

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2017

**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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, 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, 2017 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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, 2017, 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

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basis financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are 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 combining and individual non-

major 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.

The introductory and statistical sections 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2017, 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, Tacker & Company, PC

October 31, 2017
Lebanon, Virginia

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2017

Exhibit 1

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 963,794	\$ -	\$ 963,794
Accounts receivable	229	2,346	2,575
Internal balances	-	-	-
Due from other governmental units	136,123	-	136,123
Prepaid expenses	37,159	-	37,159
Total current assets	<u>1,137,305</u>	<u>2,346</u>	<u>1,139,651</u>
Non-current assets:			
Restricted cash and cash equivalents	-	606,336	606,336
Notes receivable (net of allowances for uncollectibles)	-	830,836	830,836
Capital assets, net	7,459	-	7,459
Total non-current assets	<u>7,459</u>	<u>1,437,172</u>	<u>1,444,631</u>
Total assets	<u>1,144,764</u>	<u>1,439,518</u>	<u>2,584,282</u>
LIABILITIES			
Current liabilities:			
Accounts payable	18,874	2,476	21,349
Accrued liabilities	21,701	-	21,701
Due to other funds	-	1,533	1,533
Accrued leave	26,489	-	26,489
Total current liabilities	<u>67,063</u>	<u>4,009</u>	<u>71,072</u>
Non-current liabilities:			
Accrued leave	29,649	-	29,649
Total non-current liabilities	<u>29,649</u>	<u>-</u>	<u>29,649</u>
Total liabilities	<u>96,712</u>	<u>4,009</u>	<u>100,721</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue from local sources and United States government	850,520	2,346	852,866
Total deferred inflows of resources	<u>850,520</u>	<u>2,346</u>	<u>852,866</u>
NET POSITION			
Net investment in capital assets	7,459	-	7,459
Restricted for:			
Revolving loan fund and GIS fund	-	1,433,163	1,436,628
Unrestricted	190,074	-	186,609
Total net position	<u>\$ 197,533</u>	<u>\$ 1,433,163</u>	<u>\$ 1,630,696</u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 432,963	\$ 205,166	\$ -	\$ -	\$ (227,797)	\$ -	\$ (227,797)
Administrative services	472,379	424,052	-	-	(48,327)	-	(48,327)
Community development	204,486	-	220,003	-	15,517	-	15,517
Management	2,708	-	304,350	-	301,642	-	301,642
Interest on long-term debt	-	-	-	-	-	-	-
Total government activities	1,112,536	629,218	524,353	-	41,035	-	41,035
Business-type activities:							
Revolving Loan Fund	12,600	31,284	-	-	-	18,684	18,684
Total business type-activities	12,600	31,284	-	-	-	18,684	18,684
Total primary government	\$ 1,125,136	\$ 660,502	\$ 524,353	\$ -	41,035	18,684	59,719
General Revenues:							
Miscellaneous					485	-	485
Interest earnings					188	1,215	1,403
Investment gain (loss)					-	-	-
Gain (loss) on disposal of capital assets					-	-	-
Transfers					-	-	-
Total general revenues, special items and transfers					673	1,215	1,888
Change in net position					41,708	19,899	61,606
Net position - beginning					155,825	1,413,264	1,569,089
Net position - ending					\$ 197,533	\$ 1,433,163	\$ 1,630,695

(See accompanying notes to financial statements)

(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, 2017

Exhibit A-2

	General	Planning Grants	Community Development	Administration Services	Regional Water Grants	Small Projects	Total Governmental Funds
REVENUES							
Local sources	\$ 150,000	\$ -	\$ 120,614	\$ 303,438	\$ 41,419	\$ 13,747	\$ 629,218
Federal sources	-	220,003	-	-	-	-	220,003
State sources	-	80,034	-	-	224,316	-	304,350
Other income	486	-	-	-	-	-	486
Interest	188	-	-	-	-	-	188
Total revenues	150,673	300,037	120,614	303,438	265,735	13,747	1,154,244
EXPENDITURES							
Current programs:							
Planning activities	-	416,154	-	-	-	16,809	432,963
Administrative services	-	-	-	202,908	269,471	-	472,379
Community development	83,026	-	121,460	-	-	-	204,486
Management	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	83,026	416,154	121,460	202,908	269,471	16,809	1,109,828
Excess (deficiency) of revenues over expenditures	67,647	(116,117)	[846]	100,530	(3,736)	(3,062)	44,416
OTHER FINANCING SOURCES AND USES							
Proceeds from long-term debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-
Operating transfers in	-	116,117	846	-	3,736	3,062	123,761
Operating transfers out	(23,231)	-	-	(100,530)	-	-	(123,761)
Total other financing sources (use)	(23,231)	116,117	846	(100,530)	3,736	3,062	-
Net change in fund balances	44,416	-	-	-	-	-	44,416
Fund balances (deficit) beginning of year	201,795	-	-	-	-	-	201,795
FUND BALANCES (DEFICIT) END OF YEAR	\$ 246,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,211

(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, 2017**

Exhibit A-3

Net change in fund balances - total government funds	\$	44,416
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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

-

(5,345)

(5,345)

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.

