

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2018

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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, 2018 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, 2018, 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, 2018, 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 31, 2018
Lebanon, Virginia

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2018

Exhibit 1

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 669,529	\$ -	\$ 669,529
Accounts receivable	-	-	-
Internal balances	31,714	(31,714)	-
Due from other governmental units	197,996	30,121	228,117
Prepaid expenses	36,597	-	36,597
Total current assets	<u>935,836</u>	<u>(1,593)</u>	<u>934,243</u>
Non-current assets:			
Restricted cash and cash equivalents	-	732,080	732,080
Notes receivable (net of allowances for uncollectibles)	-	718,180	718,180
Capital assets, net	2,113	-	2,113
Total non-current assets	<u>2,113</u>	<u>1,450,260</u>	<u>1,452,373</u>
Total assets	<u>937,949</u>	<u>1,448,667</u>	<u>2,386,616</u>
LIABILITIES			
Current liabilities:			
Accounts payable	66,556	4,811	71,367
Accrued liabilities	22,322	-	22,322
Due to other funds	-	-	-
Accrued leave	20,762	-	20,762
Total current liabilities	<u>109,640</u>	<u>4,811</u>	<u>114,451</u>
Non-current liabilities:			
Accrued leave	36,736	-	36,736
Total non-current liabilities	<u>36,736</u>	<u>-</u>	<u>36,736</u>
Total liabilities	<u>146,376</u>	<u>4,811</u>	<u>151,187</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue from local sources and United States government	540,174	-	540,174
Total deferred inflows of resources	<u>540,174</u>	<u>-</u>	<u>540,174</u>
NET POSITION			
Net investment in capital assets	2,113	-	-
Restricted for:			
Revolving loan fund	-	1,450,260	1,450,260
Unrestricted	249,287	(6,404)	242,883
Total net position	<u>\$ 251,400</u>	<u>\$ 1,443,856</u>	<u>\$ 1,693,143</u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 324,510	\$ 319,165	\$ -	\$ -	-	-	\$ -
Administrative services	231,913	231,913	-	-	-	-	-
Community development	369,063	-	369,063	-	-	-	92,043
Management	198,725	-	290,768	-	92,043	-	-
Interest on long-term debt	-	-	-	-	-	-	-
Total government activities	1,124,211	551,078	659,831	-	92,043	-	92,043
Business-type activities:							
Revolving Loan Fund	10,705	19,640	-	-	-	8,935	8,935
GIS Fund	30,099	30,099	-	-	-	8,935	8,935
Total business type-activities	40,804	49,738	-	-	-	8,935	100,978
Total primary government	\$ 1,165,015	\$ 600,817	\$ 659,831	\$ -	92,043	8,935	100,978
General Revenues:							
Miscellaneous				1,294	-	-	1,294
Interest earnings				207	1,759	-	1,966
Investment gain (loss)				-	-	-	-
Gain (loss) on disposal of capital assets				-	-	-	-
Transfers				-	-	-	-
Total general revenues, special items and transfers				1,501	1,759	3,260	3,260
Change in net position				93,544	10,693	104,237	104,237
Net position - beginning				157,856	1,433,163	1,591,019	1,591,019
Net position - ending				\$ 251,400	\$ 1,443,856	\$ 1,695,256	\$ 1,695,256

