

**REGION 8 PLANNING AND
DEVELOPMENT COUNCIL**

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2019



ASSURANCE, TAX & ADVISORY SERVICES

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

TABLE OF CONTENTS

FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1 – 3
Management's Discussion and Analysis	4 – 8
<i>Basic Financial Statements</i>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15 – 34
<i>Required Supplementary Information</i>	
Schedule of Proportionate Share of Net Pension Liability – West Virginia Public Employees' Retirement System	35
Schedule of Pension Contributions	36
Schedule of Proportionate Share of Net OPEB Liability – West Virginia Public Employees' Retirement Insurance Plan	37
Schedule of OPEB Contributions	38
Notes to Required Supplementary Information	39

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

TABLE OF CONTENTS

Supplemental Schedules

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	40
Combining Schedule of Revenues and Expenditures – Special Revenue Fund	41 – 42
Schedule of Revenues and Expenditures – Administrative Grant Under Appalachian Regional Development Act	43
Schedule of Revenues and Expenditures – Economic Development Administration – Planning	44
Schedule of Revenues and Expenditures – Economic Development Revolving Loan	45
Schedule of Revenues and Expenditures – Micro Loan	46
Schedule of Revenues and Expenditures – Upper Potomac Area Agency on Aging – Title III	47
Schedule of Revenues and Expenditures – Low Income Energy Assistance Program – LIEAP	48
Schedule of Revenues and Expenditures – Upper Potomac Area Agency on Aging – Life	49
Schedule of Revenues and Expenditures – Upper Potomac Area Agency on Aging – Aging Disabled Resource Center – Region 3	50
Schedule of Revenues and Expenditures – Upper Potomac Area Agency on Aging – Supplemental Nutrition Assistance Program	51
Schedule of Revenues and Expenditures – Upper Potomac Area Agency on Aging – Senior Medicare Patrol	52
Schedule of Revenues and Expenditures – Senior Health Insurance Program – Region 3	53
Schedule of Revenues and Expenditures – Senior Health Insurance Program – MIPPA	54
Schedule of Revenues and Expenditures – Title V	55
Schedule of Revenues and Expenditures – Foster Grandparent	56
Schedule of Revenues and Expenditures – Retired Senior Volunteer Program	57
Schedule of Revenues and Expenditures – Transitional Housing	58

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

TABLE OF CONTENTS

COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	59 – 60
Notes to Schedule of Expenditures of Federal Awards	61 – 62
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 <i>GOVERNMENT AUDITING STANDARDS</i>	63 – 64
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	65 – 66
Schedule of Findings and Questioned Costs	67

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Council Members
Region 8 Planning and Development Council

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, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Council, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-8 and 35-39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
May 4, 2020

**REGION 8 PLANNING AND DEVELOPMENT COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

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 2019 financial activity and the change in its financial condition during fiscal year 2019. 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, 2019. This provides the simplest display of the Council's financial condition at June 30, 2019. 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 2019. The net position as of June 30, 2019 is the result of the activity portrayed on this statement.
- **Balance Sheet** – This provides the traditional statement of assets and liabilities and provides the total fund balances as of June 30, 2019. 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 2019 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, 2019 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 2019, the Council expended \$8,061,378. These same activities produced revenues of \$8,120,316 during fiscal year 2019. The Council had a net change in fund balances of \$58,938. As reported on the Statement of Activities, the Council had a change in net position of \$178,792 during fiscal year 2019. The Council had net position of \$513,066 at the end of fiscal year 2019. Table 1 provides additional details including a comparison to fiscal year 2018.

Table 1 – Fiscal Years 2019 and 2018 Expenses and Revenues

	2019	2018	<u>Percent Change</u> 2018 to 2019
Governmental Activities:			
Expenses	\$ 7,963,242	\$ 8,432,096	(5.56%)
Program revenues	8,082,833	8,341,610	(3.10%)
Change in net position, Governmental Activities	119,591	(90,486)	(232.17%)
General Revenues	59,201	118,219	(49.92%)
Change in net position	178,792	27,733	544.69%
Net Position, beginning, as restated	334,274	306,541	9.05%
Net Position, ending	\$ 513,066	\$ 334,274	53.49%

Similarly to fiscal year 2018, during fiscal year 2019, the Council experienced an increase in net position as a result of governmental activities. This increase resulted from a decline in revenue shortfalls in the general operations as the Council has experienced in the past and adjustments to deferred outflows due to pension plans and other post employment benefits.

As noted, the Council ended fiscal year 2019 with net position of \$513,066. Capital assets comprised about 1/3 of the Council's net position in the amount of \$179,611. 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 \$54,481 at December 31, 2019, an increase of \$202,204 as compared to unrestricted net position at December 31, 2018.

THE COUNCIL'S FUNDS

The Council expended \$123,526 through its General Fund during fiscal year 2019. This included expenditures of \$39,527 for staff (Personnel and Fringe), \$20,029 for grant match, and \$19,097 for allocated costs. Staff cost accounted for 32.0% of all expenditures and allocated costs accounted for 15.5%. In fiscal year 2018, staff cost accounted for 16.0% of all general fund expenditures. The overall costs for staff expenditures in the General Fund remained stable in fiscal year 2019. The amount listed as expended for grant match slightly decreased from fiscal year 2018. This represents stabilization in program matching requirements for fiscal year 2019. The General Fund had revenue of \$182,464 during fiscal year 2019. Approximately 43.5% of all General Fund Revenue came from charges for services, mostly from the use of agency vehicles. Other income including local contributions and use of money and property totaled \$71,632 in fiscal year 2019 or 39.3% of all General Fund revenue.

