

**REGION 8 PLANNING AND  
DEVELOPMENT COUNCIL**

**FINANCIAL AND COMPLIANCE REPORTS**

**YEAR ENDED JUNE 30, 2017**



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ASSURANCE, TAX & ADVISORY SERVICES

# REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Council Members  
Region 8 Planning and Development Council  
Petersburg, West Virginia

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Region 8 Planning and Development Council (Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council'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 an opinion 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. Those standards require 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 Council'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 Council'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinions, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Council, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-8 and 31-33, respectively, 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 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 opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, 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*, is presented for purposes of additional analysis and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2018 on our consideration of the Council'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 Council's internal control over financial reporting and compliance.

*PBmares, LLP*

Harrisonburg, Virginia  
May 14, 2018

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2017**

**BACKGROUND**

The Region 8 Planning and Development Council (Council) is one of eleven regional councils created in 1972 under the West Virginia Regional Planning and Development Act. The Council is a West Virginia special purpose unit of government that is governed by a council comprised of mayors, county commissioners, and private sector representatives. While the Council has no ability to levy taxes, its properly adopted contribution request becomes a mandatory obligation of its member governments. The Council maintains its principal office in the Grant County Industrial Park, Petersburg, WV.

**USING THIS ANNUAL REPORT**

**Content of the Report**

The Council has prepared a series of financial statements that it hopes will allow member governments, funding agencies and the general public to assess the Council's fiscal year 2017 financial activity and the change in its financial condition during fiscal year 2017. The Council presents the following major statements:

- **Statement of Net Position** – This provides a statement of assets, deferred outflows of resources, liabilities, and deferred inflows of resources on an organization-wide basis as of June 30, 2017. This provides the simplest display of the Council's financial condition at June 30, 2017. The statement lacks detail on funds as shown on the Balance Sheet.
- **Statement of Activities** – This provides a statement of expenses, revenues, and change in net position by function/program during fiscal year 2017. The net position as of June 30, 2017 is the result of the activity portrayed on this statement. Unlike the Statement of Revenues, Expenditures and Changes in Fund Balances, it provides no details on budget line items.
- **Balance Sheet** – This provides the traditional statement of assets and liabilities and provides the total net position as of June 30, 2017. The information contained in this statement is similar to that on the Statement of Net Position, excluding long-term assets and long-term liabilities. However, the Balance Sheet provides detail by general and special revenue funds.
- **Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds** – This provides the traditional statement of revenue and expenditures by fund for the entire agency on a modified accrual basis of accounting. While similar to the Statement of Activities this statement provides details on budget line items instead of functions.

The audit report also presents various notes to the listed statements in an effort to provide detail and clarification.

Statements of Revenues and Expenditures for various grant programs are included as Supplemental Schedules. The Council presents these to allow funding agencies to track the receipt and expenditure of their money.

The fiscal year 2017 audit also contains a Compliance Section, which contains the Schedule of Expenditures of Federal Awards and related notes, the Independent Auditor's 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 Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance, and the Schedule of Findings and Questioned Costs.

## **Reporting the Council as a Whole**

### *The Statement of Net Position and Statement of Activities*

It is essential that the Council be able to explain the stewardship of financial resources in its care to the public. The Council presents the Statement of Net Position and Statement of Activities to allow the public to determine if the Council as a whole has the financial ability to sustain the services that it provides. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to accounting in the business community. The Statement of Activities provides an accounting of revenue and expenses by program.

One can assess the Council's ability to sustain its efforts by examining these statements. Net position reflects the difference between what the Council owns and what it owes. The difference between revenues and expenses as reported on the Statement of Activities changes the net position for the current year. The change in net position over time is the best indicator of an organization's ability to sustain operations. As with businesses, growth in net position reflects an increased ability to sustain operations. However, one must pay attention to critical details including the rates of change in revenues and expenses and the mix of assets that comprise the net position. Finally, the non-financial factors that enter governmental decision-making may cause deviation from the desire of businesses to maximize growth of net position over the long term. However, the Council must rationally explain these deviations to the public.

## **Reporting the Most Significant Funds**

### *Fund Financial Statements*

The Council accounts for financial resources through two governmental funds:

- **The General Fund** – this fund accounts for resources the Council controls without restriction from a funding agency.
- **Special Revenue Fund** – this fund accounts for resources from the state and federal governments that are restricted to providing specific services as outlined in the grant awards.

The Balance Sheet as of June 30, 2017 and the Statement of Revenues Expenditures, and Changes in Fund Balances – Governmental Funds report detailed information about the Council's funds as opposed to the Council as a whole. The Council designates these funds to help it manage resources and comply with various program regulations. The Council only has governmental funds.

The Council reports its operations in governmental funds that focus on revenues and expenditures and year-end balances. The Council uses modified accrual accounting to account for these funds. The governmental fund statements allow one to gain an understanding of how the Council has used resources for given operations and of resources that are available in the near term for given operations or sets of operations. A Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities describes the relationship between governmental activities and governmental funds.

Again, notes provide additional information and clarification to allow a better understanding of the information reported in the statements.

## THE COUNCIL AS A WHOLE

As reported within the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds, during fiscal 2017, the Council expended \$8,687,508. These same activities produced revenues of \$8,789,251 during fiscal year 2017. The Council had a net change in fund balances of \$101,743. As reported on the Statement of Activities, the Council had a change in net position of \$51,040 during fiscal year 2017. The Council had net position of \$(216,920) at the end of fiscal year 2017. Table 1 provides additional details including a comparison to fiscal year 2016.

Table 1 – Fiscal Years 2017 and 2016 Expenses and Revenues

	<b>2017</b>	2016	<u>Percent Change</u> 2016 to 2017
Governmental Activities:			
Expenses	<b>\$ 8,738,211</b>	\$ 9,080,210	(3.77%)
Program revenues	<b>8,544,991</b>	8,947,949	(4.50%)
	<hr/>		
<b>Change in net position,     Governmental Activities</b>	<b>(193,220)</b>	(132,261)	46.09%
General Revenues	<b>244,260</b>	157,673	54.92%
	<hr/>		
<b>Change in net position</b>	<b>51,040</b>	25,412	100.85%
Net Position, beginning*	<b>(267,960)</b>	(293,372)	(8.66%)
	<hr/>		
Net Position, ending	<b>\$ (216,920)</b>	\$ (267,960)	(19.05%)
	<hr/> <hr/>		

\* Beginning net position of fiscal year 2016 was restated due to the implementation of GASB Statement No. 68.

Similarly to fiscal year 2016, during fiscal year 2017, the Council experienced an increase in net position as a result of governmental activities. This increase resulted from a decline in revenue shortfalls in the general operations as the Council has experienced in the past.

As noted, the Council ended fiscal year 2017 with net position of \$(216,920). Capital assets comprised the majority of the Council's net position in the amount of \$231,264. Restricted net position represents amounts restricted for the economic development revolving loan program and micro loan program in the amount of \$278,974. Unrestricted net position is \$(727,158) due to the recognition of long-term liabilities including the pension liability and other postemployment benefits liability.

## **THE COUNCIL'S FUNDS**

The Council expended \$89,117 through its General Fund during fiscal year 2017. This included expenditures of \$20,867 for staff (Personnel and Fringe), \$29,917 for grant match, and \$7,368 for allocated costs. Staff cost accounted for 23.4% of all expenditures and allocated costs accounted for 8.3%. In fiscal year 2016, staff cost accounted for 11% of all general fund expenditures. The overall costs for staff expenditures in the General Fund remained stable in fiscal year 2017. The amount listed as expended for grant match decreased from fiscal year 2016. This represents stabilization in program matching requirements for fiscal year 2017. The General Fund had revenue of \$190,860 during fiscal year 2017. Approximately 26.9% of all General Fund Revenue came from charges for services, mostly from the use of agency vehicles. Other income including local contributions and use of money and property totaled \$139,444 in fiscal year 2017 or 73.1% of all General Fund revenue.

