

**REGION 8 PLANNING AND
DEVELOPMENT COUNCIL**

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2016



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, 2016, 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.

Opinion

In our opinion, 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, 2016, 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the Council restated beginning fund balance of the General Fund to remove a long-term note payable and other postemployment benefits obligation.

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 March 28, 2017 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
March 28, 2017

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016**

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 2016 financial activity and the change in its financial condition during fiscal year 2016. 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, 2016. This provides the simplest display of the Council's financial condition at June 30, 2016. 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 2016. The net position as of June 30, 2016 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, 2016. 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 2016 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, 2016 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 2016, the Council expended \$9,088,629. These same activities produced revenues of \$9,105,622 during fiscal year 2016. The Council had a net change in fund balance of \$16,993. As reported on the Statement of Activities, the Council had a change in net position of \$25,412 during fiscal year 2016. The Council had net position of \$(267,960) at the end of fiscal year 2016. Table 1 provides additional details including a comparison to fiscal year 2015.

Table 1 – Fiscal Years 2016 and 2015 Expenses and Revenues

| | 2015 | 2016 | Percent Change 2015 to 2016 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|-----------------------------------|
| Governmental Activities: | | | |
| Expenses | \$ 8,457,013 | \$ 9,080,210 | 7.37% |
| Program revenues | 8,436,258 | 8,947,949 | 6.07% |
| Change in net position, Governmental Activities | (20,755) | (132,261) | 537.25% |
| Business-Type Activities: | | | |
| Expenses | 24,746 | - | |
| Revenues | 6,000 | - | |
| Change in net position, Business-Type Activities | (18,746) | - | |
| General Revenues | 1,015 | 157,673 | |
| Change in net position | (38,486) | 25,412 | |
| Net Position, beginning | (254,886)* | (293,372) | 15.10% |
| Net Position, ending | \$ (293,372) | \$ (267,960) | (8.66)% |
| * Beginning net position of fiscal year 2015 does not agree to ending net position of fiscal year 2014 due to restatements required for the implementation of GASB Statement No. 68. | | | |

Unlike the past three fiscal years, during fiscal year 2016, the Council experienced an increase in net assets 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 2016 with net position of \$(267,960). Capital assets comprised the majority of the Council's net position in the amount of \$260,337. 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 \$(807,271) due to the recognition of long-term liabilities including the pension liability and other postemployment benefits liability.

THE COUNCIL'S FUNDS

The Council expended \$142,326 through its General Fund during fiscal year 2016. This included expenditures of \$15,650 for staff (Personnel and Fringe), \$58,910 for grant match, and \$7,400 for allocated costs. Staff cost accounted for 11% of all expenditures and allocated costs accounted for 5.2%. In fiscal year 2015, staff cost accounted for 33.5% of all general fund expenditures. The overall costs for staff expenditures in the General Fund decreased significantly in fiscal year 2016. The amount listed as expended for grant match remained nearly the same as fiscal year 2015. This represents stabilization in program matching requirements for fiscal year 2016. The General Fund had revenue of \$157,774 during fiscal year 2016. Approximately 29% of all General Fund Revenue came from charges for services, mostly from the use of agency vehicles. Other income totaled \$111,864 in fiscal year 2016 or 71% of all General Fund revenue.

The Council expended \$8,946,303 through its Special Revenue Fund during fiscal year 2016. This included \$1,478,510 for staff, \$381,039 for allocated costs and \$214,418 for stipends to program participants. Staff costs accounted for 16.5% of all fund expenditures. The amount expended for staffing by the fund increased slightly from fiscal year 2015. The stabilization represents generally no change in staffing from fiscal year 2015. Allocated costs and stipends accounted for 4.2% and 2.4% of the costs, respectively, and, expenditures for these items remained relatively stable. Grants from the Federal Government accounted for 39.5% of all revenue during fiscal year 2016. Charges for services provided \$162,061 or about 1.8% of revenue during fiscal year 2016. The fund's revenues exceeded its expenditures by \$1,545 during fiscal year 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2016, the Council experienced a small decrease in capital assets. The Council began fiscal year 2016 with \$281,150 in capital assets. Mainly due to accumulated depreciation, the Council ended fiscal year 2016 with \$260,337 in capital assets, including buildings and vehicles.

Pension Plan Liability

For fiscal year 2016, the Council recognized \$209,074 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 2016 was \$369,111.

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 2016 is \$957,606. This represents a \$74,494 increase from fiscal year 2015.

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, 2016

| | Primary Government <u>Governmental Activities</u> |
|-------------------------------------------------|-------------------------------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,305,428 |
| Accounts receivable | 96,057 |
| Due from other governments | 434,361 |
| Notes receivable | 117,289 |
| Prepaid items | 6,595 |
| Capital assets: | |
| Buildings and improvements | 519,393 |
| Machinery and equipment | 80,054 |
| Less: accumulated depreciation and amortization | (339,110) |
| Total assets | <u>2,220,067</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension plan | <u>310,560</u> |
| LIABILITIES | |
| Accounts payable | 864,325 |
| Accrued payroll and benefits | 68,945 |
| Other accrued liabilities | 15,491 |
| Unearned revenue | 123,618 |
| Due to other agencies | 22,031 |
| Noncurrent liabilities: | |
| Due within one year: | |
| Compensated absences | 29,998 |
| Due in more than one year: | |
| Note payable | 32,250 |
| Compensated absences | 11,344 |
| Other postemployment benefits (OPEB) | 957,606 |
| Net pension liability | 369,111 |
| Total liabilities | <u>2,494,719</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension plan | <u>303,868</u> |
| NET POSITION | |
| Net investment in capital assets | 260,337 |
| Restricted | 278,974 |
| Unrestricted | <u>(807,271)</u> |
| Total net position | <u>\$ (267,960)</u> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2016**