The Council expended \$7,937,852 through its Special Revenue Fund during fiscal year 2019. This included \$1,239,038 for staff, \$348,981 for allocated costs and \$196,571 for stipends to program participants. Staff costs accounted for 15.6% of all fund expenditures. The amount expended for staffing by the fund decreased slightly from fiscal year 2018. The stabilization represents generally no change in staffing from fiscal year 2018. Allocated costs and stipends accounted for 4.4% and 2.7% of the costs, respectively, and, expenditures for these items remained relatively stable. Grants from the Federal Government accounted for 42.6% of all revenue during fiscal year 2019. Charges for services provided \$112,544 or about 1.4% of revenue during fiscal year 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2019, the Council experienced a small decrease in capital assets. The Council began fiscal year 2019 with \$203,023 in net capital assets. Mainly due to accumulated depreciation, the Council ended fiscal year 2019 with \$179,611 in net capital assets, including buildings and vehicles.

Pension Plan Liability

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 2019 was \$147,205.

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 into a separate checking account. 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. However, the Council must maintain the liability in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 75 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 2019 is \$343,785.

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 feels that its financial position is sound and that it can maintain critical operations. With the implementation of both GASB No. 68 and No. 75, the Council's overall net position as shown in its financial statements provides a better representation of the Council's financial position.

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:

Melissa Earle
Assistant Director
Region 8 Planning and Development Council
PO Box 849
Petersburg, WV 26847
(304) 257-2448
Mearle@regioneight.org

BASIC FINANCIAL STATEMENTS

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government <u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 798,822
Accounts receivable	157,376
Due from other governments	1,237,061
Notes receivable	89,372
Prepaid items	15,207
Capital assets:	
Buildings and improvements	519,393
Vehicles	80,054
Less: accumulated depreciation and amortization	(419,836)
Total assets	<u>2,477,449</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	83,795
Other postemployment benefits	33,109
Total deferred outflows of resources	<u>116,904</u>
LIABILITIES	
Accounts payable	1,145,908
Accrued payroll and benefits	60,508
Other accrued liabilities	11,157
Unearned revenue	57,234
Due to other governments	80
Noncurrent liabilities:	
Due within one year:	
Compensated absences	33,174
Due in more than one year:	
Note payable	32,250
Compensated absences	12,037
Other postemployment benefits	343,785
Net pension liability	147,205
Total liabilities	<u>1,843,338</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan	117,358
Other postemployment benefits	120,591
Total deferred inflows of resources	<u>237,949</u>
NET POSITION	
Net investment in capital assets	179,611
Restricted	278,974
Unrestricted	54,481
Total net position	<u>\$ 513,066</u>

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2019**

Entity/Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions		
Primary government:					
Governmental activities:					
General operations	\$ 25,390	\$ 79,432	\$ 85,919	\$ -	\$ 139,961
Economic development	267,124	112,544	150,134	-	(4,446)
General welfare	7,670,728	-	7,654,804	-	(15,924)
Total governmental activities	7,963,242	191,976	7,890,857	-	119,591
Total primary government	\$ 7,963,242	\$ 191,976	\$ 7,890,857	\$ -	119,591
General revenues:					
Use of money and property					11,878
Miscellaneous					47,323
Total general revenues					59,201
Change in net position					178,792
Net position, beginning					334,274
Net position, ending					\$ 513,066

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2019

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 798,822	\$ -	\$ 798,822
Accounts receivable	157,376	-	157,376
Due from other governments	-	1,237,061	1,237,061
Notes receivable	-	89,372	89,372
Prepaid items	15,207	-	15,207
Due from other funds	-	117,679	117,679
Total assets	\$ 971,405	\$ 1,444,112	\$ 2,415,517
LIABILITIES			
Accounts payable	\$ 37,300	\$ 1,108,608	\$ 1,145,908
Accrued payroll and benefits	93,682	-	93,682
Other accrued liabilities	11,157	-	11,157
Unearned revenue	704	56,530	57,234
Due to other governments	80	-	80
Due to other funds	117,679	-	117,679
Total liabilities	260,602	1,165,138	1,425,740
FUND BALANCES			
Nonspendable	15,207	-	15,207
Assigned	321,030	-	321,030
Restricted:			
Economic development revolving loan	-	195,097	195,097
Micro loan	-	83,877	83,877
Unassigned	374,566	-	374,566
Total fund balances	710,803	278,974	989,777
Total liabilities and fund balances	\$ 971,405	\$ 1,444,112	\$ 2,415,517

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

June 30, 2019

	Governmental Funds	
Total fund balances - governmental funds	\$	989,777
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$	599,447
Less: accumulated depreciation and amortization		(419,836)
Net capital assets		179,611
<p>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.</p>		
Pension plan		83,795
Other postemployment benefits		33,109
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>		
Note payable		(32,250)
Net pension liability		(147,205)
Other postemployment benefits liability		(343,785)
Compensated absences		(12,037)
		(535,277)
<p>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.</p>		
Pension plan		(117,358)
Other postemployment benefits		(120,591)
		(237,949)
Net position of governmental activities	\$	513,066