2637

Add debt repayment

Subtract debt proceeds

-

-

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).

2,637

Change in Net Assets of Governmental Activities

\$ 41,708

(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, 2017**

Exhibit A-4

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
Local sources	\$ 140,000	\$ 150,000	\$ 10,000
Federal sources	-	-	-
State sources	-	-	-
Other income	5,000	486	(4,514)
Interest	-	188	188
Total revenues	145,000	150,673	5,673
Expenditures:			
Current programs:			
Planning activities	-	-	-
Administrative services	-	-	-
Community development	-	83,026	(83,026)
Management	145,000	-	145,000
Debt service	-	-	-
Total expenditures	145,000	83,026	61,974
Excess (deficiency) of revenues over expenditures	-	67,647	67,647
Other financing sources (uses):			
Proceeds from long-term debt	-	-	-
Capital outlay	-	-	-
Gain on sale of assets	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	(23,231)	(23,231)
Total other financing sources (uses)	-	(23,231)	(23,231)
Net change in fund balance	-	44,416	44,416
Fund balance (deficit) - beginning	-	201,795	201,795
Fund balance (deficit) - ending	\$ -	\$ 246,211	\$ 246,211

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION--
PROPRIETARY FUNDS
JUNE 30, 2017

Exhibit B-1

	Revolving Loan Fund	Totals
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	2,346	2,346
Due from other funds	-	-
Due from other governmental units	-	-
Prepaid expenses	-	-
Total current assets	<u>2,346</u>	<u>2,346</u>
Non-current assets:		
Restricted cash and cash equivalents	606,336	606,336
Notes receivable (net of allowances for uncollectibles)	830,836	830,836
Capital assets, net	-	-
Total non-current assets	<u>1,437,172</u>	<u>1,437,172</u>
Total assets	<u>1,439,518</u>	<u>1,439,518</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 2,476	\$ 2,476
Accrued liabilities	-	-
Due to other funds	1,533	1,533
Due to other governments	-	-
Accrued leave	-	-
Total current liabilities	<u>4,009</u>	<u>4,009</u>
Non-Current liabilities:		
Accrued leave	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,009</u>	<u>4,009</u>
Deferred inflows of resources :		
Unearned revenue from local sources and United States government	<u>2,346</u>	<u>2,346</u>
Total deferred inflows of resources	<u>2,346</u>	<u>2,346</u>
Net position		
Net investment in capital assets	-	-
Restricted for:		
Program	1,433,163	1,433,163
Unrestricted	-	-
Total net position	<u>1,433,163</u>	<u>1,433,163</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,439,518</u>	<u>\$ 1,439,518</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, 2017

Exhibit B-2

	Revolving Loan Fund	Totals
OPERATING REVENUES		
Charges for services	\$ -	\$ -
Interest income	31,284	31,284
Other	-	-
Total operating revenues	31,284	31,284
OPERATING EXPENSES		
Project material costs	-	-
Management services	12,050	12,050
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	550	550
Total operating expenses	12,600	12,600
Net operating income (loss)	18,684	18,684
OTHER REVENUE AND (EXPENSES)		
Grants and subsidies	-	-
Gain on sale of assets	-	-
Interest and dividend income	1,215	1,215
Investment gain (loss)	-	-
Operating grants and subsidies	-	-
Interest on long-term debt	-	-
Operating transfers	-	-
Total non-operating revenues and expenses	1,215	1,215
Net income (loss)	19,899	19,899
Net assets - beginning of year	1,413,264	1,413,264
NET ASSETS - END OF YEAR	1,433,163	1,433,163

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF CASH FLOWS - BUSINESS -- PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B-3