| 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 |
| | | | | | <u>Primary</u> |
| | | | | | <u>Governmental</u> |
| | | | | | <u>Activities</u> |
| Primary Government: | | | | | |
| Governmental activities: | | | | | |
| General operations | \$ 133,907 | \$ 45,910 | \$ 59,751 | \$ - | \$ (28,246) |
| Economic development | 769,612 | 162,061 | 602,504 | - | (5,047) |
| General welfare | 8,176,691 | - | 8,077,723 | - | (98,968) |
| Total governmental activities | 9,080,210 | 207,971 | 8,739,978 | - | (132,261) |
| Total primary government | \$ 9,080,210 | \$ 207,971 | \$ 8,739,978 | \$ - | (132,261) |
| General Revenues: | | | | | |
| Use of money and property | | | | | 69,913 |
| Miscellaneous | | | | | 87,760 |
| Total general revenues | | | | | 157,673 |
| Change in net position | | | | | 25,412 |
| Net position, beginning | | | | | (293,372) |
| Net position, ending | | | | | \$ (267,960) |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

| | General | Special Revenue | Total Governmental Funds |
|--------------------------------------------|---------------------|---------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,305,428 | \$ - | \$ 1,305,428 |
| Accounts receivable | 96,057 | - | 96,057 |
| Due from other governments | - | 434,361 | 434,361 |
| Notes receivable | - | 117,289 | 117,289 |
| Prepaid items | 6,595 | - | 6,595 |
| Due from other funds | - | 682,964 | 682,964 |
| Total assets | \$ 1,408,080 | \$ 1,234,614 | \$ 2,642,694 |
| LIABILITIES | | | |
| Accounts payable | \$ 51,004 | \$ 813,321 | \$ 864,325 |
| Accrued payroll and benefits | 98,943 | - | 98,943 |
| Other accrued liabilities | 15,491 | - | 15,491 |
| Unearned revenue | 710 | 122,908 | 123,618 |
| Due to other agencies | 2,620 | 19,411 | 22,031 |
| Due to other funds | 682,964 | - | 682,964 |
| Total liabilities | 851,732 | 955,640 | 1,807,372 |
| FUND BALANCES | | | |
| Nonspendable | 6,595 | - | 6,595 |
| Assigned | 319,761 | - | 319,761 |
| Restricted: | | | |
| Economic development revolving loan | - | 195,097 | 195,097 |
| Micro loan | - | 83,877 | 83,877 |
| Unassigned | 229,992 | - | 229,992 |
| Total fund balances | 556,348 | 278,974 | 835,322 |
| Total liabilities and fund balances | \$ 1,408,080 | \$ 1,234,614 | \$ 2,642,694 |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

June 30, 2016

| | Governmental Funds | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------|
| Total fund balances - governmental funds | \$ | 835,322 |
| 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>(339,110)</u> |
| Net capital assets | | 260,337 |
| 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. | | |
| | | 310,560 |
| Other postemployment benefits (OPEB) obligations are not current financial resources and, therefore, are not reported in the governmental funds. | | |
| | | (957,606) |
| 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 | | (369,111) |
| Compensated absences | | <u>(11,344)</u> |
| | | (412,705) |
| 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>(303,868)</u> |
| Net position of governmental activities | \$ | <u><u>(267,960)</u></u> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

Year Ended June 30, 2016

| | General | Special Revenue | Total Governmental Funds |
|---------------------------------------|-------------------|--------------------|--------------------------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| Federal grants | \$ - | \$ 3,533,598 | \$ 3,533,598 |
| State grants | - | 5,011,634 | 5,011,634 |
| Local contributions | 51,500 | 58,744 | 110,244 |
| Charges for services | 45,910 | 162,061 | 207,971 |
| Use of money and property | 7,806 | 62,107 | 69,913 |
| In-kind | 8,251 | 76,251 | 84,502 |
| Miscellaneous | 44,307 | 43,453 | 87,760 |
| | <hr/> | | |
| Total revenues | 157,774 | 8,947,848 | 9,105,622 |
| | <hr/> | | |
| Expenditures: | | | |
| Personnel | 10,847 | 1,162,220 | 1,173,067 |
| Fringe | 4,803 | 316,290 | 321,093 |
| Travel | 541 | 92,772 | 93,313 |
| Printing and supplies | 2,483 | 36,673 | 39,156 |
| Rent | - | 14,448 | 14,448 |
| Telephone and utilities | 2,391 | 17,852 | 20,243 |
| Allocated costs | 7,400 | 381,039 | 388,439 |
| Insurance | 3,732 | 5,598 | 9,330 |
| Advertising | - | 2,331 | 2,331 |
| Maintenance | 3,680 | 1,884 | 5,564 |
| Professional fees and contracts | 725 | 383,691 | 384,416 |
| Participant support | - | 4,281 | 4,281 |
| Stipends | - | 214,418 | 214,418 |
| In-kind | 8,251 | 76,251 | 84,502 |
| Other | 6,949 | 9,111 | 16,060 |
| Grant cash match | 58,910 | - | 58,910 |
| Subgrants | - | 6,215,384 | 6,215,384 |
| Capital outlay | 31,614 | 12,060 | 43,674 |
| | <hr/> | | |
| Total expenditures | 142,326 | 8,946,303 | 9,088,629 |
| | <hr/> | | |
| Net change in fund balances | 15,448 | 1,545 | 16,993 |
| | <hr/> | | |
| Fund balances, beginning, as restated | 540,900 | 277,429 | 818,329 |
| | <hr/> | | |
| Fund balances, ending | <u>\$ 556,348</u> | <u>\$ 278,974</u> | <u>\$ 835,322</u> |