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

Year Ended June 30, 2019

	General	Special Revenue	Total Governmental Funds
Revenues:			
Intergovernmental:			
Federal grants	\$ -	\$ 3,154,256	\$ 3,154,256
State grants	-	4,455,281	4,455,281
Local contributions	64,201	12,689	76,890
Charges for services	79,432	112,544	191,976
Use of money and property	7,431	4,447	11,878
In-kind	-	182,712	182,712
Miscellaneous	31,400	15,923	47,323
	<hr/>	<hr/>	<hr/>
Total revenues	182,464	7,937,852	8,120,316
Expenditures:			
Personnel	28,874	1,023,592	1,052,466
Fringe	10,653	215,446	226,099
Travel	404	78,335	78,739
Printing and supplies	285	5,217	5,502
Rent	-	1,504	1,504
Telephone and utilities	1,717	12,161	13,878
Allocated costs	19,097	348,981	368,078
Insurance	7,764	3,157	10,921
Advertising	-	3,218	3,218
Maintenance	3,680	422	4,102
Professional fees and contracts	-	1,725	1,725
Participant support	-	4,034	4,034
Stipends	-	196,571	196,571
In-kind	-	182,712	182,712
Other	17,275	15,907	33,182
Grant cash match	20,029	-	20,029
Subgrants	-	5,844,870	5,844,870
Capital outlay	13,748	-	13,748
	<hr/>	<hr/>	<hr/>
Total expenditures	123,526	7,937,852	8,061,378
	<hr/>	<hr/>	<hr/>
Net change in fund balances	58,938	-	58,938
Fund balances, beginning	651,865	278,974	930,839
	<hr/>	<hr/>	<hr/>
Fund balances, ending	\$ 710,803	\$ 278,974	\$ 989,777
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2019

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	58,938
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
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.		
Depreciation and amortization expense		(23,412)
Deferred outflows of resources:		
Pension plan contributions subsequent to measurement date		76,493
Other postemployment benefit contributions subsequent to measurement date		28,914
State of West Virginia other postemployment benefits support		21,718
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	\$	32,927
Compensated absences		(55)
Other postemployment benefits expense		(16,731)
		<u>16,141</u>
Change in net position of governmental activities	\$	<u>178,792</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 Balances

1. Cash and Cash Equivalents

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

2. Receivables

Accounts receivable represents billings for services rendered but not received as of June 30, 2019. 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. The items comprising the deferred outflows of resources relate to the pension and other postemployment benefits (OPEB) plans. See Notes 9 through 10 for details regarding these items.

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 Balances (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. The items comprising the deferred inflows of resources relate to the pension and OPEB plans. See Notes 9 through 10 for details regarding these items.

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 Balances (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; and
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the General Fund.

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 Balances (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 West Virginia Public Employees Retirement System (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. Other Postemployment Benefits (OPEB)

The Council participates in the West Virginia Retiree Health Benefit Trust Other Postemployment Benefit Plan (RHBT), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the RHBT, and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the RHBT. 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, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

14. Use of Estimates

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

E. Budget

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

F. Subsequent Events

The Council has evaluated subsequent events through May 4, 2020, the date on which the financial statements were available to be issued.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

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, 2019, the Council's bank balance was \$811,915 and \$91,789 of that amount is in excess of insured limits.

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, 2019, the various components of unearned revenue reported in the governmental fund are as follows:

	<u>Unearned</u>
General Fund:	
Advance collection of 2019-2020 contributions	\$ 704
Special Revenue Fund:	
Transitional Housing	46,093
Micro Loan Lightstone payments received	9,140
Foster Grandparent	1,111
Other	186
	<u>56,530</u>
Total Special Revenue Fund	<u>\$ 57,234</u>

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 4. Due To/From Other Governments

Amounts due from other governments include the following:

Special Revenue Fund:	
Life	\$ 560,807
Title III	397,153
NSIP	119,717
Upper Potomac Area Agency on Aging - T3 Nutrition	34,000
Foster Grandparent	30,899
West Virginia Senior Community Service Employment Program	26,072
Administrative Grant Under Appalachian Regional Development Act	16,313
Aging Disabled Resource Center	16,087
SHIP MIPPA	12,941
Retired Senior Volunteer Program	9,742
Virginia Senior Community Service Employment Program	8,349
Low Income Energy Assistance Program	4,000
Other	981
	<hr/>
	\$ 1,237,061
	<hr/>

Amounts due to other governments include the following:

General Fund:	
Other	\$ 80
	<hr/>
	\$ 80
	<hr/>

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.	\$ 29,372
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.	<hr/>
	60,000
	<hr/>
	\$ 89,372
	<hr/>

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, 2019 is as follows:

	Beginning Balance	Increases	Deletions	Ending Balance
Governmental activities:				
Capital assets being depreciated or amortized:				
Buildings and improvements	\$ 519,393	\$ -	\$ -	\$ 519,393
Vehicles	80,054	-	-	80,054
Total capital assets being depreciated or amortized	599,447	-	-	599,447
Less accumulated depreciation and amortization for:				
Buildings and improvements	329,914	16,338	-	346,252
Vehicles	66,510	7,074	-	73,584
Total accumulated depreciation and amortization	396,424	23,412	-	419,836
Total capital assets being depreciated or amortized, net	203,023	(23,412)	-	179,611
Governmental activities capital assets, net	\$ 203,023	\$ (23,412)	\$ -	\$ 179,611

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, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 44,857	\$ 57,163	\$ 56,809	\$ 45,211	\$ 33,174
	\$ 44,857	\$ 57,163	\$ 56,809	\$ 45,211	\$ 33,174

Of the total compensated absences balance at year-end, \$33,174 is considered short-term and recorded within the governmental funds as a result of being charged and reimbursed by certain grant programs. An additional \$12,037 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 administered by the West Virginia Consolidated Public Retirement Board (CPRB). 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. The CPRB issues a publicly available financial report that includes financial statements for PERS that can be obtained at www.wvretirement.com.

PERS provides retirement benefits as well as death and disability benefits. A member is eligible for normal retirement at age 60 with five or more years of service, or at least age 55 with age and service equal to 80 or greater. A member hired after July 1, 2015, may retire at age 62 with 10 years of contributory service. The straight-life annuity retirement benefit is equivalent to two percent of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last 15 years of earnings. For all employees hired after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last 15 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. For all employees hired after July 1, 2015, this age increases to 64 with at least ten years of contributory service.