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General	Planning Grants	Community Development	Administration Grants	SIWW Grants	Small Projects	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 669,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 669,529
Accounts receivable	-	-	-	-	-	-	-
Prepaid expense	36,597	-	-	-	-	-	36,597
Due from other funds	31,714	58,859	-	22,541	393,640	-	506,754
Due from other governmental units	46,121	17,247	80,504	13,109	35,104	-	192,085
Total assets	\$ 783,961	\$ 76,106	\$ 80,504	\$ 35,650	\$ 428,744	\$ -	\$ 1,404,965
LIABILITIES							
Accounts payable	\$ 66,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,556
Accrued liabilities	22,322	-	-	-	-	-	22,322
Due to other funds	391,937	-	80,504	-	-	-	472,441
Due to other governmental units	-	327	-	-	-	-	327
Total liabilities	480,815	327	80,504	-	-	-	561,646
DEFERRED INFLOWS OF RESOURCES							
Unearned revenue from local sources and United States government	-	75,780	-	35,650	428,744	-	540,174
Total deferred inflows of resources	-	75,780	-	35,650	428,744	-	540,174
FUND BALANCES							
Non-spendable	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	303,146	-	-	-	-	-	303,146
Unassigned	303,146	-	-	-	-	-	303,146
Total fund balances	\$ 783,961	\$ 76,106	\$ 80,504	\$ 35,650	\$ 428,744	\$ -	\$ 1,404,966
Total liabilities, deferred inflows of resources and fund balances							\$ 303,146

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

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.

Fund balance of General Government Activities

(53,859)

\$ 251,400

2,113

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Planning Grants	Community Development	Administration Services	Regional Water Grants	Small Projects	Total Governmental Funds
REVENUES							
Local sources	\$ 290,768	\$ 14,598	\$ 112,196	\$ 231,913	\$ 30,386	\$ 11,647	\$ 691,508
Federal sources	-	219,005	-	-	-	-	219,005
State sources	-	73,915	-	-	226,481	-	300,396
Other income	1,337	-	-	-	-	-	1,337
Interest	207	-	-	-	-	-	207
Total revenues	292,312	307,518	112,196	231,913	256,867	11,647	1,212,453
EXPENDITURES							
Current programs:							
Planning activities	-	307,518	-	-	-	11,647	319,165
Administrative services	-	-	-	231,913	-	-	231,913
Community development	-	-	112,196	-	256,867	-	369,063
Management	195,700	-	-	-	-	-	195,700
Debt service	-	-	-	-	-	-	-
Total expenditures	195,700	307,518	112,196	231,913	256,867	11,647	1,115,841
Excess (deficiency) of revenues over expenditures	96,612	-	-	-	-	-	96,612
OTHER FINANCING SOURCES AND USES							
Proceeds from long-term debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	96,612	-	-	-	-	-	96,612
Fund balances (deficit) beginning of year	206,534	-	-	-	-	-	206,534
FUND BALANCES (DEFICIT) END OF YEAR	\$ 303,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,146

(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, 2018

Exhibit A-3

Net change in fund balances - total government funds		\$	96,612
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		(5,345)	
Subtract depreciation			(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).			2,277
Change in Net Assets of Governmental Activities		\$	<u>93,544</u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit A-4

	Original and Final Budget	Actual	Positive (Negative) Variance
Revenues:			
Local sources	\$ 140,000	\$ 290,768	\$ 150,768
Federal sources	-	-	-
State sources	-	-	-
Other income	5,000	1,337	(3,663)
Interest	-	207	207
	<u>145,000</u>	<u>292,312</u>	<u>147,312</u>
Total revenues			
Expenditures:			
Current programs:	-	-	-
Planning activities	-	-	-
Administrative services	-	-	-
Community development	145,000	195,700	(50,700)
Management	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>145,000</u>	<u>195,700</u>	<u>(50,700)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>96,612</u>	<u>96,612</u>
Other financing sources (uses):			
Proceeds from long-term debt	-	-	-
Capital outlay	-	-	-
Gain on sale of assets	-	-	-
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>96,612</u>	<u>96,612</u>
Fund balance (deficit) - beginning	<u>-</u>	<u>206,534</u>	<u>206,534</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ 303,146</u>	<u>\$ 303,146</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, 2018