The Council expended \$8,598,391 through its Special Revenue Fund during fiscal year 2017. This included \$1,374,675 for staff, \$368,380 for allocated costs and \$213,843 for stipends to program participants. Staff costs accounted for 16.0% of all fund expenditures. The amount expended for staffing by the fund decreased slightly from fiscal year 2016. The stabilization represents generally no change in staffing from fiscal year 2016. Allocated costs and stipends accounted for 4.3% and 2.5% of the costs, respectively, and, expenditures for these items remained relatively stable. Grants from the Federal Government accounted for 42.8% of all revenue during fiscal year 2017. Charges for services provided \$154,993 or about 1.8% of revenue during fiscal year 2017.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

During fiscal year 2017, the Council experienced a small decrease in capital assets. The Council began fiscal year 2017 with \$260,337 in net capital assets. Mainly due to accumulated depreciation, the Council ended fiscal year 2017 with \$231,264 in net capital assets, including buildings and vehicles.

### **Pension Plan Liability**

For fiscal year 2017, the Council recognized \$76,217 of pension expense. Based on assumptions provided by plan administrators for deferred outflows and inflows and changes in the net pension liability, the Council's net pension liability for the end of fiscal year 2017 was \$600,255.

### **Other Postemployment Benefits**

In fiscal year 2010, the Council began accruing funds to cover expenses for the annual retirement contribution for their other postemployment benefits (OPEB) liability, administered by the West Virginia Public Employee's Insurance Agency (PEIA). The State is currently invoicing the Council based on the number of employees covered by PEIA insurance. Although the State is not requiring payment of the invoices at this time, the Council began accruing the costs and placing the funds in an account. Therefore, based on the decision of the Council, the accrued funds were placed into an account and are recognized as a liability of the Council. However, in 2012, the West Virginia State Legislature passed Senate Bill 469. Senate Bill 469 states that the OPEB liability will be eliminated by the year 2035 through the use of a pre-funding source. Therefore, the Council agreed to discontinue accruing funds for the OPEB liability during fiscal year 2012 as it was putting a tremendous strain on program budgets. However, the Council must maintain the liability on record and this is reflected in the overall financial status of the agency. The total amount of OPEB liability for the Council at the end of fiscal year 2017 is \$1,008,266. This represents a \$50,660 increase from fiscal year 2016.

## **Debt Administration**

The Council has one note payable outstanding in the amount of \$32,250. This represents an obligation the Council has to the West Virginia Economic Development Authority. The debt has no interest charge and will become due on June 30, 2042.

## **ECONOMIC FACTORS**

The Council is highly dependent on the federal and state governments for operational funding. Decisions in Washington, D.C. and City of Charleston, WV have great bearing on the Council's ability to maintain current operations.

The core funding programs that support basic planning and development operations appear stable. The Council has implemented measures to lessen expenditures and the prior year's operating losses appear to have stabilized. Thus, although the Council recognizes a negative net position, the Council feels that its financial position is sound and that it can maintain critical operations. Again, this negative net position is due the assumption of the long-term liabilities, including the OPEB liability and pension liability.

## **FURTHER INFORMATION**

This financial report provides a general overview of the Council's finances for all interested organizations and persons. The Council recognizes that it may need to clarify the information that it has provided and that individuals may have a need for more detailed information. Individuals and organizations having questions or requiring additional information should contact:

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## **BASIC FINANCIAL STATEMENTS**

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**STATEMENT OF NET POSITION**

**June 30, 2017**

	Primary Government <u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,136,702
Accounts receivable	68,674
Due from other governments	556,388
Notes receivable	99,006
Prepaid items	11,721
Capital assets:	
Buildings and improvements	519,393
Vehicles	80,054
Less: accumulated depreciation and amortization	(368,183)
<b>Total assets</b>	<u>2,103,755</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	<u>340,642</u>
<b>LIABILITIES</b>	
Accounts payable	422,345
Accrued payroll and benefits	71,839
Other accrued liabilities	4,400
Unearned revenue	178,767
Due to other agencies	227,346
Noncurrent liabilities:	
Due within one year:	
Compensated absences	30,729
Due in more than one year:	
Note payable	32,250
Compensated absences	8,130
Other postemployment benefits (OPEB)	1,008,266
Net pension liability	600,255
<b>Total liabilities</b>	<u>2,584,327</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension plan	<u>76,990</u>
<b>NET POSITION</b>	
Net investment in capital assets	231,264
Restricted	278,974
Unrestricted	<u>(727,158)</u>
<b>Total net position</b>	<u>\$ (216,920)</u>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017**

Entity/Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Primary Government
					Governmental Activities
Primary government:					
Governmental activities:					
General operations	\$ 139,820	\$ 51,416	\$ 64,375	\$ -	\$ (24,029)
Economic development	343,777	154,993	185,242	-	(3,542)
General welfare	8,254,614	-	8,088,965	-	(165,649)
<b>Total governmental activities</b>	<b>8,738,211</b>	<b>206,409</b>	<b>8,338,582</b>	<b>-</b>	<b>(193,220)</b>
<b>Total primary government</b>	<b>\$ 8,738,211</b>	<b>\$ 206,409</b>	<b>\$ 8,338,582</b>	<b>\$ -</b>	<b>(193,220)</b>
General revenues:					
Use of money and property					64,457
Miscellaneous					179,803
<b>Total general revenues</b>					<b>244,260</b>
<b>Change in net position</b>					<b>51,040</b>
Net position (deficit), beginning					(267,960)
Net position (deficit), ending					<b>\$ (216,920)</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2017**

	General	Special Revenue	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,136,702	\$ -	\$ 1,136,702
Accounts receivable	68,674	-	68,674
Due from other governments	-	556,388	556,388
Notes receivable	-	99,006	99,006
Prepaid items	11,721	-	11,721
Due from other funds	-	413,051	413,051
<b>Total assets</b>	<b>\$ 1,217,097</b>	<b>\$ 1,068,445</b>	<b>\$ 2,285,542</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 34,800	\$ 387,545	\$ 422,345
Accrued payroll and benefits	102,568	-	102,568
Other accrued liabilities	4,400	-	4,400
Unearned revenue	1,457	177,310	178,767
Due to other agencies	2,730	224,616	227,346
Due to other funds	413,051	-	413,051
<b>Total liabilities</b>	<b>559,006</b>	<b>789,471</b>	<b>1,348,477</b>
<b>FUND BALANCES</b>			
Nonspendable	11,721	-	11,721
Assigned	320,126	-	320,126
Restricted:			
Economic development revolving loan	-	195,097	195,097
Micro loan	-	83,877	83,877
Unassigned	326,244	-	326,244
<b>Total fund balances</b>	<b>658,091</b>	<b>278,974</b>	<b>937,065</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,217,097</b>	<b>\$ 1,068,445</b>	<b>\$ 2,285,542</b>