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, 2016**

| | Governmental Funds |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Net change in fund balances - total governmental funds | \$ 16,993 |
| 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 | \$ 15,998 |
| Less: depreciation and amortization expense | <u>(29,111)</u> |
| Excess of depreciation and amortization over capital outlays | (13,113) |
| The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position | (7,700) |
| Deferred outflows of resources - pension contributions | 310,560 |
| 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 | (209,074) |
| Compensated absences | 2,240 |
| Other postemployment benefits | <u>(74,494)</u> |
| | <u>(281,328)</u> |
| Change in net position of governmental activities | \$ <u>25,412</u> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

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

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

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

Grants receivable represents expenditures incurred and billed for reimbursement but not received as of June 30, 2016. Accounts receivable represents billings for services rendered but not received as of June 30, 2016. 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 2016 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. Three types of items qualify for reporting in this category. They are the net difference between projected and actual earnings on the PERS's plan investments plus 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

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

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 March 28, 2017, 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, 2016, the Council's bank balance was \$1,305,428 and \$66,191 of that amount is in excess of insured limits.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

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, 2016, the various components of unavailable and unearned revenue reported in the governmental fund are as follows:

| | <u>Unearned</u> |
|-----------------------------------------------|-------------------|
| General Fund: | |
| Advance collection of 2016-2017 contributions | \$ 710 |
| Special Revenue Fund: | |
| Micro Loan Lightstone payments received | 24,140 |
| Nutrition funds received in advance | 53,100 |
| Title III fund received in advance | 45,668 |
| Total Special Revenue Fund | <u>122,908</u> |
| | <u>\$ 123,618</u> |

Note 4. Due To/From Other Governments

Amounts due from other governments include the following:

| | |
|-----------------------------------------------------------------|-------------------|
| Special Revenue Fund: | |
| Life | \$ 279,177 |
| Transitional Housing | 46,529 |
| Foster Grandparent | 30,607 |
| Title III | 21,048 |
| Administrative Grant Under Appalachian Regional Development Act | 18,201 |
| Title V | 17,523 |
| Other | 21,276 |
| | <u>\$ 434,361</u> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 4. Due to/From Other Governments (Continued)

Amounts due to other governments include the following:

| | |
|-----------------------------------|------------------|
| General Fund: | |
| Other | \$ 2,620 |
| Special Revenue Fund: | |
| Title III | 18,400 |
| Transitional Housing | 1,000 |
| Other | 11 |
| Total Special Revenue Fund | <u>19,411</u> |
| | <u>\$ 22,031</u> |

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. | \$ 45,034 |
| Nine 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. | <u>72,255</u> |
| | <u>\$ 117,289</u> |

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

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2016 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 | 76,876 | 15,998 | (12,820) | 80,054 |
| Total capital assets being depreciated or amortized | 596,269 | 15,998 | (12,820) | 599,447 |
| Less accumulated depreciation and amortization for: | | | | |
| Buildings and improvements | 273,680 | 19,936 | - | 293,616 |
| Vehicles | 41,439 | 9,175 | (5,120) | 45,494 |
| Total accumulated depreciation and amortization | 315,119 | 29,111 | (5,120) | 339,110 |
| Total capital assets being depreciated or amortized, net | 281,150 | (13,113) | (7,700) | 260,337 |
| Governmental activities capital assets, net | \$ 281,150 | \$ (13,113) | \$ (7,700) | \$ 260,337 |

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

Note 7. Compensated Absences

Compensated absences activity for the year ended June 30, 2016 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|--------------------------|----------------------|-----------|-----------|-------------------|------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 47,871 | \$ 52,292 | \$ 58,821 | \$ 41,342 | \$ 29,998 |

Of the total compensated absences balance at year end, \$29,998 is considered short-term and recorded within the governmental funds as a result of being charged and reimbursed by certain grant programs. An additional \$11,344 is recorded on the entity-wide statements.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL 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. 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. 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.

B. Contributions

The PERS funding policy has been established by action of the State Legislature. State statute requires that plan participants contribute 4.5% of compensation. State and non-state governmental employers' contribution rates were 14.5% of covered employees' annual earnings for fiscal year ended June 30, 2014. Effective July 1, 2014 employer contribution rates decreased to 14.0% 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 \$121,491 and \$125,499 for the years ended June 30, 2016 and 2015, respectively.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

C. Net Pension Liability

The Council's net pension liability was measured at June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

At June 30, 2016, the Council reported a liability for the plan of \$369,111 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, 2015, the Council's proportion was 0.066% as compared to 0.078 % at June 30, 2014.

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 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 | 4.25% - 6.00% |
| Inflation rate | 2.20% |
| Discount rate | 7.50% |
| Mortality rates | Healthy males - 1983 GAM Healthy females - 1971 GAM Disabled males - 1971 GAM Disabled females - Revenue ruling 96-7 |
| Withdrawal rates | 1% - 26% |
| Disability rates | 0% - 0.8% |
| Retirement rates | 15% - 100% |
| Date range in most recent experience study | 2004 - 2009 |

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:

| | |
|----------------------------|-------|
| U.S. Equity (Russell 3000) | 7.60% |
| International Equity | 8.50% |
| Core Fixed Income | 2.90% |
| High Yield | 4.80% |
| TPS | 2.90% |
| Real Estate | 6.80% |
| Private Equity | 9.90% |
| Hedge Funds | 5.00% |
| Inflation (CPI) | 2.20% |

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 | \$ 851,267 | \$ 369,111 | \$ (38,238) |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

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

For the year ended June 30, 2016, the Council recognized pension expense of \$209,074. 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 | \$ 962 | \$ 65,916 |
| Differences between expected and actual experience | 75,492 | - |
| Deferred difference in assumptions | - | 44,398 |
| Net difference between projected and actual earnings on pension plan investments | 112,615 | 193,554 |
| Employer contributions subsequent to the measurement date | 121,491 | - |
| Total | <u>\$ 310,560</u> | <u>\$ 303,868</u> |

The \$121,491 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, 2017.