	Revolving Loan Fund	GIS Fund	Totals
OPERATING REVENUES			
Charges for services	\$ -	\$ 30,099	\$ 30,099
Interest income	19,640	-	19,640
Other	-	-	-
	<u>19,640</u>	<u>30,099</u>	<u>49,738</u>
Total operating revenues			
OPERATING EXPENSES			
Project material costs	-	-	-
Management services	10,705	-	10,705
Subcontractors	-	-	-
Salaries and wages	-	15,239	15,239
Fringe benefits	-	9,157	9,157
Directors' fees	-	-	-
Professional fees	-	-	-
Supplies	-	-	-
Insurance	-	-	-
Uniforms	-	-	-
Office	-	-	-
Contributions	-	-	-
Utilities	-	-	-
Oil, diesel fuel, and gas	-	-	-
Bad debts	-	-	-
Repairs and maintenance	-	-	-
Depreciation	-	4,982	4,982
Indirect costs	-	711	711
Travel	-	10	10
Miscellaneous	-	-	-
	<u>10,705</u>	<u>30,099</u>	<u>40,804</u>
Total operating expenses			
	<u>8,935</u>	<u>-</u>	<u>8,935</u>
Net operating income (loss)			
OTHER REVENUE AND (EXPENSES)			
Grants and subsidies	-	-	-
Gain on sale of assets	-	-	-
Interest and dividend income	1,759	-	1,759
Investment gain (loss)	-	-	-
Operating grants and subsidies	-	-	-
Interest on long-term debt	-	-	-
Operating transfers	-	-	-
	<u>1,759</u>	<u>-</u>	<u>1,759</u>
Total non-operating revenues and expenses			
	<u>10,693</u>	<u>-</u>	<u>10,693</u>
Net income (loss)			
	<u>1,433,163</u>	<u>-</u>	<u>1,433,163</u>
Net assets - beginning of year			
	<u>1,443,856</u>	<u>-</u>	<u>1,443,856</u>
NET ASSETS - END OF YEAR			

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF CASH FLOWS - BUSINESS -- PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit B-3

	Revolving Loan Fund	GIS Fund	Total
Cash Flows From Operating Activities:	\$ 19,640	\$ 30,946	\$ 50,586
Cash Received from Customers	-	(6,510)	(6,510)
Cash Payments to Suppliers for Goods & Services	-	(24,436)	(24,436)
Cash Payments to Employees for Services	6,797	-	6,797
Other Operating Revenues	26,437	-	26,437
Net Cash Provided by Operating Activities			
Cash Flows From Financing Activities:	1,759		1,759
Interest Earned	-		-
Investment gain (loss)	97,548		97,548
Notes Receivable Payments (Loans)	-		-
Grants and Subsidies	-	-	-
Operating Transfers (To)/From Other Funds	-		-
Operating Transfers (To)/From Other Governments	99,307	-	99,307
Net Cash Used by Noncapital Financing Activities			
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	125,744	-	125,744
Cash at Beginning of Year	606,336	-	606,336
Cash at End of Year	<u>\$ 732,080</u>	<u></u>	<u>\$ 732,080</u>
Classified As:	\$ -		\$ -
Current Cash and Cash Equivalents	732,080		732,080
Restricted Cash and Cash Equivalents			
Total Cash and Cash Equivalents	<u>\$ 732,080</u>	<u></u>	<u>\$ 732,080</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	\$ 8,935	\$ -	\$ 8,935
Operating Income (Loss)			
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	-	-	-
Depreciation	-	-	-
Bad debts	(2,346)	(30,121)	(32,467)
Receivables	-	-	-
Inventory	-	-	-
Prepaid Expense	22,194	30,121	52,315
Accounts Payable	-	-	-
Accrued Liabilities	(2,346)	-	(2,346)
Deferred Revenue	17,502	-	17,502
Total Adjustments	<u>17,502</u>	<u>-</u>	<u>17,502</u>
Net Cash Provided by Operating Activities	<u>\$ 26,437</u>	<u>\$ -</u>	<u>\$ 26,437</u>

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF FIDUCIARY NET POSITIONS (Unaudited)
FIDUCIARY FUNDS
JUNE 30, 2018