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2017

	Governmental Funds	
Total fund balances - governmental funds	\$	937,065
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$	599,447
Less: accumulated depreciation and amortization		<u>(368,183)</u>
<b>Net capital assets</b>		231,264
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds until then.		
		340,642
Other postemployment benefits (OPEB) obligations are not current financial resources and, therefore, are not reported in the governmental funds.		
		(1,008,266)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Note payable		(32,250)
Net pension liability		(600,255)
Compensated absences		<u>(8,130)</u>
		(640,635)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds until then.		
		<u>(76,990)</u>
<b>Net position (deficit) of governmental activities</b>	<b>\$</b>	<b><u><u>(216,920)</u></u></b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**Year Ended June 30, 2017**

	General	Special Revenue	Total Governmental Funds
<b>Revenues:</b>			
Intergovernmental:			
Federal grants	\$ -	\$ 3,678,670	\$ 3,678,670
State grants	-	4,416,424	4,416,424
Local contributions	64,375	30,057	94,432
Charges for services	51,416	154,993	206,409
Use of money and property	6,842	57,615	64,457
In-kind	-	149,056	149,056
Miscellaneous	68,227	111,576	179,803
<b>Total revenues</b>	<b>190,860</b>	<b>8,598,391</b>	<b>8,789,251</b>
<b>Expenditures:</b>			
Personnel	14,882	1,104,925	1,119,807
Fringe	5,985	269,750	275,735
Travel	24	87,880	87,904
Printing and supplies	399	23,906	24,305
Rent	-	6,680	6,680
Telephone and utilities	1,072	16,601	17,673
Allocated costs	7,368	368,380	375,748
Insurance	-	4,636	4,636
Advertising	11	1,573	1,584
Maintenance	3,680	2,444	6,124
Professional fees and contracts	-	1,351	1,351
Participant support	-	4,701	4,701
Stipends	-	213,843	213,843
In-kind	-	149,056	149,056
Other	8,961	8,705	17,666
Grant cash match	29,917	-	29,917
Subgrants	-	6,306,670	6,306,670
Capital outlay	16,818	27,290	44,108
<b>Total expenditures</b>	<b>89,117</b>	<b>8,598,391</b>	<b>8,687,508</b>
<b>Net change in fund balances</b>	<b>101,743</b>	<b>-</b>	<b>101,743</b>
Fund balances, beginning	556,348	278,974	835,322
Fund balances, ending	\$ 658,091	\$ 278,974	\$ 937,065

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017**

	Governmental Funds
Net change in fund balances - total governmental funds	\$ 101,743
Reconciliation of amounts reported for governmental activities in the Statement of Activities:	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.</p>	
Expenditures for capital assets	\$ -
Less: depreciation and amortization expense	<u>(29,073)</u>
<b>Excess of depreciation and amortization over capital outlays</b>	<b>(29,073)</b>
Deferred outflows of resources - pension contributions	(20,064)
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.	
Pension expense	45,880
Compensated absences	3,214
Other postemployment benefits	<u>(50,660)</u>
	<u>(1,566)</u>
<b>Change in net position of governmental activities</b>	<b>\$ 51,040</b>

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies

The financial statements of Region 8 Planning and Development Council (the Council) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### A. Reporting Entity

The Council was established under Chapter 8, Article 25 of the *Code of West Virginia*. The region for which the Council was created and maintained includes Grant, Hampshire, Hardy, Mineral, and Pendleton Counties in West Virginia.

The purpose of the Council is to comprehensively plan and perform development in the region and to promote and protect through the joint participation of citizens and elected officials, the social, economic, educational, environmental, and general welfare of the citizens in the region.

The Council has no component units as defined by the GASB.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which generally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Council does not have any business-type activities to report.

*Statement of Net Position:* The Statement of Net Position is designed to display the financial position of the primary government. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation and amortization expense, the cost of “using up” capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

*Statement of Activities:* The Statement of Activities demonstrates the degree to which the 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 applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not classified as program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the Council only has two – the General Fund and the Special Revenue Fund.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Council allocates indirect expenses primarily comprised of administrative support services to operating functions and programs benefiting from those services. Allocations are charged to programs based on use of administrative services determined by various allocation methodologies.

The Council reports the following major governmental funds:

*General Fund:* This fund is the Council's primary operating fund. It accounts for and reports all financial resources of the Council.

*Special Revenue Fund:* This fund accounts for proceeds of specific revenue sources (primarily grants) that are legally restricted to expenditure for specified purposes.

During the course of operations the Council has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements.

# REGION 8 PLANNING AND DEVELOPMENT COUNCIL

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

##### 1. Cash and Cash Equivalents

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

##### 2. Receivables

Accounts receivable represents billings for services rendered but not received as of June 30, 2017. Notes receivable consists primarily of loans to small businesses.

##### 3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

##### 4. Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition 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 the asset's life are not capitalized.

Property and equipment of the Council are depreciated and amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-39 years
Vehicles	5 years

##### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. Four items qualify for reporting in this category. They are the employer's fiscal year 2017 West Virginia Public Employees' Retirement System (PERS) contributions plus the net difference between projected and actual earnings on the PERS's plan investments plus the difference between expected and actual experience plus the changes in proportion and difference between employer contributions and proportionate share of contributions and are reported in the government-wide Statement of Net Position.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

##### 5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Two types of items qualify for reporting in this category. They are the deferred difference in assumptions plus the changes in proportion and difference between employer contributions and proportionate share of contributions and are reported in the government-wide Statement of Net Position.

##### 6. Compensated Absences

The Council's policy permits employees to accumulate earned but unused annual leave benefits, which are eligible for payment upon separation from service. Certain grant programs allow for the billing of annual leave earned per pay period for employees whose payroll is charged to the program. For amounts billed to grant programs but unused at year end, a liability is recorded in the governmental funds. Additionally, a liability for unused amounts is recorded in the governmental funds if the liability has matured as a result of employee resignations or retirements. For employees whose pay is not charged to a grant program, a liability for such leave is reported as incurred in the government-wide financial statements. Council employees earn up to 18 vacation days per year and are allowed to carry this time earned over to subsequent fiscal years. Maximum accumulation allowed of vacation days is 30 days.

##### 7. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

##### 8. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation and amortization, less any outstanding debt related to the acquisition, construction or improvement of those assets.

##### 9. Net Position Flow Assumption

Sometimes the Council will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

##### 10. Fund Balance Flow Assumptions

Sometimes the Council will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

##### 11. Fund Balance Policies

The Council reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as prepaids);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by the Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts the Council intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the General Fund; and

The Council establishes (and modifies or rescinds) fund balance commitments by passage of resolution. This is typically done through adoption and amendment of the budget. Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as committed.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

##### 12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deduction from the PERS's fiduciary net position have been determined on the same basis as they were reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### 13. Use of Estimates

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

#### E. Budget

The Council adopts an annual budget for general fund revenues and expenditures. The budget is prepared using the same accounting basis and practices as are used to account for and prepare the financial reports; thus, the budget is presented in this report for comparison to actual is presented in accordance with GAAP.

#### F. Subsequent Events

The Council has evaluated subsequent events through May 14, 2018, the date on which the financial statements were available to be issued.

