>GIS Fund</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	4,058	-	4,058
Interest receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental units	-	-	-
Prepaid expenses	-	-	-
Total current assets	<u>4,058</u>	<u>-</u>	<u>4,058</u>
Non-current assets:			
Restricted cash and cash equivalents	457,902	-	457,902
Notes receivable (net of allowances for uncollectibles)	1,695,979	-	1,695,979
Capital assets, net	-	-	-
Total non-current assets	<u>2,153,881</u>	<u>-</u>	<u>2,153,881</u>
Total assets	<u><u>\$ 2,157,939</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,157,939</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 4,216	\$ -	\$ 4,216
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Accrued leave	-	-	-
Total current liabilities	<u>4,216</u>	<u>-</u>	<u>4,216</u>
Non-Current liabilities:			
Accrued leave	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,216</u>	<u>-</u>	<u>4,216</u>
Deferred inflows of resources :			
Unearned revenue from local sources and United States government	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	-	-	-
Restricted for:			
Program	2,153,723	-	2,153,723
Unrestricted	-	-	-
Total net position	<u>2,153,723</u>	<u>-</u>	<u>2,153,723</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 2,157,939</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,157,939</u></u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION--
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

Exhibit B-2

	<u>Revolving Loan Fund</u>	<u>GIS Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 21,657	\$ -	\$ 21,657
Interest income	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating revenues	21,657	-	21,657
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES			
Project material costs	-	-	-
Management services	40,662	-	40,662
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	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating expenses	40,662	-	40,662
	<hr/>	<hr/>	<hr/>
Net operating income (loss)	(19,005)	-	(19,005)
	<hr/>	<hr/>	<hr/>
OTHER REVENUE AND (EXPENSES)			
Grants and subsidies	270,354	-	270,354
Gain on sale of assets	-	-	-
Interest and dividend income	5,023	-	5,023
Investment gain (loss)	-	-	-
Operating grants and subsidies	-	-	-
Interest on long-term debt	-	-	-
Operating transfers - In/(Out)	42,780	-	42,780
	<hr/>	<hr/>	<hr/>
Total non-operating revenues and expenses	318,157	-	318,157
	<hr/>	<hr/>	<hr/>
Net income (loss)	299,152	-	299,152
	<hr/>	<hr/>	<hr/>
Net assets - beginning of year	1,854,571	-	1,854,571
	<hr/>	<hr/>	<hr/>
NET ASSETS - END OF YEAR	<u>\$ 2,153,723</u>	<u>\$ -</u>	<u>\$ 2,153,723</u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

Exhibit B-2

	<u>Revolving Loan Fund</u>	<u>GIS Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 16,021	\$ -	\$ 16,021
Cash Payments to Suppliers for Goods & Services	(42,897)	-	(42,897)
Cash Payments to Employees for Services	-	-	-
Other Operating Revenues	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided by Operating Activities	<u>(26,876)</u>	<u>-</u>	<u>(26,876)</u>
Cash Flows From Financing Activities:			
Interest Earned	5,023	-	5,023
Investment gain (loss)	-	-	-
Notes Receivable Payments (Loans)	6,275	-	6,275
Grants and Subsidies	270,354	-	270,354
Operating Transfers (To)/From Other Funds	42,780	-	42,780
Operating Transfers (To)/From Other Governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net Cash Used by Noncapital Financing Activities	<u>324,432</u>	<u>-</u>	<u>324,432</u>
Cash Flows From Capital and Related Financing Activities:			
New Borrowings (Repayments)	-	-	-
Purchase of Property, Plant, & Equipment	-	-	-
Proceeds from Sale of Assets	-	-	-
Interest Paid on Long-Term Debt	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	297,556	-	297,556
Cash at Beginning of Year	<u>160,346</u>	<u>-</u>	<u>160,346</u>
Cash at End of Year	<u><u>\$ 457,902</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 457,902</u></u>
Classified As:			
Current Cash and Cash Equivalents	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	<u>457,902</u>	<u>-</u>	<u>457,902</u>
	<u> </u>	<u> </u>	<u> </u>
Total Cash and Cash Equivalents	<u><u>\$ 457,902</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 457,902</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (19,005)	\$ -	\$ (19,005)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Indirect costs applied	(12,550)	-	(12,550)
Bad debts	-	-	-
Receivables	463	-	463
Inventory	-	-	-
Prepaid Expense	-	-	-
Accounts Payable	4,216	-	4,216
Accrued Liabilities	-	-	-
Deferred Revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Adjustments	<u>(7,871)</u>	<u>-</u>	<u>(7,871)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (26,876)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (26,876)</u></u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF FIDUCIARY NET POSITIONS (Unaudited)
FIDUCIARY FUNDS
JUNE 30, 2022