B. Contributions

The PERS funding policy has been established by action of the State Legislature. Although contributions are not actuarially determined, actuarial valuations are performed to assist State Legislature in establishing contribution rates. For periods prior to July 1, 2015, plan participants contribute 4.5% of compensation. All members hired July 1, 2015 and later contribute 6% of annual earnings. Current policy requires employer contributions of 10% and 11.0% for the years ended June 30, 2019 and 2018, respectively. Contributions to the pension plan were \$76,493 and \$72,164 for the years ended June 30, 2019 and 2018, 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

At June 30, 2019, the Council reported a liability for the plan of \$147,205 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, 2018, the Council's proportion was 0.057% as compared to 0.062% at June 30, 2017.

D. Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial cost method	Entry age normal
Asset valuation method	4-year, 25% level smoothing of gain or (loss). Gain or (loss) is determined as the actual return on market value during the period less the expected return on the actuarial value of assets
Amortization method	Level dollar, fixed period
Amortization period	Through fiscal year 2035
Investment rate of return	7.50%
Projected salary increases	3.00% - 6.00%
Inflation rate	3.00%
Discount rate	7.50%
Mortality rates	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Retired disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal rates	1.75% - 35%
Disability rates	0.0% - 0.7%
Retirement rates	12% - 100%
Date range in most recent experience study	2009 - 2014

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Weighted Average Expected Rate of Return
Domestic Equity	27.50%	5.80%	1.60%
International Equity	27.50%	7.70%	2.12%
Fixed Income	15.00%	3.30%	0.50%
Real Estate	10.00%	6.10%	0.61%
Private Equity	10.00%	8.80%	0.88%
Hedge Funds	10.00%	4.40%	0.44%
Total	<u>100.00%</u>		<u>6.15%</u>
Inflation (CPI)			<u>2.00%</u>
			<u>8.15%</u>

F. 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 liability for the plan.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Council's net pension liability calculated using the current discount rate of 7.5% as well as the Council's net pension liability if it was 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) Asset	\$ (592,824)	\$ (147,205)	\$ 229,783

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

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

For the year ended June 30, 2019, the Council recognized pension expense (benefit) of (\$18,139). 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	\$ -	\$ (30,370)
Differences between expected and actual experience	7,302	(364)
Net difference between projected and actual earnings on pension plan investments	-	(86,624)
Employer contributions subsequent to the measurement date	76,493	-
Total	\$ 83,795	\$ (117,358)

The \$76,493 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 22,011
2021	22,011
2022	22,011
2023	22,011
2024	22,012
	\$ 110,056

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), a cost-sharing, multiple employer, defined benefit other postemployment benefit plan as set forth in the *West Virginia Code* Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publically available financial report of the RHBT that can be obtained at www.peia.wv.gov.

The Council's employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options: Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is closed to new entrants.

B. Contributions

The Code assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by Statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to a paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required paygo rates effective June 30, 2019 and 2018 were \$183 and \$177, respectively.

Contributions to the OPEB Plan from the Council were \$28,914 and \$32,745 for the years ended June 30, 2019 and 2018, respectively.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

B. Contributions (Continued)

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

Members hired before July 1, 1998, may convert accrued sick or leave days into 100% of the required healthcare contribution.

Members hired from July 1, 1988 to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

C. OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Council reported a liability for its proportionate share of the RHBT net OPEB liability that reflected a reduction for State OPEB support provided to the Council. The amount recognized by the Council as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Council was as follows:

The Council's proportionate share of the net OPEB liability	\$ 343,785
State's special funding proportionate share of the net OPEB liability associated with the Council	<u>71,051</u>
Total portion of the net OPEB liability associated with the Council	<u><u>\$ 414,836</u></u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The Council's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2018, the Council's proportion was 0.01602% as compared to 0.01630% at June 30, 2017.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

C. OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2019, the Council recognized OPEB expense of \$16,861 and for support provided by the State under special funding situations revenue of \$21,718. At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$ 4,195	\$ (74,815)
Differences between expected and actual experience	-	(5,086)
Changes in assumptions	-	(34,327)
Net difference between projected and actual earnings on OPEB plan investments	-	(6,363)
Employer contributions subsequent to the measurement date	28,914	-
Total	\$ 33,109	\$ (120,591)

The amount of \$28,914 reported as deferred outflows of resources related to OPEB resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2020	\$ 23,279
2021	23,279
2022	23,279
2023	23,279
2024	23,280
	<u>\$ 116,396</u>

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

D. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20 year closed period
Remaining amortization period	20 years closed as of June 30, 2017

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and Teachers' Retirement System (TRS). RP-2014 Healthy Annuitant Mortality Table projected with Scale MP-2016 for West Virginia Death, Disability, and Retirement Fund (Troopers A) and West Virginia State Police Retirement System (Troopers B). Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

E. Long-Term Expected Rate of Return

The long-term expected rate of return of 7.15% on OPEB Plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 3.0% for assets invested with the WVBTL. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTL.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

E. Long-Term Expected Rate of Return (Continued)

The long-term rates of return on OPEB Plan investments were determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was developed for each major asset class. The ranges were 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. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%

F. Discount Rate

The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the plan is expected to be fully funded by fiscal year ending June 30, 2036, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

G. Sensitivity of the Council's Proportionate Share of the Net OPEB liability to Changes in the Discount Rate

The following presents the Council's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB Liability	\$ 404,051	\$ 343,785	\$ 293,547

H. Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Council's proportionate share of the net OPEB liability, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 284,464	\$ 343,785	\$ 416,066

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 and illnesses of employees; and natural disasters. The Council has obtained coverage for job-related injuries of employees and health coverage for its employees from a commercial insurance provider and the WVPEIA, respectively. In exchange for the payment of premiums to the commercial insurance provider and WVPEIA, the Council has transferred its risk related to job-related injuries and health coverage for employees.