#### Note 2. Cash Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. The Council does not have a deposit policy for custodial credit risk. As of June 30, 2017, the Council's bank balance was \$1,144,400 and \$310,036 of that amount is in excess of insured limits.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 3. Unavailable and Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2017, the various components of unavailable and unearned revenue reported in the governmental fund are as follows:

	<u>Unearned</u>
General Fund:	
Advance collection of 2017-2018 contributions	\$ 1,457
Special Revenue Fund:	
Micro Loan Lightstone payments received	24,140
Title III fund received in advance	150,380
Other	<u>2,790</u>
<b>Total Special Revenue Fund</b>	<u>177,310</u>
	<u><u>\$ 178,767</u></u>

#### Note 4. Due To/From Other Governments

Amounts due from other governments include the following:

Special Revenue Fund:	
Life	\$ 365,333
Transitional Housing	32,465
Foster Grandparent	32,699
Title III	22,672
Low Income Energy Assistance Program	13,000
Administrative Grant Under Appalachian Regional Development Act	25,221
Title V	32,992
Retired Senior Volunteer Program	8,696
Other	<u>23,310</u>
	<u><u>\$ 556,388</u></u>

Amounts due to other governments include the following:

General Fund:	
Other	\$ 2,730
Special Revenue Fund:	
Title III	<u>224,616</u>
	<u><u>\$ 227,346</u></u>

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Notes Receivable

Notes receivable consist of the following:

Promissory note from Criterion, Inc. with interest at 4%, due \$560 monthly, including interest. Collateralized by equipment, inventory, accounts receivable and personal guarantee of the owners.	\$ 40,446
Eight promissory notes to various businesses with interest rates ranging from 6% to 9% and maturing on various dates. Collateralized by equipment, inventory, and accounts receivable.	58,560
	\$ 99,006

All loans are made to local businesses using funds from the Title IX (revolving loan) and Micro Loan (Small Business Development) programs.

#### Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Deletions	Ending Balance
Governmental activities:				
Capital assets being depreciated or amortized:				
Buildings and improvements	\$ 519,393	\$ -	\$ -	\$ 519,393
Vehicles	80,054	-	-	80,054
<b>Total capital assets being depreciated or amortized</b>	599,447	-	-	599,447
Less accumulated depreciation and amortization for:				
Buildings and improvements	293,616	18,565	-	312,181
Vehicles	45,494	10,508	-	56,002
<b>Total accumulated depreciation and amortization</b>	339,110	29,073	-	368,183
<b>Total capital assets being depreciated or amortized, net</b>	260,337	(29,073)	-	231,264
Governmental activities capital assets, net	\$ 260,337	\$ (29,073)	\$ -	\$ 231,264

All depreciation expense is charged to general operations in the Statement of Activities.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Compensated Absences

Compensated absences activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 41,342	\$ 116,108	\$ 118,591	\$ 38,859	\$ 30,729

Of the total compensated absences balance at year-end, \$30,729 is considered short-term and recorded within the governmental funds as a result of being charged and reimbursed by certain grant programs. An additional \$8,130 is recorded on the entity-wide statements.

#### Note 8. Note Payable

Note payable consists of the following:

Promissory note to the West Virginia Economic Development Authority (WVDEA), no interest, principal due June 30, 2042, unsecured.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	\$ 32,250	\$ -	\$ -	\$ 32,250	\$ -

#### Note 9. Pension Plan

##### A. Plan Description

All full-time Council employees are eligible to participate in the West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple employer defined benefit public employee retirement system. Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's average salary, multiplied by the number of years of the employee's credited service at the time of retirement. Average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64. PERS also provides delayed retirement, early retirement, death and disability benefits. Chapter 5, Article 10 of the *West Virginia State Code* assigns the authority to establish and amend the provisions of the plan to the State Legislature.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### B. Contributions

The PERS funding policy has been established by action of the State Legislature. For periods prior to July 1, 2015, plan participants contribute 4.5% of compensation. State and non-state governmental employers' contribution rates were 13.5% and 14.0% of covered employees' annual earnings for fiscal years ended June 30, 2016 and 2015, respectively. Effective July 1, 2016 employer contribution rates decreased to 12.0% of members' annual earnings. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations are not actuarially determined. Contributions to the pension plan were \$101,427 and \$121,491 for the years ended June 30, 2017 and 2016, respectively.

##### C. Net Pension Liability

The Council's net pension liability was measured at June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

At June 30, 2017, the Council reported a liability for the plan of \$600,255 for its proportionate share of the net pension liability. The Council's proportionate share of the net pension liability was based on the projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At June 30, 2016, the Council's proportion was 0.065% as compared to 0.066% at June 30, 2015.

#### **Actuarial Assumptions**

The total pension liabilities in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial cost method	Individual entry ages normal cost with level percentage of payroll
Asset valuation method	Fair value
Amortization method	Level dollar, fixed period
Amortization period	Through fiscal year 2035
Investment rate of return	7.50%
Projected salary increases	3.35% - 6.00%
Inflation rate	3.00%
Discount rate	7.50%
Mortality rates	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA fully generational; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational; and Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational.
Withdrawal rates	2% - 35.8%
Disability rates	0% - 0.675%
Retirement rates	15% - 100%
Date range in most recent experience study	2009 - 2014

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

#### Note 9. Pension Plan (Continued)

##### C. Net Pension Liability (Continued)

##### **Long-Term Expected Rate of Return**

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The rates used are summarized in the following table and include the inflation component:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Weighted Average Expected Rate of Return
U.S. Equity	27.50%	7.00%	1.92%
International Equity	27.50%	7.70%	2.12%
Core Fixed Income	7.50%	2.70%	0.20%
High Yield	7.50%	5.50%	0.41%
TPS	0.00%	2.70%	0.00%
Real Estate	10.00%	7.00%	0.70%
Private Equity	10.00%	9.40%	0.94%
Hedge Funds	10.00%	4.70%	0.47%
Total	<u>100.00%</u>		<u>6.76%</u>
Inflation (CPI)			<u>1.90%</u>
			<u>8.66%</u>

##### **Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow current funding policies. Based on those assumptions, the fiduciary net position of each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities for the plan.

##### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the plan's net pension liabilities calculated using the current discount rate of 7.5% as well as the plans' net pension liabilities if they were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 1,086,558	\$ 600,255	\$ 187,257

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### D. Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the Council recognized pension expense of \$76,217. The Council also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 537	\$ (47,747)
Differences between expected and actual experience	50,056	-
Changes difference in assumptions	-	(29,243)
Net difference between projected and actual earnings on pension plan investments	188,622	-
Employer contributions subsequent to the measurement date	101,427	-
<b>Total</b>	<u>\$ 340,642</u>	<u>\$ (76,990)</u>

The \$101,427 reported as deferred outflows of resources related to pensions resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ 32,445
2019	32,445
2020	32,445
2021	32,445
2022	32,445
	<u>\$ 162,225</u>

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Postemployment Benefits

##### A. Plan Description

The Council participates in the West Virginia Other Postemployment Benefit Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust (RHBT) Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (WVPEIA). The OPEB plan provides retiree postemployment health care benefits for participating state and local government employers. The provisions of the *Code of West Virginia*, 1931, as amended (the Code), assigns the authority to establish and amend benefit plans to the WVPEIA Board of Trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57<sup>th</sup> Street, S.E., Suite 2, Charleston, West Virginia, 25304-2345.

##### B. Funding Policy

The Code requires the OPEB plan to bill the participating employers 100% of the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the OPEB Plan over a period not to exceed 30 years. Participating OPEB Plan employees are billed per active health policy per month.

The Council's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution determined by the RHBT. For the year ended June 30, 2017 the total OPEB cost was \$84,139. As of June 30, 2017, the total accumulated liability was \$1,008,266.