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

| Year Ending June 30, | Amount |
|----------------------|---------------------|
| 2017 | \$ (22,960) |
| 2018 | (22,960) |
| 2019 | (22,960) |
| 2020 | (22,960) |
| 2021 | (22,959) |
| | <u>\$ (114,799)</u> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

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 57th 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, 2016 the total OPEB cost was \$110,191. As of June 30, 2016, the total accumulated liability was \$957,606.

| | | |
|----------------------------------------|----|-----------------------|
| Annual required contribution (ARC) | \$ | 85,705 |
| Interest on net OPEB obligation | | 66,233 |
| Adjustment to ARC | | (41,747) |
| Annual OPEB cost | | <u>110,191</u> |
| Contributions made | | <u>(35,697)</u> |
| Increase in net OPEB obligation | | 74,494 |
| Net OPEB obligation, beginning of year | | <u>883,112</u> |
| Net OPEB obligation, end of year | \$ | <u><u>957,606</u></u> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

B. Funding Policy (Continued)

Trend Information

Trend information is as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Costs</u> | <u>Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|------------------------------|-----------------------------------------|--------------------------------|
| June 30, 2016 | \$ 110,191 | 32.4% | \$ 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.

Note 14. Leases

The Council leases one building under a lease expiring May 31, 2017. The lease provides that the lessee reimburse the lessor for property taxes, utilities, and insurance plus a monthly rental of \$1,360. The total minimum rental commitment at June 30, 2016, under this lease is \$14,960 for fiscal year 2017.

The total rental expenditures for the year ended June 30, 2016 is \$16,320.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 15. Pending GASB Statements

At June 30, 2016 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.

Note 16. Restatement

Prior period adjustments to beginning fund balance of the General Fund are required to eliminate the recording of long-term liabilities previously recorded on the fund statements, including a note payable and the other postemployment benefits obligation.

| | General Fund |
|-----------------------------------------------------|-----------------|
| Fund balance, as originally reported, June 30, 2015 | \$ (374,462) |
| Note payable | 32,250 |
| Other postemployment benefits obligation | 883,112 |
| | <hr/> |
| Fund balance, as restated, June 30, 2015 | \$ 540,900 |
| | <hr/> <hr/> |

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 |
| Council's proportion of the net pension liability | 0.078% | 0.066% |
| Council's proportionate share of the net pension liability | \$ 286,249 | \$ 369,111 |
| Council's covered-employee payroll | \$ 1,040,124 | \$ 896,421 |
| The Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 27.52% | 41.18% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.23% | 91.29% |

Notes to Schedule:

- (1) The amounts presented for each fiscal year were determined as of June 30, 2014 and 2015.
- (2) 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 |
| Contractually required contribution (CRC) | \$ 150,818 | \$ 125,499 |
| Contributions in relation to the CRC | 150,818 | 125,499 |
| Contribution deficiency (excess) | \$ - | \$ - |
| Employer's covered-employee payroll | \$ 1,040,124 | \$ 896,421 |
| Contributions as a percentage of covered-employee payroll | 14.50% | 14.00% |

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, 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 BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2016**

| | General Fund | | | Variance with Final Budget Over (Under) |
|--------------------------------------|------------------|-----------------|-------------------|--------------------------------------------------|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Local contributions | \$ - | \$ - | \$ 51,500 | \$ 51,500 |
| Charges for services | 205,000 | 205,000 | 45,910 | (159,090) |
| Use of money and property | - | - | 7,806 | 7,806 |
| In-kind | - | - | 8,251 | 8,251 |
| Miscellaneous | 9,078 | 9,078 | 44,307 | 35,229 |
| Total revenues | 214,078 | 214,078 | 157,774 | (56,304) |
| Expenditures: | | | | |
| Personnel | 100,000 | 100,000 | 10,847 | (89,153) |
| Fringe | 43,900 | 43,900 | 4,803 | (39,097) |
| Travel | 6,390 | 6,390 | 541 | (5,849) |
| Printing and supplies | 500 | 500 | 2,483 | 1,983 |
| Telephone and utilities | 1,250 | 1,250 | 2,391 | 1,141 |
| Allocated costs | 52,960 | 52,960 | 7,400 | (45,560) |
| Insurance | - | - | 3,732 | 3,732 |
| Maintenance | - | - | 3,680 | 3,680 |
| Professional fees and contracts | - | - | 725 | 725 |
| In-kind | - | - | 8,251 | 8,251 |
| Other | - | - | 6,949 | 6,949 |
| Grant cash match | - | - | 58,910 | 58,910 |
| Capital outlay | - | - | 31,614 | 31,614 |
| Total expenditures | 205,000 | 205,000 | 142,326 | (62,674) |
| Net change in fund balance | \$ 9,078 | \$ 9,078 | 15,448 | \$ 6,370 |
| Fund balance, beginning, as restated | | | <u>540,900</u> | |
| Fund balance, ending | | | <u>\$ 556,348</u> | |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND
Year Ended June 30, 2016**