The Council participates in the West Virginia Board of Risk and Insurance Management to obtain coverage for general liability, property damage, business interruption, errors and omissions, and natural disasters. Coverage is offered in exchange for an annual premium. There were no changes in coverage or claims in excess of coverage for the year ended June 30, 2019.

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

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. Leases

The Council leases one building under a lease expiring March 31, 2020, with extension through March 31, 2021. The lease provides that the lessee reimburse the lessor for property taxes, utilities, and insurance plus a monthly rental of \$640.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	<u><u>\$ 7,680</u></u>

The total rent expenditures for the year ended June 30, 2019 is \$7,500.

Note 14. Pending GASB Statements

At June 30, 2019, 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. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

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

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by clarifying its definition and establishing standards for accounting, financial reporting, and note disclosures of additional commitments and arrangements associated with the obligations. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

GASB Statement No. 92, *Omnibus 2020*, addresses a variety of topics including issues related to leases for interim financial statements, component unit pension plans, other postemployment benefits, asset retirement obligations, risk pools, nonrecurring fair value measurements, and derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2020, with the exception of requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-03, reinsurance recoveries, and terminology used to refer to derivative instruments, which are effective upon issuance.

REQUIRED SUPPLEMENTARY INFORMATION

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Council's proportion of the net pension liability	0.078%	0.066%	0.065%	0.062%	0.057%
Council's proportionate share of the net pension liability	\$ 286,249	\$ 369,111	\$ 600,255	\$ 265,744	\$ 147,205
Council's covered payroll	\$ 1,040,124	\$ 896,421	\$ 899,933	\$ 845,225	\$ 784,520
The Council's proportionate share of the net pension liability as a percentage of its covered payroll	27.52%	41.18%	66.70%	31.44%	18.76%
Plan fiduciary net position as a percentage of the total pension liability	93.98%	91.29%	86.11%	93.67%	96.33%

Note to Schedule:

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

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF PENSION CONTRIBUTIONS

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 150,818	\$ 125,499	\$ 121,491	\$ 101,427	\$ 72,164	\$ 76,493
Contributions in relation to the CRC	150,818	125,499	121,491	101,427	72,164	76,493
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,040,124	\$ 896,421	\$ 899,933	\$ 845,225	\$ 784,520	\$ 689,872
Contributions as a percentage of covered payroll	14.50%	14.00%	13.50%	12.00%	9.20%	11.09%

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 PROPORTIONATE SHARE OF NET OPEB LIABILITY –
WEST VIRGINIA PUBLIC EMPLOYEES’ RETIREMENT INSURANCE PLAN**

	Fiscal Year June 30,	
	2017	2018
Council's proportion of the net OPEB liability	0.01630%	0.01602%
Council's proportionate share of the net OPEB liability	\$ 400,804	\$ 343,785
State's proportionate share of the net OPEB liability associated with the Council	82,326	71,051
Total proportionate share of the net OPEB liability associated with the Council	\$ 483,130	\$ 414,836
Council's covered payroll	\$ 843,345	\$ 779,041
Council's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.53%	44.13%
Plan fiduciary net position as a percentage of the total OPEB liability	25.10%	30.98%

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 OPEB CONTRIBUTIONS

	Fiscal Year June 30,		
	2017	2018	2019
Statororily required contribution (SRC)	\$ 33,479	\$ 32,745	\$ 28,914
Contributions in relation to the SRC	33,479	32,745	28,914
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Council's covered payroll	\$ 843,345	\$ 779,041	\$ 688,890
Contributions as a percentage of covered payroll	3.97%	4.20%	4.20%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION Year Ended June 30, 2019

Note 1. Actuarial Changes – Pension Plan

Actuarial valuation assumptions were changed as of June 30, 2018 to reflect the most recent experience study for the years 2010 through 2015:

Year	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation Rate		State	Nonstate	Disability Rates
2018	3.10% - 5.30%	3.35% - 6.50%	3.00%	Active - 100% of Pub-2010 General Employees table, below-median headcount weighted, projected with scale MP-2018 Retired healthy males - 108% of Pub-2010 General Retiree Mable table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy females - 122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted proected with scale MP-2018 Disabled males - 118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 Disabled females - 118% of Pub-2010 General / Teachers Disabled Female table, below-median headcount weighted, projected with scale MP-2018	2.28% - 45.63%	2.00% - 35.88%	0.005% - 0.540%
2017	3.00% - 4.60%	3.35% - 6.00%	3.00%	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired Disabled Males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Retired Disabled Females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75% - 26.00%	2.00% - 31.20%	0.00% - 0.700%
2016	3.00% - 4.60%	3.35% - 6.00%	3.00%	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Retired Disabled Females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75% - 35.10%	2.00% - 35.88%	0.000% - 0.675%
2015	3.00% - 4.60%	3.35% - 6.00%	1.90%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75% - 35.10%	2.00% - 35.80%	0.000% - 0.675%
2014	4.25% - 6.00%	4.25% - 6.00%	2.20%	Healthy males - 1983 GAM Healthy females - 1971 GAM setback 1 year Disabled males - 1971 GAM set forward 8 years Disabled females - Revenue Ruling 96-7	1.00% - 26.00%	2.00% - 31.20%	0.000% - 0.800%

Note 2. Actuarial Changes – Other Postemployment Benefits Plan

There are no other factors that affect trends in the amounts reported, such as a change in benefit terms, size or composition of the population covered by the benefit terms, or other assumptions.