Annual required contribution (ARC)	\$	61,179
Interest on net OPEB obligation		71,821
Adjustment to ARC		(48,861)
<b>Annual OPEB cost</b>		<u>84,139</u>
Contributions made		<u>(33,479)</u>
<b>Increase in net OPEB obligation</b>		50,660
Net OPEB obligation, beginning of year		<u>957,606</u>
Net OPEB obligation, end of year	\$	<u><u>1,008,266</u></u>

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Postemployment Benefits (Continued)

##### B. Funding Policy (Continued)

###### Trend Information

Trend information is as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 84,139	39.79%	\$ 1,008,266
June 30, 2016	110,191	32.40%	957,606

#### Note 11. Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Council carries commercial insurance through the West Virginia Board of Risk and Insurance Management, a public risk pool entity for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Note 12. Economic Dependence

The Council is economically dependent on the Federal and West Virginia governments for a major portion of its revenues.

#### Note 13. Contingency

##### Federal and State-Assisted Programs

The Council has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 14. Leases

The Council leases one building under a lease expiring March 31, 2019. The lease provides that the lessee reimburse the lessor for property taxes, utilities, and insurance plus a monthly rental of \$620.

Total fixed minimum rental under the lease obligation is as follows:

Year Ending June 30,	Amount
2018	\$ 7,440
2019	5,580

The total rental expenditures for the year ended June 30, 2017 is \$6,680.

#### Note 15. Pending GASB Statements

At June 30, 2017, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Council. The statements which might impact the Council are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 will be effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 85, *Omnibus 2017*, will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. Statement No. 85 will be effective for fiscal years beginning after June 15, 2017.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Pending GASB Statements (Continued)**

GASB Statement No. 87, *Leases*, will increase the usefulness of the Council's financial statements by requiring reporting of certain lease liabilities that currently are not reported. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Payments*, will improve the information that is disclosed in notes to government financial statements related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 will be effective for fiscal years beginning after June 15, 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –  
WEST VIRGINIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

	Fiscal Year June 30,		
	2014	2015	2016
Council's proportion of the net pension liability	0.078%	0.066%	0.065%
Council's proportionate share of the net pension liability	\$ 286,249	\$ 369,111	\$ 600,255
Council's covered-employee payroll	\$ 1,040,124	\$ 896,421	\$ 899,933
The Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.52%	41.18%	66.70%
Plan fiduciary net position as a percentage of the total pension liability	94.23%	91.29%	86.11%

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Council will present information for those years for which information is available.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### SCHEDULE OF PENSION CONTRIBUTIONS

	Fiscal Year June 30,			
	2014	2015	2016	2017
Contractually required contribution (CRC)	\$ 150,818	\$ 125,499	\$ 121,491	\$ 101,427
Contributions in relation to the CRC	150,818	125,499	121,491	101,427
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,040,124	\$ 896,421	\$ 899,933	\$ 845,225
Contributions as a percentage of covered-employee payroll	14.50%	14.00%	13.50%	12.00%

#### Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Council will present information for those years for which information is available.

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS –  
WEST VIRGINIA HEALTH BENEFITS TRUST FUND**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
June 30, 2017	\$ 61,179	\$ 33,479	54.72%
June 30, 2016	85,705	35,697	41.65%
June 30, 2015	89,596	50,400	56.25%

## **SUPPLEMENTAL SCHEDULES**

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GENERAL FUND**

**Year Ended June 30, 2017**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues:</b>				
Intergovernmental:				
Local contributions	\$ 64,375	\$ 64,375	\$ 64,375	\$ -
Charges for services	60,000	60,000	51,416	(8,584)
Use of money and property	6,000	6,000	6,842	842
Miscellaneous	55,000	55,000	68,227	13,227
<b>Total revenues</b>	<b>185,375</b>	<b>185,375</b>	<b>190,860</b>	<b>5,485</b>
<b>Expenditures:</b>				
Personnel	19,000	19,000	14,882	(4,118)
Fringe	8,000	8,000	5,985	(2,015)
Travel	250	250	24	(226)
Printing and supplies	250	250	399	149
Telephone and utilities	2,500	2,500	1,072	(1,428)
Allocated costs	10,000	10,000	7,368	(2,632)
Advertising	375	375	11	(364)
Maintenance	4,500	4,500	3,680	(820)
Other	25,500	25,500	8,961	(16,539)
Grant cash match	35,000	35,000	29,917	(5,083)
Capital outlay	80,000	80,000	16,818	(63,182)
<b>Total expenditures</b>	<b>185,375</b>	<b>185,375</b>	<b>89,117</b>	<b>(96,258)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>101,743</b>	<b>\$ 101,743</b>
Fund balance, beginning			<u>556,348</u>	
Fund balance, ending			<u>\$ 658,091</u>	

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES –  
SPECIAL REVENUE FUND  
Year Ended June 30, 2017**

	Administrative Grant Under Appalachian Regional Development Act	Economic Development Administration - Planning	Economic Development Revolving Loan	Micro Loan	Upper Potomac Area Agency on Aging - Title III	Low Income Energy Assistance Program - LIEAP	Benefit Enrollment Center	Upper Potomac Area Agency on Aging - Life	Upper Potomac Area Agency on Aging - Aging Disabled Resource Center - Region 1	Upper Potomac Area Agency on Aging - Aging Disabled Resource Center - Region 3
<b>Revenues:</b>										
Intergovernmental:										
Federal grants	\$ 78,614	\$ 70,000	\$ -	\$ -	\$ 2,213,872	\$ 13,000	\$ -	\$ -	\$ -	\$ -
State grants	1,363	30,000	-	-	1,372,518	-	-	2,864,140	15,063	60,000
Local contributions	4,428	837	-	-	-	-	-	-	188	2,800
Charges for services	154,993	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	1,572	1,970	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	78,903	-	25,801	-	-	28
<b>Total revenues</b>	<b>239,398</b>	<b>100,837</b>	<b>1,572</b>	<b>1,970</b>	<b>3,665,293</b>	<b>13,000</b>	<b>25,801</b>	<b>2,864,140</b>	<b>15,251</b>	<b>62,828</b>
<b>Expenditures:</b>										
Personnel	126,226	48,102	583	445	131,644	1,250	1,015	-	8,464	31,149
Fringe	45,151	21,716	198	151	44,570	423	344	-	1,896	10,692
Travel	3,658	4,249	-	3	10,109	-	3	-	575	186
Printing and supplies	169	555	-	-	821	-	-	-	220	224
Rent	-	-	-	-	-	-	-	-	-	-
Telephone and utilities	2,377	487	86	-	3,330	-	-	-	111	613
Allocated costs	61,695	24,435	307	257	65,978	592	563	-	3,985	18,997
Insurance	-	-	-	-	-	-	-	-	-	-
Advertising	97	374	-	-	-	-	121	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	-
Professional fees and contracts	-	-	370	981	-	-	-	-	-	-
Participant support	-	-	-	-	-	-	-	-	-	-
Stipends	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-	-
Other	25	919	28	133	769	-	32	-	-	967
Subgrants	-	-	-	-	3,408,072	10,735	23,723	2,864,140	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>239,398</b>	<b>100,837</b>	<b>1,572</b>	<b>1,970</b>	<b>3,665,293</b>	<b>13,000</b>	<b>25,801</b>	<b>2,864,140</b>	<b>15,251</b>	<b>62,828</b>
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES –  
SPECIAL REVENUE FUND  
Year Ended June 30, 2017**