| | 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 | Upper Potomac Area Agency on Aging - Life | Upper Potomac Area Agency on Aging - Resource Center - Region 1 | Upper Potomac Area Agency on Aging - Resource Center - Region 3 |
|-------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------|----------------|------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Revenues: | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| Federal grants | \$ 77,229 | \$ 70,000 | \$ - | \$ - | \$ 2,120,896 | \$ - | \$ - | \$ - |
| State grants | 424,485 | 30,000 | - | - | 1,462,491 | 2,870,072 | 60,000 | 60,000 |
| Local contributions | 769 | 21 | - | - | 22,140 | - | - | 77 |
| Charges for services | 162,061 | - | - | - | - | - | - | - |
| Use of money and property | - | - | 4,915 | 1,677 | - | - | - | - |
| In-kind | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | 235 | - | 4,169 | - |
| Total revenues | 664,544 | 100,021 | 4,915 | 1,677 | 3,605,762 | 2,870,072 | 64,169 | 60,077 |
| Expenditures: | | | | | | | | |
| Personnel | 142,728 | 45,985 | 1,517 | 466 | 132,934 | - | 29,169 | 31,933 |
| Fringe | 58,323 | 19,493 | 550 | 169 | 48,192 | - | 10,574 | 10,840 |
| Travel | 7,180 | 8,127 | - | - | 8,888 | - | 1,307 | 225 |
| Printing and supplies | 1,353 | 1,417 | - | - | 832 | - | 4,487 | 213 |
| Rent | - | - | - | - | - | - | - | - |
| Telephone and utilities | 902 | 1,135 | 87 | - | 3,913 | - | 594 | 1,087 |
| Allocated costs | 70,369 | 22,932 | 651 | 269 | 63,899 | - | 17,763 | 15,044 |
| Insurance | - | - | - | - | - | - | - | - |
| Advertising | - | 354 | - | - | 580 | - | - | - |
| Maintenance | - | - | - | - | - | - | - | - |
| Professional fees and contracts | 382,170 | 209 | 467 | 845 | - | - | - | - |
| Participant support | - | - | - | - | - | - | - | - |
| Stipends | - | - | - | - | - | - | - | - |
| In-kind | - | - | - | - | - | - | - | - |
| Other | 1,519 | 369 | - | 26 | 1,212 | - | 275 | 735 |
| Subgrants | - | - | - | - | 3,345,312 | 2,870,072 | - | - |
| Capital outlay | - | - | - | - | - | - | - | - |
| Total expenditures | 664,544 | 100,021 | 3,272 | 1,775 | 3,605,762 | 2,870,072 | 64,169 | 60,077 |
| Revenues over (under) expenditures | \$ - | \$ - | \$ 1,643 | \$ (98) | \$ - | \$ - | \$ - | \$ - |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND
Year Ended June 30, 2016**

| | 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 |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|----------------|-----------------------|-------------------------------------------|-------------------------|------------------|
| Revenues: | | | | | | | | | |
| Intergovernmental: | | | | | | | | | |
| Federal grants | \$ - | \$ - | \$ - | \$ - | \$ 533,791 | \$ 333,165 | \$ 73,097 | \$ 325,420 | \$ 3,533,598 |
| State grants | - | 20,000 | 40,090 | 44,496 | - | - | - | - | 5,011,634 |
| Local contributions | - | - | 4,059 | 1,885 | 23,719 | - | 6,074 | - | 58,744 |
| Charges for services | - | - | - | - | - | - | - | - | 162,061 |
| Use of money and property | - | - | - | - | - | - | - | 55,515 | 62,107 |
| In-kind | - | - | - | - | 38,226 | 25,780 | 12,245 | - | 76,251 |
| Miscellaneous | 3,756 | 1,764 | - | 60 | - | 33,147 | 322 | - | 43,453 |
| Total revenues | 3,756 | 21,764 | 44,149 | 46,441 | 595,736 | 392,092 | 91,738 | 380,935 | 8,947,848 |
| Expenditures: | | | | | | | | | |
| Personnel | 2,183 | 10,667 | 22,730 | 27,772 | 450,621 | 52,842 | 37,762 | 172,911 | 1,162,220 |
| Fringe | 721 | 3,868 | 9,399 | 4,367 | 55,043 | 21,104 | 13,353 | 60,294 | 316,290 |
| Travel | 26 | 715 | 359 | 186 | 15,951 | 41,152 | 4,434 | 4,222 | 92,772 |
| Printing and supplies | - | - | 103 | 109 | 1,187 | 780 | 2,016 | 24,176 | 36,673 |
| Rent | - | - | - | - | - | - | - | 14,448 | 14,448 |
| Telephone and utilities | - | - | - | - | 629 | 656 | - | 8,849 | 17,852 |
| Allocated costs | 826 | 6,514 | 10,980 | 13,932 | 33,374 | 27,226 | 21,480 | 75,780 | 381,039 |
| Insurance | - | - | - | - | - | 3,294 | - | 2,304 | 5,598 |
| Advertising | - | - | 525 | 50 | 94 | 51 | - | 677 | 2,331 |
| Maintenance | - | - | - | - | - | - | - | 1,884 | 1,884 |
| Professional fees and contracts | - | - | - | - | - | - | - | - | 383,691 |
| Participant support | - | - | - | - | 176 | 4,105 | - | - | 4,281 |
| Stipends | - | - | - | - | - | 214,418 | - | - | 214,418 |
| In-kind | - | - | - | - | 38,226 | 25,780 | 12,245 | - | 76,251 |
| Other | - | - | 53 | 25 | 435 | 684 | 448 | 3,330 | 9,111 |
| Subgrants | - | - | - | - | - | - | - | - | 6,215,384 |
| Capital outlay | - | - | - | - | - | - | - | 12,060 | 12,060 |
| Total expenditures | 3,756 | 21,764 | 44,149 | 46,441 | 595,736 | 392,092 | 91,738 | 380,935 | 8,946,303 |
| Revenues over (under) expenditures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,545 |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
ADMINISTRATIVE GRANT UNDER APPALACHIAN REGIONAL DEVELOPMENT ACT
Year Ended June 30, 2016**

| | July 1, 2015 - December 31, 2015 | January 1, 2016 - June 30, 2016 | Total |
|-----------------------------------|-------------------------------------|------------------------------------|----------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| Federal grants | \$ 37,175 | \$ 40,054 | \$ 77,229 |
| State grants | 16,368 | 408,117 | 424,485 |
| Local contributions | 432 | 337 | 769 |
| Charges for services | 90,245 | 71,816 | 162,061 |
| Total revenues | 144,220 | 520,324 | 664,544 |
| Expenditures: | | | |
| Personnel | 72,369 | 70,359 | 142,728 |
| Fringe | 30,565 | 27,758 | 58,323 |
| Travel | 3,693 | 3,487 | 7,180 |
| Printing and supplies | 812 | 541 | 1,353 |
| Telephone and utilities | 113 | 789 | 902 |
| Allocated costs | 35,149 | 35,220 | 70,369 |
| Professional fees and contracts | - | 382,170 | 382,170 |
| Other | 1,519 | - | 1,519 |
| Total expenditures | 144,220 | 520,324 | 664,544 |
| Revenues over expenditures | \$ - | \$ - | \$ - |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
ECONOMIC DEVELOPMENT ADMINISTRATION – PLANNING
Year Ended June 30, 2016**