Exhibit C-1

	Retirement Trust Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 140,689
Accounts receivable	9,538
Investments	
Mutual funds	1,806,272
Participant loans	<u>87,339</u>
Total assets	<u><u>\$ 2,043,838</u></u>
 LIABILITIES AND NET POSITION	
Total liabilities	\$ -
Net position:	
Held in trust for retirement benefits	<u>2,043,838</u>
Total liabilities and net position	<u><u>\$ 2,043,838</u></u>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS (Unaudited)
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit C-2

	<u>Retirement Trust Funds</u>
Additions to Net Assets	
Contributions:	
Employer	\$ 38,934
Deferral	17,425
Total contributions	<u>56,359</u>
Investment income	<u>61,143</u>
Total additions	<u>117,502</u>
Deductions from Net Assets	
Participant distributions	197,956
Administrative fees	<u>9,646</u>
Total deductions from Net Assets	<u>207,602</u>
Adjustment to Market Value	
Increase in market value	<u>68,590</u>
Total adjustments to market value	<u>68,590</u>
Change in Net Assets	(21,510)
Assets, beginning	2,065,348
Assets, ending	<u><u>\$ 2,043,838</u></u>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018**

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 an indirect cost rate of 20.38% 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, 2018. 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, 2018

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 \$2,043,838.

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, 2018

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>
Business Type Activities:				
Promissory note	4.50%	02/24/93	Equipment	\$ 62,155
Promissory note	4.00%	10/06/10	Equipment	45,995
Promissory note	4.00%	11/16/99	Equipment	17,703
Promissory note	0.00%	02/02/00	Equipment	99,999
Promissory note	4.00%	05/01/10	Real estate	5,349
Promissory note	2.50%	08/31/12	Personal	165,686
Promissory note	2.50%	12/01/14	Personal	70,142
Promissory note	2.50%	01/09/15	Personal	195,176
Promissory note	2.50%	02/26/16	Equipment	110,111
Promissory note	2.50%	08/01/17	Equipment	37,035
Promissory note	2.50%	11/01/18	Equipment	25,196
Total				834,547
Less allowance for uncollectable accounts				<u>(116,366)</u>
Total Business - Type Activity				<u>\$ 718,181</u>

NOTE 6. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at yearend:

	<u>Primary</u>	<u>Business</u>	
	<u>Government</u>	<u>Type</u>	<u>Totals</u>
		<u>Activities</u>	
Federal Government	\$ 17,246	\$ -	\$ 17,246
Commonwealth of Virginia	35,103	-	35,103
Local Governments	139,736	30,121	169,857
	<u>\$ 192,085</u>	<u>\$ 30,121</u>	<u>\$ 222,206</u>

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7. INTERFUND TRANSFERS

Following are the interfund transfers for the year:

	Transfers In	Transfers Out	Totals
Primary Government:			
General	\$ 394,536	\$ 31,714	\$ 362,822
Planning	-	58,859	(58,859)
Community Development	80,504	-	80,504
Administration Grants	-	22,541	(22,541)
SWW Grants	-	393,640	(393,640)
Small Projects	-	-	-
Business-Type Activities:			
Revolving Loan Fund	31,714	-	31,714
GIS Fund	\$ 506,754	\$ 506,754	\$ -

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 \$521,110. The payroll for Commission employees covered by the Pension Plan was \$519,115 or 99.99 % of the total active payroll.

During the year contributions to the plan by the Commission were \$38,934, which represented 7.5% of covered payroll for the fiscal year.