	Upper Potomac Area Agency on Aging - Supplemental Nutrition Assistance Program	Upper Potomac Area Agency on Aging - Senior Medicare Patrol	Senior Health Insurance Program - Region 3	Senior Health Insurance Program - MIPPA	Title V	Foster Grandparent	Retired Senior Volunteer Program	Transitional Housing	Total
<b>Revenues:</b>									
Intergovernmental:									
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 555,840	\$ 370,199	\$ 82,274	\$ 294,871	\$ 3,678,670
State grants	-	19,143	32,227	21,970	-	-	-	-	4,416,424
Local contributions	-	173	895	-	9,512	-	11,224	-	30,057
Charges for services	-	-	-	-	-	-	-	-	154,993
Use of money and property	-	-	-	-	-	-	-	54,073	57,615
In-kind	-	-	-	-	70,267	39,698	39,091	-	149,056
Miscellaneous	3,287	-	-	-	-	3,457	-	100	111,576
<b>Total revenues</b>	<b>3,287</b>	<b>19,316</b>	<b>33,122</b>	<b>21,970</b>	<b>635,619</b>	<b>413,354</b>	<b>132,589</b>	<b>349,044</b>	<b>8,598,391</b>
<b>Expenditures:</b>									
Personnel	1,778	9,157	17,605	10,907	461,915	54,590	43,367	156,728	1,104,925
Fringe	589	3,100	5,960	2,366	49,056	19,122	13,192	51,224	269,750
Travel	-	1,654	-	29	10,332	49,232	4,727	3,123	87,880
Printing and supplies	-	71	9	4	1,261	1,856	1,108	17,608	23,906
Rent	-	-	-	-	-	-	-	6,680	6,680
Telephone and utilities	-	67	-	564	662	890	-	7,414	16,601
Allocated costs	920	5,244	9,473	7,600	39,897	29,299	28,526	70,612	368,380
Insurance	-	-	-	-	-	872	2,060	1,704	4,636
Advertising	-	23	-	-	894	-	-	64	1,573
Maintenance	-	-	-	-	-	-	-	2,444	2,444
Professional fees and contracts	-	-	-	-	-	-	-	-	1,351
Participant support	-	-	-	-	1,335	3,366	-	-	4,701
Stipends	-	-	-	-	-	213,843	-	-	213,843
In-kind	-	-	-	-	70,267	39,698	39,091	-	149,056
Other	-	-	75	500	-	586	518	4,153	8,705
Subgrants	-	-	-	-	-	-	-	-	6,306,670
Capital outlay	-	-	-	-	-	-	-	27,290	27,290
<b>Total expenditures</b>	<b>3,287</b>	<b>19,316</b>	<b>33,122</b>	<b>21,970</b>	<b>635,619</b>	<b>413,354</b>	<b>132,589</b>	<b>349,044</b>	<b>8,598,391</b>
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
ADMINISTRATIVE GRANT UNDER APPALACHIAN REGIONAL DEVELOPMENT ACT  
Year Ended June 30, 2017**

	July 1, 2016 - December 31, 2016	January 1, 2017 - June 30, 2017	Total
<b>Revenues:</b>			
Intergovernmental:			
Federal grants	\$ 22,275	\$ 56,339	\$ 78,614
State grants	-	1,363	1,363
Local contributions	1,323	3,105	4,428
Charges for services	69,785	85,208	154,993
<b>Total revenues</b>	<b>93,383</b>	<b>146,015</b>	<b>239,398</b>
<b>Expenditures:</b>			
Personnel	50,950	75,276	126,226
Fringe	19,379	25,772	45,151
Travel	1,715	1,943	3,658
Printing and supplies	96	73	169
Telephone and utilities	1,425	952	2,377
Allocated costs	19,818	41,877	61,695
Advertising	-	97	97
Other	-	25	25
<b>Total expenditures</b>	<b>93,383</b>	<b>146,015</b>	<b>239,398</b>
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
ECONOMIC DEVELOPMENT ADMINISTRATION – PLANNING  
Year Ended June 30, 2017**

July 1, 2016 -  
June 30, 2017

Revenues:	
Intergovernmental:	
Federal grants	\$ 70,000
State grants	30,000
Local contributions	<u>837</u>
<b>Total revenues</b>	<u>100,837</u>
Expenditures:	
Personnel	48,102
Fringe	21,716
Travel	4,249
Printing and supplies	555
Telephone and utilities	487
Allocated costs	24,435
Advertising	374
Other	<u>919</u>
<b>Total expenditures</b>	<u>100,837</u>
<b>Revenues over expenditures</b>	<u><u>\$ -</u></u>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
ECONOMIC DEVELOPMENT REVOLVING LOAN  
Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
<hr/>	
Revenues:	
Use of money and property	\$ 1,572
	<hr/>
<b>Total revenues</b>	<b>1,572</b>
	<hr/>
Expenditures:	
Personnel	583
Fringe	198
Telephone and utilities	86
Allocated costs	307
Professional fees and contracts	370
Other	28
	<hr/>
<b>Total expenditures</b>	<b>1,572</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
MICRO LOAN**

**Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
<hr/>	
Revenues:	
Use of money and property	\$ 1,970
	<hr/>
<b>Total revenues</b>	<b>1,970</b>
	<hr/>
Expenditures:	
Personnel	445
Fringe	151
Travel	3
Allocated costs	257
Professional fees and contracts	981
Other	133
	<hr/>
<b>Total expenditures</b>	<b>1,970</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
UPPER POTOMAC AREA AGENCY ON AGING – TITLE III  
Year Ended June 30, 2017**

	July 1, 2016 - September 30, 2016	October 1, 2016 - June 30, 2017	Total
<b>Revenues:</b>			
Intergovernmental:			
Federal grants	\$ 889,148	\$ 1,324,724	\$ 2,213,872
State grants	167,998	1,204,520	1,372,518
Miscellaneous	15,017	63,886	78,903
<b>Total revenues</b>	<b>1,072,163</b>	<b>2,593,130</b>	<b>3,665,293</b>
<b>Expenditures:</b>			
Personnel	23,996	107,648	131,644
Fringe	7,333	37,237	44,570
Travel	-	10,109	10,109
Printing and supplies	204	617	821
Telephone and utilities	498	2,832	3,330
Allocated costs	9,709	56,269	65,978
Other	230	539	769
Subgrants	1,030,193	2,377,879	3,408,072
<b>Total expenditures</b>	<b>1,072,163</b>	<b>2,593,130</b>	<b>3,665,293</b>
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
LOW INCOME ENERGY ASSISTANCE PROGRAM – LIEAP  
Year Ended June 30, 2017**

July 1, 2016 -  
June 30, 2017

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Revenues:	
Intergovernmental:	
Federal grants	\$ 13,000
<b>Total revenues</b>	<u>13,000</u>
Expenditures:	
Personnel	1,250
Fringe	423
Allocated costs	592
Subgrants	10,735
<b>Total expenditures</b>	<u>13,000</u>
<b>Revenues over expenditures</b>	<u><u>\$ -</u></u>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
BENEFIT ENROLLMENT CENTER  
Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
<hr/>	
Revenues:	
Miscellaneous	\$ 25,801
	<hr/>
<b>Total revenues</b>	<b>25,801</b>
	<hr/>
Expenditures:	
Personnel	1,015
Fringe	344
Travel	3
Allocated costs	563
Advertising	121
Other	32
Subgrants	23,723
	<hr/>
<b>Total expenditures</b>	<b>25,801</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
UPPER POTOMAC AREA AGENCY ON AGING –  
LIFE**