| | July 1, 2015 - June 30, 2016 |
|-----------------------------------|---------------------------------|
| <hr/> | |
| Revenues: | |
| Intergovernmental: | |
| Federal grants | \$ 70,000 |
| State grants | 30,000 |
| Local contributions | 21 |
| | <hr/> |
| Total revenues | 100,021 |
| | <hr/> |
| Expenditures: | |
| Personnel | 45,985 |
| Fringe | 19,493 |
| Travel | 8,127 |
| Printing and supplies | 1,417 |
| Telephone and utilities | 1,135 |
| Allocated costs | 22,932 |
| Advertising | 354 |
| Professional fees and contracts | 209 |
| Other | 369 |
| | <hr/> |
| Total expenditures | 100,021 |
| | <hr/> |
| Revenues over expenditures | \$ - |
| | <hr/> <hr/> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
ECONOMIC DEVELOPMENT REVOLVING LOAN
Year Ended June 30, 2016**

| | July 1, 2015 - June 30, 2016 |
|-----------------------------------|---------------------------------|
| <hr/> | |
| Revenues: | |
| Use of money and property | \$ 4,915 |
| | <hr/> |
| Total revenues | 4,915 |
| | <hr/> |
| Expenditures: | |
| Personnel | 1,517 |
| Fringe | 550 |
| Telephone and utilities | 87 |
| Allocated costs | 651 |
| Professional fees and contracts | 467 |
| | <hr/> |
| Total expenditures | 3,272 |
| | <hr/> |
| Revenues over expenditures | \$ 1,643 |
| | <hr/> <hr/> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF REVENUES AND EXPENDITURES

MICRO LOAN

Year Ended June 30, 2016

| | July 1, 2015 - June 30, 2016 |
|------------------------------------|---------------------------------|
| Revenues: | |
| Use of money and property | \$ 1,677 |
| Total revenues | <u>1,677</u> |
| Expenditures: | |
| Personnel | 466 |
| Fringe | 169 |
| Allocated costs | 269 |
| Professional fees and contracts | 845 |
| Other | 26 |
| Total expenditures | <u>1,775</u> |
| Revenues under expenditures | <u>\$ (98)</u> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
UPPER POTOMAC AREA AGENCY ON AGING –
TITLE III
Year Ended June 30, 2016**

| | July 1, 2015 - September 30, 2015 | October 1, 2015 - June 30, 2016 | Total |
|-----------------------------------|--------------------------------------|------------------------------------|------------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| Federal grants | \$ 752,654 | \$ 1,368,242 | \$ 2,120,896 |
| State grants | 167,998 | 1,294,493 | 1,462,491 |
| Local contributions | 22,140 | - | 22,140 |
| Miscellaneous | - | 235 | 235 |
| Total revenues | 942,792 | 2,662,970 | 3,605,762 |
| Expenditures: | | | |
| Personnel | 23,316 | 109,618 | 132,934 |
| Fringe | 5,607 | 42,585 | 48,192 |
| Travel | 408 | 8,480 | 8,888 |
| Printing and supplies | 15 | 817 | 832 |
| Telephone and utilities | 567 | 3,346 | 3,913 |
| Allocated costs | 9,052 | 54,847 | 63,899 |
| Advertising | - | 580 | 580 |
| Other | - | 1,212 | 1,212 |
| Subgrants | 903,827 | 2,441,485 | 3,345,312 |
| Total expenditures | 942,792 | 2,662,970 | 3,605,762 |
| Revenues over expenditures | \$ - | \$ - | - |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
UPPER POTOMAC AREA AGENCY ON AGING –
LIFE
Year Ended June 30, 2016**

| | July 1, 2015 - June 30, 2016 |
|-----------------------------------|---------------------------------|
| Revenues: | |
| Intergovernmental: | |
| State grants | \$ 2,870,072 |
| Total revenues | <u>2,870,072</u> |
| Expenditures: | |
| Subgrants | <u>2,870,072</u> |
| Total expenditures | <u>2,870,072</u> |
| Revenues over expenditures | <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, 2016**

| | July 1, 2015 - June 30, 2016 |
|-----------------------------------|---------------------------------|
| <hr/> | |
| Revenues: | |
| Intergovernmental: | |
| State grants | \$ 60,000 |
| Miscellaneous | 4,169 |
| | <hr/> |
| Total revenues | 64,169 |
| | <hr/> |
| Expenditures: | |
| Personnel | 29,169 |
| Fringe | 10,574 |
| Travel | 1,307 |
| Printing and supplies | 4,487 |
| Telephone and utilities | 594 |
| Allocated costs | 17,763 |
| Other | 275 |
| | <hr/> |
| Total expenditures | 64,169 |
| | <hr/> |
| Revenues over expenditures | \$ - |
| | <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, 2016**

| | July 1, 2015 - June 30, 2016 |
|-----------------------------------|---------------------------------|
| Revenues: | |
| Intergovernmental: | |
| State grants | \$ 60,000 |
| Local contributions | 77 |
| | <hr/> |
| Total revenues | 60,077 |
| | <hr/> |
| Expenditures: | |
| Personnel | 31,933 |
| Fringe | 10,840 |
| Travel | 225 |
| Printing and supplies | 213 |
| Telephone and utilities | 1,087 |
| Allocated costs | 15,044 |
| Other | 735 |
| | <hr/> |
| Total expenditures | 60,077 |
| | <hr/> |
| Revenues over expenditures | \$ - |
| | <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, 2016**