Exhibit C-1

	Retirement Trust Funds
	<hr/>
Assets	
Cash and cash equivalents	\$ -
Accounts receivable	-
Investments	
Mutual funds	2,772,808
Participant loans	<hr/> 6,898
Total assets	<hr/> \$ 2,779,706 <hr/>
LIABILITIES AND NET POSITION	
Total liabilities	\$ -
Net position:	
Held in trust for retirement benefits	<hr/> 2,779,706
Total liabilities and net position	<hr/> \$ 2,779,706 <hr/>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS (Unaudited)
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C-2

	Retirement Trust Funds
	<hr/>
Additions to Net Assets	
Contributions:	
Employer	\$ 35,516
Deferral	51,282
Total contributions	<hr/> 86,798 <hr/>
Investment income	<hr/> - <hr/>
Participant loan payments	<hr/> 12,309 <hr/>
Total additions	<hr/> 99,107 <hr/>
Deductions from Net Assets	
Participant distributions	118,689
Administrative fees	23,379
Total deductions from Net Assets	<hr/> 142,068 <hr/>
Adjustment to Market Value	
Decrease in market value	370,058
Total adjustments to market value	<hr/> 370,058 <hr/>
Change in Net Assets	(413,019)
Assets, beginning	<hr/> 3,192,725 <hr/>
Assets, ending	<hr/> \$ 2,779,706 <hr/>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 runs 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 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 shows 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 buy, 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 function or segment. Items of income not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are supplied 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, 2022

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 related 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 *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 accrued and has been recognized as revenues of the current fiscal period. Intergovernmental revenues, consisting primarily of federal, state, and other grants 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 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 aid 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, 2022

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, which are to be used for the loan activity and then re-loaned as current loans are collected fund the program. Interest charged on the loans help fund the program.

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 choice 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.

Generally, the effect of inter-fund activity has been eliminated from 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 supplying services and producing and delivering goods in the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and that of the 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.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 deposits and investments are 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 is 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 part 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 proper are reduced by the estimated part that is expected to be uncollectible. Management believes that ten percent of the outstanding loan balances will be uncollectable. An allowance has been set up to show receivables' net value. The amount in the allowance account at year end was \$88,932.

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. So, 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

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital assets (continued)

initial, individual cost of \$1,000 for machinery and equipment, land, and buildings, and an estimated useful life of more than one year. Such assets are recorded at historical cost if bought 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. Following 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.

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. Bond payables 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. There were no outstanding bonds.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated absences (continued)

In the funds' 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 are reported as debt service expenditures.

7. Fund equity

In the funds' 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.

8. Net position

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

9. Investments

Investments in 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 the market value. For the 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.

10. Restricted assets

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

11. Indirect cost allocation plan

For the year ended the Commission used a cost rate of 20% to distribute indirect costs between the general, special revenue and enterprise funds.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

Budgetary Accounting: The Cumberland Plateau Planning District Commission's annual budget is a management tool for aiding users in analyzing financial activity for the fiscal year. 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.

The Commission is dependent 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 do not 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. DEPOSITS AND INVESTMENTS

Deposits: All cash of the primary government is kept 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 made up 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.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments (continued): 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 having 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 a sign 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 shown 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 at year end had a market value of \$2,779,706

NOTE 4. 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. Management believes any adjustments would not be material to the Commission's financial position.

NOTE 5. INDIRECT COSTS

Indirect costs are pooled and allocated among the several cost centers in accordance with an indirect cost plan. Allocated indirect costs and employee benefits for the year was \$389,560 which was 13.27% of total allowable costs.