SUPPLEMENTAL SCHEDULES

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

Year Ended June 30, 2019

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Intergovernmental:				
Local contributions	\$ -	\$ -	\$ 64,201	\$ 64,201
Charges for services	245,675	245,675	79,432	(166,243)
Use of money and property	-	-	7,431	7,431
Miscellaneous	-	-	31,400	31,400
Total revenues	245,675	245,675	182,464	(63,211)
Expenditures:				
Personnel	120,513	120,513	28,874	(91,639)
Fringe	53,137	53,137	10,653	(42,484)
Travel	1,425	1,425	404	(1,021)
Printing and supplies	200	200	285	85
Telephone and utilities	3,000	3,000	1,717	(1,283)
Allocated costs	67,300	67,300	19,097	(48,203)
Insurance	-	-	7,764	7,764
Maintenance	-	-	3,680	3,680
Other	100	100	17,275	17,175
Grant cash match	-	-	20,029	20,029
Capital outlay	-	-	13,748	13,748
Total expenditures	245,675	245,675	123,526	(122,149)
Net change in fund balance	\$ -	\$ -	58,938	\$ 58,938
Fund balance, beginning			<u>651,865</u>	
Fund balance, ending			<u>\$ 710,803</u>	

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES –
SPECIAL REVENUE FUND
Year Ended June 30, 2019**

	Administrative Grant Under Appalachian Regional Development Act	Economic Development - Administration - Planning	Economic Development Revolving Loan	Micro Loan	Upper Potomac Area Agency on Aging - Title III	Low Income Energy Assistance Program - LIEAP	Upper Potomac Area Agency on Aging - Life	Upper Potomac Area Agency on Aging - Aging Disabled Resource Center - Region 3	Upper Potomac Area Agency on Aging - Supplemental Nutrition Assistance Program
Revenues:									
Intergovernmental:									
Federal grants	\$ 50,471	\$ 70,000	\$ -	\$ -	\$ 1,858,875	\$ 4,000	\$ -	\$ -	\$ -
State grants	1,000	30,000	-	-	1,377,900	-	2,866,137	70,000	-
Local contributions	(2,272)	935	-	-	-	-	-	2,504	-
Charges for services	112,544	-	-	-	-	-	-	-	-
Use of money and property	-	-	1,777	2,669	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	70	5,044
Total revenues	161,743	100,935	1,777	2,669	3,236,775	4,000	2,866,137	72,574	5,044
Expenditures:									
Personnel	77,909	45,176	581	601	126,885	635	-	35,231	2,655
Fringe	26,589	21,052	191	193	41,259	209	-	11,358	815
Travel	2,768	1,649	207	410	11,875	-	-	11	-
Printing and supplies	83	927	-	20	1,165	-	-	306	-
Rent	-	-	-	-	-	-	-	-	-
Telephone and utilities	3,106	996	81	-	1,163	-	-	2,914	-
Allocated costs	49,715	29,677	549	817	75,948	343	-	20,915	1,574
Insurance	-	-	-	-	-	-	-	-	-
Advertising	381	377	-	-	533	-	-	1,273	-
Maintenance	-	-	-	-	-	-	-	-	-
Professional fees and contracts	1,192	-	107	426	-	-	-	-	-
Participant support	-	-	-	-	-	-	-	-	-
Stipends	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-
Other	-	1,081	61	202	2,014	13	-	566	-
Subgrants	-	-	-	-	2,975,933	2,800	2,866,137	-	-
Total expenditures	161,743	100,935	1,777	2,669	3,236,775	4,000	2,866,137	72,574	5,044
Revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES –
SPECIAL REVENUE FUND
Year Ended June 30, 2019**

	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	\$ -	\$ -	\$ -	\$ 664,088	\$ 358,059	\$ 74,990	\$ 73,773	\$ 3,154,256
State grants	20,000	40,500	49,744	-	-	-	-	4,455,281
Local contributions	-	-	-	-	-	11,522	-	12,689
Charges for services	-	-	-	-	-	-	-	112,544
Use of money and property	-	-	-	-	-	-	1	4,447
In-kind	-	-	-	109,199	45,958	27,555	-	182,712
Miscellaneous	-	-	-	7,552	3,107	150	-	15,923
Total revenues	20,000	40,500	49,744	780,839	407,124	114,217	73,774	7,937,852
Expenditures:								
Personnel	9,224	20,752	24,278	555,368	54,990	39,034	30,273	1,023,592
Fringe	2,352	6,153	6,189	61,529	16,467	11,278	9,812	215,446
Travel	1,887	218	768	8,973	45,394	3,541	634	78,335
Printing and supplies	-	36	230	881	436	575	558	5,217
Rent	-	-	-	-	-	-	1,504	1,504
Telephone and utilities	-	287	150	1,045	435	-	1,984	12,161
Allocated costs	6,537	12,278	17,971	43,260	37,513	29,967	21,917	348,981
Insurance	-	-	-	-	920	1,037	1,200	3,157
Advertising	-	50	-	94	30	480	-	3,218
Maintenance	-	-	-	-	-	-	422	422
Professional fees and contracts	-	-	-	-	-	-	-	1,725
Participant support	-	-	-	392	3,447	195	-	4,034
Stipends	-	-	-	-	196,571	-	-	196,571
In-kind	-	-	-	109,199	45,958	27,555	-	182,712
Other	-	726	158	98	4,963	555	5,470	15,907
Subgrants	-	-	-	-	-	-	-	5,844,870
Total expenditures	20,000	40,500	49,744	780,839	407,124	114,217	73,774	7,937,852
Revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES –
ADMINISTRATIVE GRANT UNDER APPALACHIAN REGIONAL DEVELOPMENT ACT
Year Ended June 30, 2019**