| | July 1, 2015 - June 30, 2016 |
|-----------------------------------|---------------------------------|
| <hr/> | |
| Revenues: | |
| Miscellaneous | \$ 3,756 |
| | <hr/> |
| Total revenues | 3,756 |
| | <hr/> |
| Expenditures: | |
| Personnel | 2,183 |
| Fringe | 721 |
| Travel | 26 |
| Allocated costs | 826 |
| | <hr/> |
| Total expenditures | 3,756 |
| | <hr/> |
| Revenues over expenditures | \$ - |
| | <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, 2016**

| | April 1, 2016 - June 30, 2016 |
|-----------------------------------|----------------------------------|
| <hr/> | |
| Revenues: | |
| Intergovernmental: | |
| State grants | \$ 20,000 |
| Miscellaneous | 1,764 |
| | <hr/> |
| Total revenues | 21,764 |
| | <hr/> |
| Expenditures: | |
| Personnel | 10,667 |
| Fringe | 3,868 |
| Travel | 715 |
| Allocated costs | 6,514 |
| | <hr/> |
| Total expenditures | 21,764 |
| | <hr/> |
| Revenues over expenditures | \$ - |
| | <hr/> <hr/> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF REVENUES AND EXPENDITURES

SENIOR HEALTH INSURANCE PROGRAM –

REGION 3

Year Ended June 30, 2016

| | July 1, 2015 - March 31, 2016 | April 1, 2016 - June 30, 2016 | Total |
|-----------------------------------|----------------------------------|----------------------------------|---------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| State grants | \$ 27,317 | \$ 12,773 | \$ 40,090 |
| Local contributions | 4,059 | - | 4,059 |
| Total revenues | 31,376 | 12,773 | 44,149 |
| Expenditures: | | | |
| Personnel | 15,324 | 7,406 | 22,730 |
| Fringe | 6,714 | 2,685 | 9,399 |
| Travel | 359 | - | 359 |
| Printing and supplies | 102 | 1 | 103 |
| Allocated costs | 8,299 | 2,681 | 10,980 |
| Advertising | 525 | - | 525 |
| Other | 53 | - | 53 |
| Total expenditures | 31,376 | 12,773 | 44,149 |
| Revenues over expenditures | \$ - | \$ - | \$ - |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF REVENUES AND EXPENDITURES

SENIOR HEALTH INSURANCE PROGRAM –

MIPPA

Year Ended June 30, 2016

| | July 1, 2015 - January 31, 2016 | February 1, 2016 - June 30, 2016 | Total |
|-----------------------------------|------------------------------------|-------------------------------------|---------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| State grants | \$ 19,989 | \$ 24,507 | \$ 44,496 |
| Local contributions | 1,885 | - | 1,885 |
| Miscellaneous | - | 60 | 60 |
| Total revenues | 21,874 | 24,567 | 46,441 |
| Expenditures: | | | |
| Personnel | 12,971 | 14,801 | 27,772 |
| Fringe | 2,066 | 2,301 | 4,367 |
| Travel | 126 | 60 | 186 |
| Printing and supplies | 1 | 108 | 109 |
| Allocated costs | 6,710 | 7,222 | 13,932 |
| Advertising | - | 50 | 50 |
| Other | - | 25 | 25 |
| Total expenditures | 21,874 | 24,567 | 46,441 |
| Revenues over expenditures | \$ - | \$ - | \$ - |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF REVENUES AND EXPENDITURES

TITLE V

Year Ended June 30, 2016

| | July 1, 2015 - June 30, 2016 |
|-----------------------------------|---------------------------------|
| Revenues: | |
| Intergovernmental: | |
| Federal grants | \$ 533,791 |
| Local contributions | 23,719 |
| In-kind | 38,226 |
| | <hr/> |
| Total revenues | 595,736 |
| | <hr/> |
| Expenditures: | |
| Personnel | 450,621 |
| Fringe | 55,043 |
| Travel | 15,951 |
| Printing and supplies | 1,187 |
| Telephone and utilities | 629 |
| Allocated costs | 33,374 |
| Advertising | 94 |
| Participant support | 176 |
| In-kind | 38,226 |
| Other | 435 |
| | <hr/> |
| Total expenditures | 595,736 |
| | <hr/> |
| Revenues over expenditures | \$ - |
| | <hr/> <hr/> |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF REVENUES AND EXPENDITURES

FOSTER GRANDPARENT

Year Ended June 30, 2016

July 1, 2015 -
June 30, 2016

| | |
|-----------------------------------|----------------|
| Revenues: | |
| Intergovernmental: | |
| Federal grants | \$ 333,165 |
| In-kind | 25,780 |
| Miscellaneous | 33,147 |
| | <hr/> |
| Total revenues | 392,092 |
| | <hr/> |
| Expenditures: | |
| Personnel | 52,842 |
| Fringe | 21,104 |
| Travel | 41,152 |
| Printing and supplies | 780 |
| Telephone and utilities | 656 |
| Allocated costs | 27,226 |
| Insurance | 3,294 |
| Advertising | 51 |
| Participant support | 4,105 |
| Stipends | 214,418 |
| In-kind | 25,780 |
| Other | 684 |
| | <hr/> |
| Total expenditures | 392,092 |
| | <hr/> |
| Revenues over expenditures | \$ - |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
 RETIRED SENIOR VOLUNTEER PROGRAM
 Year Ended June 30, 2016**