NOTE 6. UNEARNED REVENUE

Unearned revenue is 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 at year end was \$992,531 for governmental activities and none for business type activities. Deferred revenue results from advanced grant funding. Advanced grant funding occurs when grant funds are not fully spent 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 will be refunded.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at yearend:

	<u>Primary</u>	<u>Business</u>	<u>Totals</u>
Federal Government	\$ 110,165	\$ -	\$ 110,165
Commonwealth of Virginia	-	-	-
Local Governments	36,939	-	36,939
	<u>\$ 147,104</u>	<u>\$ -</u>	<u>\$ 147,104</u>

NOTE 8. INTERFUND TRANSFERS

Following are the interfund transfers for the year:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Totals</u>
Primary Government:			
General	\$ -	\$ 1,305,336	\$ (1,305,336)
Planning	-	15,423	(15,423)
Community Development	23,030	-	23,030
Grant Administration	44,455	42,847	1,608
Water Projects	-	1,080,411	(1,080,411)
Pocahontas	-	-	-
Special Projects	7,250	23,029	(15,779)
Telecomm Projects	2,283,865	-	2,283,865
PDC Housing	65,666	-	65,666
Business-Type Activities:		-	-
Revolving Loan Fund	42,780	-	42,780
GIS Fund	-	-	-
	<u>\$ 2,467,046</u>	<u>\$ 2,467,046</u>	<u>\$ -</u>

NOTE 9. RISK MANAGEMENT

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 takes part in a self-insured liability plan sponsored by the state of Virginia for local political subdivisions. The plan supplies \$1,000,000 coverage against public official liability claims. The Commission also takes part in a local government group self-insurance pool. The pool supplies 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 through a private insurance carrier. Management believes such coverage is enough to prevent any significant uninsured losses to the Commission. Settled claims have not exceeded coverage in previous fiscal years.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 1, 2022, which is the date the financial statements were available to be issued.

NOTE 11. NOTES RECEIVABLE

The following is a summary of the outstanding loans from the Revolving Loan Fund:

<u>Loan Type</u>	<u>Interest</u>	<u>Loan Date</u>	<u>Security</u>	<u>Balance</u>
<u>Business Type Activities:</u>				
Promissory note	0.00%	2/24/1993	Equipment	\$ 42,155
Promissory note	2.50%	8/31/2012	Personal	-
Promissory note	1.00%	12/1/2014	Personal	39,989
Promissory note	2.50%	1/9/2015	Personal	96,429
Promissory note	2.50%	8/1/2017	Equipment	21,890
Promissory note	2.50%	11/16/2017	Equipment	15,976
Promissory note	2.50%	11/1/2018	Equipment	20,354
Promissory note	2.50%	2/21/2019	Equipment	208,187
Promissory note	2.50%	4/4/2019	Equipment	65,220
Promissory note	3.60%	3/3/2020	Equipment	12,886
Promissory note	3.60%	3/12/2020	Equipment	51,011
Promissory note	2.50%	6/11/2020	Equipment	61,341
Promissory note	2.40%	11/20/2020	Equipment	86,491
Promissory note	1.00%	12/17/2020	Equipment	211,842
Promissory note	2.00%	12/17/2020	Equipment	72,431
Promissory note	2.00%	2/5/2021	Equipment	20,688
Promissory note	1.00%	4/1/2021	Equipment	71,240
Promissory note	1.00%	7/1/2021	Equipment	55,972
Promissory note	1.00%	8/9/2021	Equipment	53,078
Promissory note	1.00%	3/1/2021	Equipment	119,721
Promissory note	1.00%	3/1/2021	Equipment	205,022
Promissory note	1.00%	6/14/2021	Equipment	25,836
Promissory note	1.00%	8/3/2021	Equipment	150,000
Promissory note	1.00%	6/27/2022	Equipment	30,000
Total				1,737,761
Less allowance for uncollectable accounts				(41,781)
Total for Business-like Activity				<u>\$ 1,695,980</u>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 supplies 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 distributed to such participants' account.

Employees are eligible to take part in the plan once they have completed one year of service. The Commission begins contributions after two years of service. Contributions made by the employee vest at once and contributions made by the Commission vest after 2 years of full-time employment. Contributions are decided annually by the Commission's Board of Directors and are based on a percentage of covered payrolls. The Commission's total active payroll for the year was \$583,481. The payroll for Commission employees covered by the Pension Plan was \$508,397 or 84 % of the total active payroll.