	July 1, 2018 - December 31, 2018	January 1, 2019 - June 30, 2019	Total
Revenues:			
Intergovernmental:			
Federal grants	\$ 2,969	\$ 47,502	\$ 50,471
State grants	-	1,000	1,000
Local contributions	(2,272)	-	(2,272)
Charges for services	55,827	56,717	112,544
Total revenues	56,524	105,219	161,743
Expenditures:			
Personnel	28,235	49,674	77,909
Fringe	8,765	17,824	26,589
Travel	293	2,475	2,768
Printing and supplies	-	83	83
Telephone and utilities	2,223	883	3,106
Allocated costs	16,627	33,088	49,715
Advertising	381	-	381
Professional fees and contracts	-	1,192	1,192
Total expenditures	56,524	105,219	161,743
Revenues over expenditures	\$ -	\$ -	\$ -

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES –
ECONOMIC DEVELOPMENT ADMINISTRATION – PLANNING
Year Ended June 30, 2019**

July 1, 2018 -
June 30, 2019

Revenues:	
Intergovernmental:	
Federal grants	\$ 70,000
State grants	30,000
Local contributions	935
	<hr/>
Total revenues	100,935
	<hr/>
Expenditures:	
Personnel	45,176
Fringe	21,052
Travel	1,649
Printing and supplies	927
Telephone and utilities	996
Allocated costs	29,677
Advertising	377
Other	1,081
	<hr/>
Total expenditures	100,935
	<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, 2019**

	July 1, 2018 - June 30, 2019
<hr/>	
Revenues:	
Use of money and property	\$ 1,777
	<hr/>
Total revenues	1,777
	<hr/>
Expenditures:	
Personnel	581
Fringe	191
Travel	207
Telephone and utilities	81
Allocated costs	549
Professional fees and contracts	107
Other	61
	<hr/>
Total expenditures	1,777
	<hr/>
Revenues over expenditures	\$ -
	<hr/> <hr/>

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

Year Ended June 30, 2019

	July 1, 2018 - June 30, 2019
<hr/>	
Revenues:	
Use of money and property	\$ 2,669
	<hr/>
Total revenues	2,669
	<hr/>
Expenditures:	
Personnel	601
Fringe	193
Printing and supplies	20
Travel	410
Allocated costs	817
Professional fees and contracts	426
Other	202
	<hr/>
Total expenditures	2,669
	<hr/>
Revenues over expenditures	\$ -
	<hr/> <hr/>

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES –
UPPER POTOMAC AREA AGENCY ON AGING – TITLE III
Year Ended June 30, 2019**

	July 1, 2018 - September 30, 2018	October 1, 2018 - June 30, 2019	Total
Revenues:			
Intergovernmental:			
Federal grants	\$ 663,361	\$ 1,195,514	\$ 1,858,875
State grants	35,957	1,341,943	1,377,900
Total revenues	699,318	2,537,457	3,236,775
Expenditures:			
Personnel	31,360	95,525	126,885
Fringe	10,698	30,561	41,259
Travel	2,032	9,843	11,875
Printing and supplies	434	731	1,165
Telephone and utilities	417	746	1,163
Allocated costs	16,553	59,395	75,948
Advertising	533	-	533
Other	75	1,939	2,014
Subgrants	637,216	2,338,717	2,975,933
Total expenditures	699,318	2,537,457	3,236,775
Revenues over expenditures	\$ -	\$ -	\$ -

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES –
LOW INCOME ENERGY ASSISTANCE PROGRAM – LIEAP
Year Ended June 30, 2019**

	July 1, 2018 - June 30, 2019
<hr/>	
Revenues:	
Intergovernmental:	
Federal grants	<u>\$ 4,000</u>
Total revenues	<u>4,000</u>
Expenditures:	
Personnel	635
Fringe	209
Allocated costs	343
Other	13
Subgrants	<u>2,800</u>
Total expenditures	<u>4,000</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 –
LIFE**

Year Ended June 30, 2019

July 1, 2018 -
June 30, 2019

Revenues:	
Intergovernmental:	
State grants	\$ 2,866,137
Total revenues	<u>2,866,137</u>
Expenditures:	
Subgrants	<u>2,866,137</u>
Total expenditures	<u>2,866,137</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 3
Year Ended June 30, 2019**

July 1, 2018 -
June 30, 2019

<hr/>	
Revenues:	
Intergovernmental:	
State grants	\$ 70,000
Local contributions	2,504
Miscellaneous	<u>70</u>
Total revenues	<u>72,574</u>
Expenditures:	
Personnel	35,231
Fringe	11,358
Travel	11
Printing and supplies	306
Telephone and utilities	2,914
Allocated costs	20,915
Advertising	1,273
Other	<u>566</u>
Total expenditures	<u>72,574</u>
Revenues under expenditures	<u><u>\$ -</u></u>

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, 2019**

	July 1, 2018 - June 30, 2019
<hr/>	
Revenues:	
Miscellaneous	\$ 5,044
	<hr/>
Total revenues	5,044
	<hr/>
Expenditures:	
Personnel	2,655
Fringe	815
Allocated costs	1,574
	<hr/>
Total expenditures	5,044
	<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, 2019**

	July 1, 2018 - June 30, 2019
<hr/>	
Revenues:	
Intergovernmental:	
State grants	\$ 20,000
	<hr/>
Total revenues	20,000
	<hr/>
Expenditures:	
Personnel	9,224
Fringe	2,352
Travel	1,887
Allocated costs	6,537
	<hr/>
Total expenditures	20,000
	<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, 2019**

	July 1, 2019 - June 30, 2020
<hr/>	
Revenues:	
Intergovernmental:	
State grants	\$ 40,500
Total revenues	<u>40,500</u>
Expenditures:	
Personnel	20,752
Fringe	6,153
Travel	218
Printing and supplies	36
Telephone and utilities	287
Allocated costs	12,278
Advertising	50
Other	726
Total expenditures	<u>40,500</u>
Revenues over expenditures	<u><u>\$ -</u></u>