	Revolving Loan Fund	Total
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 35,694	\$ 35,694
Cash Payments to Suppliers for Goods & Services	(18,659)	(18,659)
Cash Payments to Employees for Services	-	-
Other Operating Revenues	-	-
Net Cash Provided by Operating Activities	17,035	17,035
Cash Flows From Financing Activities:		
Interest Earned	1,215	1,215
Investment gain (loss)	-	-
Notes Receivable Payments (Loans)	216,460	216,460
Grants and Subsidies	-	-
Operating Transfers (To)/From Other Funds	1,533	1,533
Operating Transfers (To)/From Other Governments	-	-
Net Cash Used by Noncapital Financing Activities	219,208	219,208
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	-	-
Net Cash Used by Capital and Related Financing Activities	-	-
Net Decrease in Cash and Cash Equivalents	236,243	236,243
Cash at Beginning of Year	370,093	370,093
Cash at End of Year	\$ 606,336	\$ 606,336
Classified As:		
Current Cash and Cash Equivalents	\$ -	\$ -
Restricted Cash and Cash Equivalents	606,336	606,336
Total Cash and Cash Equivalents	\$ 606,336	\$ 606,336
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 18,684	\$ 18,684
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	-	-
Bad debts	-	-
Receivables	4,391	4,391
Inventory	-	-
Prepaid Expense	-	-
Accounts Payable	(1,649)	(1,649)
Accrued Liabilities	-	-
Deferred Revenue	(4,391)	(4,391)
Total Adjustments	(1,649)	(1,649)
Net Cash Provided by Operating Activities	\$ 17,035	\$ 17,035

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF FIDUCIARY NET POSITIONS--
FIDUCIARY FUNDS
JUNE 30, 2017

Exhibit C-1

	<u>Retirement Trust Funds</u>
Assets	
Cash and cash equivalents	\$ -
Accounts receivable	7,331
Investments	
Mutual funds	1,944,079
Accounts receivable	<u>-</u>
Total assets	<u><u>\$ 1,951,410</u></u>
LIABILITIES AND NET POSITION	
Total liabilities	\$ -
Net position:	
Held in trust for retirement benefits	<u>1,951,410</u>
Total liabilities and net position	<u><u>\$ 1,951,410</u></u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C-2

	<u>Retirement Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer	\$ 38,027
Employees	<u>24,200</u>
Total contributions	62,227
Investment income	<u>73,906</u>
Total additions	<u>136,133</u>
DEDUCTIONS:	
Participant distributions	-
Administrative fees	<u>11,353</u>
Total deductions	<u>11,353</u>
NET INCREASE	124,780
Net position held in trust for retirement benefits, Beginning of year	<u>1,826,630</u>
End of year	<u><u>\$ 1,951,410</u></u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 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 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, 2017

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 *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 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, 2017

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. 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 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.

Generally, 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 the 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, 2017

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

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

1. 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."

2. 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. Management believes that ten percent of the outstanding loan balances will be uncollectable. An allowance has been established to show receivables net value. The amount in the allowance account at year end was \$116,364.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$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 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, 2017

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 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.

8. 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.

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, 2017

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

For the year ended the District used a cost rate of 36% 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 ending June 30, 2015. 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 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.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. 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 at year end had a market value of \$573,445.

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 be not be material to the Commission's financial position.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4. CONTINGENT LIABILITIES (INCLUDING FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS- continued

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.

NOTE 5. NOTES RECEIVABLE

The following is a summary of the outstanding loans of 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	4.50%	02/24/93	Equipment	\$ 67,155
Promissory note	4.00%	04/10/99	Equipment	7,922
Promissory note	4.00%	11/16/99	Equipment	26,358
Promissory note	0.00%	02/02/00	Equipment	99,999
Promissory note	4.00%	10/06/00	Equipment	29,319
Promissory note	4.00%	10/06/00	Equipment	15,799
Promissory note	4.00%	10/12/07	Building	10,024
Promissory note	4.00%	06/23/08	Equipment	8,746
Promissory note	4.00%	05/01/10	Real estate	4,074
Promissory note	4.00%	05/01/10	Real estate	3,430
Promissory note	2.50%	03/01/12	Personal	55,724
Promissory note	2.50%	08/31/12	Personal	197,214
Promissory note	2.50%	12/01/14	Personal	79,827
Promissory note	2.50%	01/09/15	Personal	218,264
Promissory note	2.50%	02/26/16	Equipment	<u>123,347</u>
Total				947,202
Less allowance for uncollectable accounts				<u>(116,366)</u>
Total Business - Type Activity				<u>\$ 830,836</u>

NOTE 6. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at yearend:

	<u>Primary Government</u>	<u>Business Type Activities</u>	<u>Totals</u>
Federal Government	\$ 36,378	\$ -	\$ 36,378
Commonwealth of Virginia	56,389	-	56,389
Local Governments	<u>43,356</u>	<u>-</u>	<u>43,356</u>
	<u>\$ 136,123</u>	<u>\$ -</u>	<u>\$ 136,123</u>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. INTERFUND TRANSFERS

Following are the interfund transfers for the year:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Totals</u>
Primary Government:			
General	\$ -	\$ 23,231	\$ (23,231)
Planning	116,117	-	116,117
Community Development	846	-	846
Administration Grants	-	100,530	(100,530)
Regional Water	3,736	-	3,736
Small Projects	3,062	-	3,062
Business-Type Activities:			
Revolving Loan Fund	-	-	-
	<u>\$ 123,761</u>	<u>\$ 123,761</u>	<u>\$ -</u>

NOTE 8. 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 for the year was \$509,028. The payroll for Commission employees covered by the Pension Plan was \$507,033 or 99.6 % of the total active payroll.