During the year contributions to the plan by the Commission were \$31,467, 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.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13. CAPITAL ASSETS

Capital asset activity for the year follows:

	Beginning	Increases	Decreases	Ending
Governmental activities capital assets:				
Land	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Vehicles	23,089	-	-	23,089
Furniture and equipment	118,566	-	-	118,566
Construction in progress	-	-	-	-
Total capital assets at cost	141,655	-	-	141,655
Less accumulated depreciation:				
Land	-	-	-	-
Buildings	-	-	-	-
Vehicles	23,089	-	-	23,089
Furniture and equipment	118,566	-	-	118,566
Total accumulated depreciation	141,655	-	-	141,655
Capital assets, net	-	-	-	-
Business type activities capital assets:				
Land	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Vehicles	-	-	-	-
Furniture and equipment	70,695	-	-	70,695
Construction in progress	-	-	-	-
Total capital assets at cost	70,695	-	-	70,695
Less accumulated depreciation:				
Land	-	-	-	-
Buildings	-	-	-	-
Vehicles	-	-	-	-
Furniture and equipment	70,695	-	-	70,695
Total accumulated depreciation	70,695	-	-	70,695
Capital assets, net	\$ -	\$ -	\$ -	\$ -
Capital Net Assets All Activities	\$ -	\$ -	\$ -	\$ -

Depreciation expense was charged to the following functions:

Governmental activities:		
General government		\$ -
Planning grants		-
Community development		-
Administrative grants		-
Other functions		-
Business type activities		-
Revolving loan fund		-
Total All Activities		\$ -

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14. 457 DEFERRED COMPENSATION PLAN

The Commission set up a deferred compensation plan in December 1993. The plan, available to all Commission employees who fulfill the plan participation criteria, allows 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 bought 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.

Following 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 an Expendable Trust Fund and held for the exclusive benefit of participants and their beneficiaries.

This report 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 for the year follow:

Market value, beginning	\$ 815,103
Contributions	36,713
Investment earnings	(89,774)
Fees	<u>(7,419)</u>
Market value, ending	<u>\$ 754,623</u>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15. LONG-TERM DEBT

A. Changes in long-term obligations

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

	<u>Payable</u>	<u>Increases</u>	<u>Decreases</u>	<u>Payable</u>	<u>Due Within One</u>
Governmental Activities:					
Notes payable:	\$ -	\$ -	\$ -	\$ -	\$ -
Total notes payable	-	-	-	-	-
Other liabilities:					
Claims, judgments, and compensated absences payable	63,159	-	8,428	54,731	24,819
Total other liabilities	63,159	-	8,428	54,731	24,819
Total Long-term liabilities for Governmental Activities	\$ 63,159	\$ -	\$ 8,428	\$ 54,731	\$ 24,819
Business Type Activities:					
Notes payable:	\$ -	\$ -	\$ -	\$ -	\$ -
Total notes payable	-	-	-	-	-
Other liabilities:					
Claims, judgments, and compensated absences payable	-	-	-	-	-
Total other liabilities	-	-	-	-	-
Total Long-term liabilities for Business Type Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-term liabilities for all Activities	\$ 63,159	\$ -	\$ 8,428	\$ 54,731	\$ 24,819

B. Notes Payable

The Commission has the authority to borrowed funds from local banks for the acquisition and construction of buildings and equipment.

There were no outstanding notes payable for governmental activities.

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

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15. LONG-TERM DEBT (continued)

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 accrued leave at yearend follows:

	Govern-	Business-	Total
Amount due within year	\$ 24,819	-	\$ 24,819
Amount long-term	29,911	-	29,911
Total	<u>\$ 54,730</u>	<u>\$ -</u>	<u>\$ 54,730</u>