| | July 1, 2015 - March 31, 2016 | April 1, 2016 - June 30, 2016 | Total |
|-----------------------------------|----------------------------------|----------------------------------|---------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| Federal grants | \$ 50,796 | \$ 22,301 | \$ 73,097 |
| Local contributions | 6,074 | - | 6,074 |
| In-kind | 11,706 | 539 | 12,245 |
| Miscellaneous | 282 | 40 | 322 |
| Total revenues | 68,858 | 22,880 | 91,738 |
| Expenditures: | | | |
| Personnel | 26,265 | 11,497 | 37,762 |
| Fringe | 9,513 | 3,840 | 13,353 |
| Travel | 3,850 | 584 | 4,434 |
| Printing and supplies | 1,212 | 804 | 2,016 |
| Allocated costs | 15,923 | 5,557 | 21,480 |
| In-kind | 11,706 | 539 | 12,245 |
| Other | 389 | 59 | 448 |
| Total expenditures | 68,858 | 22,880 | 91,738 |
| Revenues over expenditures | \$ - | \$ - | - |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES
TRANSITIONAL HOUSING**

Year Ended June 30, 2016

July 1, 2015 -
June 30, 2016

| | |
|-----------------------------------|----------------|
| Revenues: | |
| Intergovernmental: | |
| Federal grants | \$ 325,420 |
| Use of money and property | 55,515 |
| | <hr/> |
| Total revenues | 380,935 |
| | <hr/> |
| Expenditures: | |
| Personnel | 172,911 |
| Fringe | 60,294 |
| Travel | 4,222 |
| Printing and supplies | 24,176 |
| Rent | 14,448 |
| Telephone and utilities | 8,849 |
| Allocated costs | 75,780 |
| Insurance | 2,304 |
| Advertising | 677 |
| Maintenance | 1,884 |
| Other | 3,330 |
| Capital outlay | 12,060 |
| | <hr/> |
| Total expenditures | 380,935 |
| | <hr/> |
| Revenues over expenditures | \$ - |
| | <hr/> <hr/> |

COMPLIANCE SECTION

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016**

| 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 | 01-83-14398-02 | \$ - | \$ 70,000 |
| Total Department of Commerce | | | - | 70,000 |
| DEPARTMENT OF LABOR: | | | | |
| <u>Pass-through payments:</u> | | | | |
| <u>National Council on Aging:</u> | | | | |
| Senior Community Service Employment Program | 17.235 | AD-26907-15-55-11-56 | 533,791 | 533,791 |
| Total Department of Labor | | | 533,791 | 533,791 |
| APPALACHIAN REGIONAL COMMISSION: | | | | |
| <u>Direct payments:</u> | | | | |
| Appalachian Local Development District Assistance | 23.009 | WV-4415-C39-15 | 33,430 | 33,430 |
| | 23.009 | WV-4415-C40-16 | 43,798 | 43,798 |
| Total Appalachian Regional Commission | | | 77,228 | 77,228 |
| DEPARTMENT OF VETERANS AFFAIRS: | | | | |
| <u>Direct payments:</u> | | | | |
| VA Homeless Providers Grant and Per Diem Program | 64.024 | 96-67-WV | 325,419 | 325,419 |
| Total Department of Veterans Affairs | | | 325,419 | 325,419 |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016**

| 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 | 21537 | \$ 1,124 | \$ 1,124 |
| | 93.043 | 21637 | 2,724 | 2,724 |
| National Family Caregiver Support - Title III, Part E | 93.052 | 21537 | 12,715 | 12,715 |
| | 93.052 | 21637 | 114,676 | 114,676 |
| Aging Cluster: | | | | |
| Special Projgrams for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | 93.044 | 21537 | 273,861 | 305,145 |
| | 93.044 | 21637 | 423,903 | 423,903 |
| Special Programs for the Aging - Title III, Part C - Nutrition Services | 93.045 | 21537 | 353,638 | 353,638 |
| | 93.045 | 21637 | 661,173 | 661,173 |
| Nutrition Services Incentive Program | 93.053 | 21537 | 80,034 | 80,034 |
| | 93.053 | 21637 | 152,766 | 152,766 |
| Total Aging Cluster | | | 1,945,375 | 1,976,659 |
| Low Income Home Energy Assistance | 93.568 | 21372 | 11,000 | 13,000 |
| Total Department of Health and Human Services | | | 2,087,614 | 2,120,898 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE: | | | | |
| <u>Direct payments:</u> | | | | |
| Retired and Senior Volunteer Program | 94.002 | 13SRSWV001 | 50,796 | 50,796 |
| | 94.002 | 16SRSWV002 | 22,301 | 22,301 |
| Foster Grandparent/Senior Companion Cluster: Foster Grandparent Program | 94.011 | 15SFSSWV002 | 333,165 | 333,165 |
| Total Foster Grandparent/Senior Companion Cluster | | | 333,165 | 333,165 |
| Total Corporation for National and Community Service | | | 406,262 | 406,262 |
| Total Expenditures of Federal Awards | | | \$ 3,430,314 | \$ 3,533,598 |

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2016

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, 2016. 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, 2016

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, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 28, 2017.

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 did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 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.

PBMares, LLP

Harrisonburg, Virginia
March 28, 2017



**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, 2016. 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, 2016.

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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
March 28, 2017

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes No
 Significant deficiency identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes No
 Significant deficiency identified? Yes 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 |
|-------------|-----------------------------------------------------------------------|
| 93.044 | Title III, Part B – Grants for Supportive Services and Senior Centers |
| 93.045 | 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, 2016

II. FINANCIAL STATEMENT FINDINGS

A. Material Weaknesses in Internal Control

2016-001: 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 restate prior periods.

Context: 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.

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

Effect: As noted above, the effect of these transactions was to misstate prior year fund balances and net position 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 in understanding governmental accounting standards 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.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

CORRECTIVE ACTION PLAN Year Ended June 30, 2016

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

Finding:

Upon auditing the year-end balances of the Council, there were instances of material adjustments identified, including entries to restate prior periods.

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, 2016

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.