During the year contributions to the plan by the Commission were \$38,042, 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, 2017

NOTE 9. 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	<u>141,655</u>	<u>-</u>	<u>-</u>	<u>141,655</u>
Less accumulated depreciation:				
Land	-	-	-	-
Buildings	-	-	-	-
Vehicles	16,298	5,345	-	21,643
Furniture and equipment	112,553	-	-	112,553
Total accumulated depreciation	<u>128,851</u>	<u>5,345</u>	<u>-</u>	<u>134,196</u>
Capital assets, net	<u>12,804</u>	<u>5,345</u>	<u>-</u>	<u>7,459</u>
Business type activities capital assets:				
Land	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Vehicles	-	-	-	-
Furniture and equipment	70,695	-	-	70,695
Construction in progress	-	-	-	-
Total capital assets at cost	<u>70,695</u>	<u>-</u>	<u>-</u>	<u>70,695</u>
Less accumulated depreciation:				
Land	-	-	-	-
Buildings	-	-	-	-
Vehicles	-	-	-	-
Furniture and equipment	70,695	-	-	70,695
Total accumulated depreciation	<u>70,695</u>	<u>-</u>	<u>-</u>	<u>70,695</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Net Assets All Activities	<u>\$ 12,804</u>	<u>\$ 5,345</u>	<u>\$ -</u>	<u>\$ 7,459</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 5,345
Planning grants	-
Community development	-
Administrative grants	-
Other functions	-
	<u>5,345</u>
Business type activities	
Revolving loan fund	-
Total All Activities	<u>\$ 5,345</u>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. Subsequent Event

Subsequent events were evaluated through October 31, 2017, which is the date the financial statements were available to be issued.

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

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 for the year follow

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Market value, beginning	\$ 467,929
Contributions	25,709
Investment earnings	45,209
Withdrawals	-
Market value, ending	<u>\$ 538,847</u>

NOTE 13. 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 at year end was \$850,520 for governmental activities and \$2,346 for business type activities. Deferred revenue results from advanced grant funding. 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 will be refunded.

NOTE 14. INDIRECT COSTS

Indirect costs are pooled and allocated among the several cost centers in accordance with an indirect cost plan. Allocated direct costs for the year was \$396,407 which was 36 percent of total allowable costs.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Schedule 1

Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other ID Number	Expenditures		Total	Footn ote
					From Direct Awards	From Pass Through Awards		
Appalachian Regional Commission		Local Development District (12/31/16)	23.009	N/A	\$ 45,968		\$ 50,857	
		Local Development District (12/31/17)	23.009	N/A	45,805		46,281	
		Subtotal of Appalachian Regional Commission			\$ 91,773		\$ 97,138	
U.S. Department of Commerce Economic Development Administration		Planning Assistance Grant (12/31/14)	11.302	N/A	\$ 34,892		\$ 34,892	
		Planning Assistance Grant (12/31/14)	11.302	N/A	34,766		34,766	
		Revolving Loan Funds	11.307	N/A	12,600		228,856	(2)
		Subtotal of U.S. Department of Commerce Economic Development Administration			\$ 82,258		\$ 298,514	
U.S. Department of Transportation	Virginia Department of Transportation	Federal SPR Funds	20.219	N/A		\$ 58,000	\$ 58,000	
		Subtotal of U.S. Department of Transportation				\$ 58,000	\$ 58,000	
TOTAL FEDERAL AWARDS EXPENDED					\$ 174,031	\$ 58,000	\$ 453,652	

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 modified 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 LOANS

The Revolving Loan Fund's award is calculated by adding the amount of new loans completed during the fiscal year, the balance of loans made in previous years that have additional federal requirements, and any interest subsidy or administrative cost allowance.

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
SCHEDULE OF INDIRECT COSTS
YEAR ENDED JUNE 30, 2017

Schedule 2

<u>Description</u>	<u>Amount</u>
Chargeable salaries - indirect	\$ 35,621
Employee benefits	22,958
Professional fees	12,594
Contractual	52
Software maintenance	5,641
Travel	9,001
Equipment maintenance	469
Equipment lease	3,166
Supplies	7,687
Insurance	2,629
Printing	626
Telephone	10,842
Postage and freight	2,434
Utilities	14,593
Publications and subscriptions	335
Maintainance	304
Accrued leave	37,428
Accrued sick pay	21,634
Vacation	21,091
Payroll taxes	40,366
Employee health care	103,379
Pension costs	38,027
Employee insurance costs	5,537
	<hr/>
	\$ 396,414
	<hr/>

(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, 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, 2017, 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 October 31, 2017.

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

October 31, 2017
Lebanon, Virginia