Other Supplementary Information

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Schedule 1

Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other ID Number	Expenditures			Foot note
					From Direct Awards	From Pass Through Awards	Total	
Appalachian Regional Commission		Local Development District (12/31/21)	23.011	N/A	\$ 46,322	\$ -	\$ 46,322	
		Local Development District (12/31/22)	23.011	N/A	58,462	-	58,462	
		Subtotal of Appalachian Regional Commission			104,784	-	104,784	
U.S. Department of Commerce Economic Development Administration		Planning Assistance Grant (12/31/21)	11.302	N/A	35,255	-	35,255	
		Planning Assistance Grant (12/31/22)	11.302	N/A	35,163	-	35,163	
		CARES Act Supplement	11.307	N/A	232,576		232,576	3
		Revolving Loan Funds	11.307	N/A	270,354	-	270,354	2, 3
		Subtotal of U.S. Department of Commerce Economic Development Administration			573,348	-	573,348	
U.S. Department of Transportation	Virginia Department of Transportation	Federal SPR Funds	20.219	N/A	-	58,000	58,000	
U.S. Department of Interior		Department of Mines, Minerals, and Energy	15.252	N/A	151,908	-	151,908	3
TOTAL FEDERAL AWARDS EXPENDED					\$ 830,040	\$ 58,000	\$ 888,040	

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Districts financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 - VALUATION OF FEDERAL REVOLVING LOAN FUNDS and CARES RLF

Value of new loans made during audit period	\$ 230,000
Administrative expenses for the year ended	40,354
	270,354
EDA's Share Percentage	100%
Total Revolving Loan Funds	\$ 270,354

NOTE 3 - IDENTIFIES A MAJOR PROGRAM

Tested as a major program

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
SCHEDULE OF INDIRECT COSTS
YEAR ENDED JUNE 30, 2022

Schedule 2

<u>Description</u>	<u>Amount</u>
<u>INDIRECT COSTS APPLIED--</u>	
Chargeable salaries - indirect	\$ 38,648
Employee benefits	23,830
Professional fees	13,500
Contractual	6,975
Soft Main/LIC	4,745
Travel	7,037
Equipment lease	1,900
Supplies	14,895
Insurance	3,298
Printing	1,131
Telephone / internet	10,147
Postage and freight	910
Utilities	12,329
Publications and subscriptions	138
Maintenance	1,064
	<hr/>
Total Indirect Costs Applied	\$ 140,546
	<hr/>
Total Allowable Expenditures	\$ 7,891,070
	<hr/>
Percentage of indirect costs applied to total allowable expenditures	1.78%
	<hr/>
<u>EMPLOYEE BENEFITS APPLIED--</u>	
Accrued leave	43,827
Accrued sick pay	23,870
Holidays	23,062
Payroll taxes	43,602
Employee insurance	113,248
Life insurance	4,507
Workman's compensation	562
Pension costs	38,130
	<hr/>
Total Employee Benefits Applied	\$ 290,807
	<hr/>

(See accompanying notes to financial statements)

Cumberland Plateau Planning District Commission
 Lebanon, Virginia
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 For The Year Ended June 30, 2022

I. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major program?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Section 200.516?	No
Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Auditee qualified as low-risk auditee?	Yes

Identification of Federal Programs:

<u>CFDA#</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
11.307	Revolving Loan Fund
15.252	Dept of Mines, Minerals, and Energy
11.307	CARES Act Supplement

II. SUMMARY OF AUDIT RESULTS

There are no financial statement findings to report.

III. FEDERAL AWARDS FINDINGS

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

IV. STATUS OF PRIOR AUDIT FINDINGS

There are no prior audit findings.

Compliance Section



**RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA**

**P.O. Box 505, Lebanon, VA 24266
(276) 889-3103 Fax: (276) 889-0229
www.bthcpa.com**

**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
Lebanon, Virginia

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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Cumberland Plateau Planning District Commission as of and for the year ended June 30, 2022, 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, 2022.

Report on 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs on page 30 of this report.

Report on 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, Tucker & Company, PC

December 1, 2022

Lebanon, Virginia



RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266
(276) 889-3103 Fax: (276) 889-0229
www.bthcpa.com

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

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

Report on Compliance for Each Major Federal Program

Opinion on 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 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, 2022. 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.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

of Cumberland Plateau Planning District Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cumberland Plateau Planning District Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cumberland Plateau Planning District Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cumberland Plateau Planning District Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Bostic, Tucker & Company, PC

December 1, 2022
Lebanon, Virginia