**Year Ended June 30, 2017**

July 1, 2016 -  
June 30, 2017

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Revenues:	
Intergovernmental:	
State grants	\$ 2,864,140
<b>Total revenues</b>	<u>2,864,140</u>
Expenditures:	
Subgrants	<u>2,864,140</u>
<b>Total expenditures</b>	<u>2,864,140</u>
<b>Revenues over expenditures</b>	<u><u>\$ -</u></u>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
UPPER POTOMAC AREA AGENCY ON AGING –  
AGING DISABLED RESOURCE CENTER – REGION 1  
Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
Revenues:	
Intergovernmental:	
State grants	\$ 15,063
Local contributions	188
	<hr/>
<b>Total revenues</b>	<b>15,251</b>
	<hr/>
Expenditures:	
Personnel	8,464
Fringe	1,896
Travel	575
Printing and supplies	220
Telephone and utilities	111
Allocated costs	3,985
	<hr/>
<b>Total expenditures</b>	<b>15,251</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
UPPER POTOMAC AREA AGENCY ON AGING –  
AGING DISABLED RESOURCE CENTER – REGION 3  
Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
<hr/>	
Revenues:	
Intergovernmental:	
State grants	\$ 60,000
Local contributions	2,800
Miscellaneous	28
	<hr/>
<b>Total revenues</b>	<b>62,828</b>
	<hr/>
Expenditures:	
Personnel	31,149
Fringe	10,692
Travel	186
Printing and supplies	224
Telephone and utilities	613
Allocated costs	18,997
Other	967
	<hr/>
<b>Total expenditures</b>	<b>62,828</b>
	<hr/>
<b>Revenues under expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
UPPER POTOMAC AREA AGENCY ON AGING –  
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM  
Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
<hr/>	
Revenues:	
Miscellaneous	\$ 3,287
	<hr/>
<b>Total revenues</b>	<b>3,287</b>
	<hr/>
Expenditures:	
Personnel	1,778
Fringe	589
Allocated costs	920
	<hr/>
<b>Total expenditures</b>	<b>3,287</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
UPPER POTOMAC AREA AGENCY ON AGING –  
SENIOR MEDICARE PATROL  
Year Ended June 30, 2017**

July 1, 2016 -  
June 30, 2017

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Revenues:	
Intergovernmental:	
State grants	\$ 19,143
Local contributions	173
	<hr/>
<b>Total revenues</b>	<b>19,316</b>
	<hr/>
Expenditures:	
Personnel	9,157
Fringe	3,100
Travel	1,654
Printing and supplies	71
Telephone and utilities	67
Allocated costs	5,244
Advertising	23
	<hr/>
<b>Total expenditures</b>	<b>19,316</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
SENIOR HEALTH INSURANCE PROGRAM –  
REGION 3**

**Year Ended June 30, 2017**

	July 1, 2016 - March 31, 2017	April 1, 2017 - June 30, 2017	Total
<b>Revenues:</b>			
Intergovernmental:			
State grants	\$ 32,227	\$ -	\$ 32,227
Local contributions	895	-	895
<b>Total revenues</b>	<b>33,122</b>	<b>-</b>	<b>33,122</b>
<b>Expenditures:</b>			
Personnel	17,605	-	17,605
Fringe	5,960	-	5,960
Printing and supplies	9	-	9
Allocated costs	9,473	-	9,473
Other	75	-	75
<b>Total expenditures</b>	<b>33,122</b>	<b>-</b>	<b>33,122</b>
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
SENIOR HEALTH INSURANCE PROGRAM –  
MIPPA**

**Year Ended June 30, 2017**

	July 1, 2016 - January 31, 2017	February 1, 2017 - June 30, 2017	Total
Revenues:			
Intergovernmental:			
State grants	\$ 7,992	\$ 13,978	\$ 21,970
<b>Total revenues</b>	<b>7,992</b>	<b>13,978</b>	<b>21,970</b>
Expenditures:			
Personnel	4,693	6,214	10,907
Fringe	473	1,893	2,366
Travel	17	12	29
Printing and supplies	4	-	4
Telephone and utilities	300	264	564
Allocated costs	2,505	5,095	7,600
Other	-	500	500
<b>Total expenditures</b>	<b>7,992</b>	<b>13,978</b>	<b>21,970</b>
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
TITLE V**

**Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
Revenues:	
Intergovernmental:	
Federal grants	\$ 555,840
Local contributions	9,512
In-kind	<u>70,267</u>
<b>Total revenues</b>	<u>635,619</u>
Expenditures:	
Personnel	461,915
Fringe	49,056
Travel	10,332
Printing and supplies	1,261
Telephone and utilities	662
Allocated costs	39,897
Advertising	894
Participant support	1,335
In-kind	<u>70,267</u>
<b>Total expenditures</b>	<u>635,619</u>
<b>Revenues over expenditures</b>	<u><u>\$ -</u></u>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
FOSTER GRANDPARENT  
Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
Revenues:	
Intergovernmental:	
Federal grants	\$ 370,199
In-kind	39,698
Miscellaneous	3,457
	<hr/>
<b>Total revenues</b>	<b>413,354</b>
	<hr/>
Expenditures:	
Personnel	54,590
Fringe	19,122
Travel	49,232
Printing and supplies	1,856
Telephone and utilities	890
Allocated costs	29,299
Insurance	872
Participant support	3,366
Stipends	213,843
In-kind	39,698
Other	586
	<hr/>
<b>Total expenditures</b>	<b>413,354</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
 RETIRED SENIOR VOLUNTEER PROGRAM  
 Year Ended June 30, 2017**

	July 1, 2016 - March 31, 2017	April 1, 2017 - June 30, 2017	Total
<b>Revenues:</b>			
Intergovernmental:			
Federal grants	\$ 57,878	\$ 24,396	\$ 82,274
Local contributions	11,224	-	11,224
In-kind	37,758	1,333	39,091
<b>Total revenues</b>	<b>106,860</b>	<b>25,729</b>	<b>132,589</b>
<b>Expenditures:</b>			
Personnel	32,458	10,909	43,367
Fringe	10,133	3,059	13,192
Travel	3,886	841	4,727
Printing and supplies	860	248	1,108
Telephone and utilities	-	3	3
Allocated costs	20,364	8,162	28,526
Insurance	1,006	1,054	2,060
In-kind	37,758	1,333	39,091
Other	395	120	515
<b>Total expenditures</b>	<b>106,860</b>	<b>25,729</b>	<b>132,589</b>
<b>Revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
TRANSITIONAL HOUSING**

**Year Ended June 30, 2017**

	July 1, 2016 - June 30, 2017
Revenues:	
Intergovernmental:	
Federal grants	\$ 294,871
Use of money and property	54,073
Miscellaneous	100
	<hr/>
<b>Total revenues</b>	<b>349,044</b>
	<hr/>
Expenditures:	
Personnel	156,728
Fringe	51,224
Travel	3,123
Printing and supplies	17,608
Rent	6,680
Telephone and utilities	7,414
Allocated costs	70,612
Insurance	1,704
Advertising	64
Maintenance	2,444
Other	4,153
Capital outlay	27,290
	<hr/>
<b>Total expenditures</b>	<b>349,044</b>
	<hr/>
<b>Revenues over expenditures</b>	<b>\$ -</b>
	<hr/> <hr/>