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

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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	18,856	4,233	-	23,089
Furniture and equipment	115,340	1,112	-	116,452
Total accumulated depreciation	<u>134,196</u>	<u>5,345</u>	<u>-</u>	<u>139,541</u>
Capital assets, net	<u>7,459</u>	<u>(5,345)</u>	<u>-</u>	<u>2,114</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>\$ 7,459</u>	<u>\$ (5,345)</u>	<u>\$ -</u>	<u>\$ 2,114</u>

Depreciation expense was charged to the following functions:

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

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10. SUBSEQUENT EVENT

Subsequent events were evaluated through December 31, 2018, 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 enough 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 o 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"*.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. 457 DEFERRED COMPENSATION PLAN- continued

The account balances and transactions for the year follow:

Market value, beginning	\$ 538,848
Contributions	24,483
Investment earnings	37,332
Withdrawals	-
Market value, ending	<u>\$ 600,663</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 \$540,174 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 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 indirect costs for the year was \$131,845. The indirect costs applied rate was 20.38%.

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

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 (12/31/17)	23.009	N/A	\$ 45,269	\$ -	\$ 45,269	
		Local Development District (12/31/18)	23.009	N/A	45,684	-	45,684	
		Subtotal of Appalachian Regional Commission			\$ 90,953	\$ -	\$ 90,953	
U.S. Department of Commerce Economic Development Administration		Planning Assistance Grant (12/31/17)	11.302	N/A	\$ 34,985	\$ -	\$ 34,985	
		Planning Assistance Grant (12/31/18)	11.302	N/A	35,067	-	35,067	
		Revolving Loan Funds	11.307	N/A	1,182,969	-	1,182,969	(2)
		Subtotal of U.S. Department of Commerce Economic Development Administration			\$ 1,253,021	\$ -	\$ 1,253,021	
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					\$ 1,343,974	\$ 58,000	\$ 1,401,974	

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 REVOLVING LOAN FUNDS

Balance of RLF principal outstanding loans at year end	\$ 834,547
Cash and investment balance at year end	732,080
Administrative expenses for the year ended	10,665
Unpaid balance of loans written off	-
Total	\$ 1,577,292
The Federal share rate is 75% of the above	\$ 1,182,969

(See accompanying notes to financial statements)

CUMBERLAND PLATEAU PLANNING DISTRICT COMMISSION
SCHEDULE OF INDIRECT COSTS
YEAR ENDED JUNE 30, 2018

Schedule 2

<u>Description</u>	<u>Amount</u>
<u>INDIRECT COSTS</u>	\$ 37,320
Chargeable salaries - indirect	22,366
Employee benefits	12,500
Professional fees	-
Contractual	8,201
Software maintenance	8,521
Travel	-
Equipment maintenance	3,728
Equipment lease	9,771
Supplies	3,016
Insurance	-
Printing	11,375
Telephone	1,475
Postage and freight	12,975
Utilities	337
Publications and subscriptions	260
Maintainance	260
	<u>\$ 131,845</u>
Total Indirect Cost - Applied	<u>\$ 131,845</u>
	<u>\$ 646,757</u>
Direct Salaries and Fringes	<u>\$ 646,757</u>
	<u>20.38%</u>
Percentage of Indirect Costs to Allowable Costs	<u>20.38%</u>
<u>EMPLOYEE BENEFITS</u>	\$ 40,133
Accrued leave	21,239
Accrued sick pay	19,911
Vacation	39,714
Payroll taxes	98,344
Employee health care	38,934
Pension costs	1,350
Workman's compensation	5,111
Employee insurance costs	5,111
	<u>\$ 264,735</u>
Total Employee Benefits Applied	<u>\$ 264,735</u>

(See accompanying notes to financial statements)



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2018, 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 31, 2018.

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.

Bastie, Tucker & Company, PC

December 31, 2018
Lebanon, Virginia



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**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

Report on Compliance for Each Major Federal Program

We have audited the Cumberland Plateau Planning District Commissions 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 Commissions major federal programs for the year ended June 30, 2018. The Cumberland Plateau Planning District Commissions major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cumberland Plateau Planning District Commissions major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cumberland Plateau Planning District Commissions compliance with

those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Cumberland Plateau Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Bastie, Tucker & Company, PC

December 31, 2018
Lebanon, Virginia