## **COMPLIANCE SECTION**

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF COMMERCE:				
<u>Direct payments:</u>				
Economic Development Support for Planning Organizations	11.302	ED16PH13020080	\$ -	\$ 70,000
<b>Total Department of Commerce</b>			-	70,000
DEPARTMENT OF LABOR:				
<u>Pass-through payments:</u>				
<u>National Council on Aging:</u>				
Senior Community Service Employment Program	17.235	AD-29531-16-55-A-11-56	-	555,840
<b>Total Department of Labor</b>			-	555,840
APPALACHIAN REGIONAL COMMISSION:				
<u>Direct payments:</u>				
Appalachian Local Development District Assistance	23.009	WV-4415-C40-16	-	22,274
	23.009	WV-4415-C41-17	-	56,339
<b>Total Appalachian Regional Commission</b>			-	78,613
DEPARTMENT OF VETERANS AFFAIRS:				
<u>Direct payments:</u>				
VA Homeless Providers Grant and Per Diem Program	64.024	96-67-WV	-	294,871
<b>Total Department of Veterans Affairs</b>			-	294,871

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass-through payments:</u>				
<u>West Virginia Bureau of Senior Services:</u>				
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	21637	\$ 9,499	\$ 9,499
	93.043	21737	3,564	3,564
National Family Caregiver Support - Title III, Part E	93.052	21637	16,297	16,297
	93.052	21737	98,763	98,763
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	21637	293,543	320,495
	93.044	21737	333,408	345,569
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	21637	308,344	308,344
	93.045	21737	557,609	652,609
Nutrition Services Incentive Program	93.053	21637	234,516	234,516
	93.053	21737	224,300	224,300
Total Aging Cluster			1,951,721	2,085,834
Low Income Home Energy Assistance	93.568	G180538	11,000	13,000
<b>Total Department of Health and Human Services</b>			2,090,843	2,226,956
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:				
<u>Direct payments:</u>				
Retired and Senior Volunteer Program	94.002	16SRSWV002	-	82,874
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	15SFSWV002	-	370,198
Total Foster Grandparent/Senior Companion Cluster			-	370,198
<b>Total Corporation for National and Community Service</b>			-	453,072
<b>Total Expenditures of Federal Awards</b>			\$ 2,090,843	\$ 3,679,352

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2017

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Region 8 Planning and Development Council (Council) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position or changes in net position of the Council.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

*Direct Payments* – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

*Pass-through Payments* – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

*Major Programs* – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the Council were determined using a risk-based approach in accordance with Uniform Guidance.

*Catalog of Federal Domestic Assistance* – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying Schedule.

*Cluster of Programs* – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the Council: Aging and Foster Grandparent/Senior Companion.

## **REGION 8 PLANNING AND DEVELOPMENT COUNCIL**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2017**

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#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Indirect Cost Rate**

The Council has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S 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**

To the Council Members  
Region 8 Planning and Development Council  
Petersburg, West Virginia

We have audited, 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, the financial statements of the governmental activities and each major fund of the Region 8 Planning and Development Council (Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated May 14, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council'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 on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

## **The Council's Response to Finding**

The Council's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*P. B. Mares, CPA*

Harrisonburg, Virginia  
May 14, 2018



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Council Members  
Region 8 Planning and Development Council  
Petersburg, West Virginia

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

We have audited the Region 8 Planning and Development Council’s (Council) 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 Council’s major federal programs for the year ended June 30, 2017. The Council’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Council’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the Uniform Guidance require 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 Council’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 Council’s compliance.

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

In our opinion, the Council 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, 2017.

## **Report on Internal Control over Compliance**

Management of the Council 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 Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a 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 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 material weaknesses or significant deficiencies. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002 that we consider to be a material weakness.

## **The Council's Response to Findings**

The Council's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Council's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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.

*PBmares, LLP*

Harrisonburg, Virginia  
May 14, 2018

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017**

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**Section I. SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	<u>  √  </u> Yes	<u>      </u> No
Significant deficiency identified?	<u>      </u> Yes	<u>  √  </u> None Reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  √  </u> No

*Federal Awards*

Internal control over major programs:

Material weakness identified?	<u>  √  </u> Yes	<u>      </u> No
Significant deficiency identified?	<u>      </u> Yes	<u>  √  </u> None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

  √   Yes             No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
-------------	------------------------------------

Aging Cluster:

93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs   \$  750,000  

Auditee qualified as low-risk auditee?        Yes        √   No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**

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**Section II. FINANCIAL STATEMENT FINDINGS**

A. Material Weaknesses in Internal Control

**2017-001: Material Weakness Due to Material Audit Adjustments**

Criteria: The year-end financial statements obtained from the Council to be audited should be final and free of material misstatements.

Condition: Upon auditing the year-end balances of the Council, there were instances of material adjustments identified, including entries to record additional amounts due to other governments and related grant revenues and expenditures.

Context: Entries were necessary to record \$225,000 of additional amounts due to other governments and related grant revenues and expenditures.

Cause: A lack of sufficient knowledge of governmental accounting standards.

Effect: The effect of these transactions was to misstate the revenues and expenditures of the Council. The necessary restatements above were material to the financial statements, and were included as adjustments in order to more accurately represent the financial position. Failure to accurately record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the Council increase levels of due diligence to ensure accurate reporting of account balances.

View of Responsible Officials: The auditee agrees with these recommendations and has taken the necessary steps to prevent a recurrence.

**Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**2017-002: Material Weakness Related to Preparation of Schedule of Expenditures of Federal Awards**

Requirement: Recipients of federal awards are required to track and maintain a complete and accurate accounting of expenditures associated with federal awards. These expenditures are required to be summarized and presented within the Schedule.

Context: During audit fieldwork, we were not provided a complete and accurate Schedule and we also determined instances in which grant funding related to accruals was not properly presented in the Schedule.

Condition: It was noted in the material weakness in internal controls, Finding 2017-001 previously, \$225,000 of grant related accruals were omitted from the Schedule.

Cause: A lack of sufficient knowledge of governmental accounting standards.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017**

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**Section III FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**2017-002: Material Weakness Related to Preparation of Schedule of Expenditures of Federal Awards (Continued)**

Recommendation: We recommend the Council implement procedures to ensure all expenditures incurred involving federal funds are account for properly and reconciled timely.

View of Responsible Officials: The auditee agrees with these recommendations and has taken the necessary steps to prevent a recurrence.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### CORRECTIVE ACTION PLAN Year Ended June 30, 2017

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**Identifying Number: 2017-001: Material Weakness Due to Material Audit Adjustments**

Finding:

Upon auditing the year-end balances of the Council, there were instances of material adjustments identified.

Corrective Action Taken or Planned:

The Council agrees with this finding and will implement the recommendations to the extent allowable. We will review our policies and procedures and implement controls to reduce instances of material adjustments.

**Identifying Number: 2017-002: Material Weakness Related to Preparation of Schedule of Expenditures of Federal Awards**

Finding:

During audit fieldwork, we were not provided a complete and accurate Schedule and we also determined instances in which grant funding related to accruals was not properly presented in the Schedule.

Corrective Action Taken or Planned:

The Council agrees with this finding and will implement the recommendations to the extent allowable. We will review our policies and procedures and implement controls to reduce instances of material adjustments.

## REGION 8 PLANNING AND DEVELOPMENT COUNCIL

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2017

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**Identifying Number: 2016-001: Material Weakness Due to Material Audit Adjustments**

Audit Finding:

Upon auditing the year end balances of the Council, there were instances of material adjustments identified, including entries to restate prior periods. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Long-term liabilities are excluded from the Governmental fund financial statements. Entries were necessary to restate prior periods to remove a long-term note payable in the amount of \$32,250 and the long-term portion of other postemployment benefits obligation of \$883,112, which were previously recorded within the General Fund.

Corrective Action Taken or Planned: The Council agreed with this finding and has implemented the recommendations to the extent allowable. The Council reviewed policies and procedures and implemented controls to reduce instances of material adjustments.