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

Year Ended June 30, 2019

	July 1, 2018 - September 30, 2018	October 1, 2018- June 30, 2019	Total
Revenues:			
Intergovernmental:			
State grants	\$ 26,803	\$ 22,941	\$ 49,744
Total revenues	26,803	22,941	49,744
Expenditures:			
Personnel	14,156	10,122	24,278
Fringe	4,486	1,703	6,189
Travel	-	768	768
Printing and supplies	200	30	230
Telephone and utilities	76	74	150
Allocated costs	7,828	10,143	17,971
Other	57	101	158
Total expenditures	26,803	22,941	49,744
Revenues over expenditures	\$ -	\$ -	\$ -

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

Year Ended June 30, 2019

July 1, 2018 -
June 30, 2019

Revenues:	
Intergovernmental:	
Federal grants	\$ 664,088
In-kind	109,199
Miscellaneous	7,552
	<hr/>
Total revenues	780,839
	<hr/>
Expenditures:	
Personnel	555,368
Fringe	61,529
Travel	8,973
Printing and supplies	881
Telephone and utilities	1,045
Allocated costs	43,260
Advertising	94
Participant support	392
In-kind	109,199
Other	98
	<hr/>
Total expenditures	780,839
	<hr/>
Revenues over expenditures	\$ -

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES –
FOSTER GRANDPARENT
Year Ended June 30, 2019**

	July 1, 2018 - June 30, 2019
Revenues:	
Intergovernmental:	
Federal grants	\$ 358,059
In-kind	45,958
Miscellaneous	3,107
	<hr/>
Total revenues	407,124
	<hr/>
Expenditures:	
Personnel	54,990
Fringe	16,467
Travel	45,394
Printing and supplies	436
Telephone and utilities	435
Allocated costs	37,513
Insurance	920
Advertising	30
Participant support	3,447
Stipends	196,571
In-kind	45,958
Other	4,963
	<hr/>
Total expenditures	407,124
	<hr/>
Expenditures over revenues	\$ -
	<hr/> <hr/>

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF REVENUES AND EXPENDITURES –
 RETIRED SENIOR VOLUNTEER PROGRAM
 Year Ended June 30, 2019**

	July 1, 2018 - March 31, 2019	April 1, 2019 - June 30, 2019	Total
Revenues:			
Intergovernmental:			
Federal grants	\$ 51,683	\$ 23,307	\$ 74,990
Local contributions	11,522	-	11,522
In-kind	25,705	1,850	27,555
Miscellaneous	50	100	150
Total revenues	88,960	25,257	114,217
Expenditures:			
Personnel	29,144	9,890	39,034
Fringe	7,917	3,361	11,278
Travel	2,909	632	3,541
Printing and supplies	315	260	575
Allocated costs	22,099	7,868	29,967
Advertising	480	-	480
Participant support	195	-	195
Insurance	-	1,037	1,037
In-kind	25,705	1,850	27,555
Other	196	359	555
Total expenditures	88,960	25,257	114,217
Revenues over expenditures	\$ -	\$ -	\$ -

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

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

Year Ended June 30, 2019

July 1, 2018 -
June 30, 2019

Revenues:	
Intergovernmental:	
Federal grants	\$ 73,773
Use of money and property	1
	<hr/>
Total revenues	73,774
	<hr/>
Expenditures:	
Personnel	30,273
Fringe	9,812
Travel	634
Printing and supplies	558
Rent	1,504
Telephone and utilities	1,984
Allocated costs	21,917
Insurance	1,200
Maintenance	422
Other	5,470
	<hr/>
Total expenditures	73,774
	<hr/>
Revenues over expenditures	\$ -
	<hr/> <hr/>

COMPLIANCE SECTION

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF COMMERCE:				
<u>Direct payments:</u>				
Economic Development Support for Planning Organizations	11.302		\$ -	\$ 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	17.235	AD-30454-17-55-A-51-56	-	538,798
	17.235	AD-30454-17-55-A-51-83	-	125,290
Total Department of Labor			-	664,088
APPALACHIAN REGIONAL COMMISSION:				
<u>Direct payments:</u>				
Appalachian Local Development District Assistance	23.009		-	2,969
	23.009		-	47,502
Total Appalachian Regional Commission			-	50,471
DEPARTMENT OF VETERANS AFFAIRS:				
<u>Direct payments:</u>				
VA Homeless Providers Grant and Per Diem Program	64.024		-	73,773
Total Department of Veterans Affairs			-	73,773

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided 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	21837	\$ 8,007	\$ 8,007
	93.043	21937	529	529
National Family Caregiver Support - Title III, Part E	93.052	21837	23,400	35,400
	93.052	21937	112,326	124,459
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	21837	204,323	222,863
	93.044	21937	310,397	345,397
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	21837	226,339	246,339
	93.045	21937	443,314	487,178
Nutrition Services Incentive Program	93.053	21837	154,292	154,292
	93.053	21937	234,411	234,411
Total Aging Cluster			1,573,076	1,690,480
Low Income Home Energy Assistance	93.568	G190587	2,800	4,000
Total Department of Health and Human Services			1,720,138	1,862,875
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:				
<u>Direct payments:</u>				
Retired and Senior Volunteer Program	94.002		-	51,683
	94.002		-	23,307
			-	74,990
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011		-	358,059
Total Foster Grandparent/Senior Companion Cluster			-	358,059
Total Corporation for National and Community Service			-	433,049
Total Expenditures of Federal Awards			\$ 1,720,138	\$ 3,154,256

REGION 8 PLANNING AND DEVELOPMENT COUNCIL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

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, 2019. 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, 2019

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

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, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated May 4, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

P. B. Mares, CPA

Harrisonburg, Virginia
May 4, 2020



**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

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, 2019. 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, 2019.

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
May 4, 2020

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Section I. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____	√	No
Significant deficiencies 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
Aging Cluster:	
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services
93.053	Nutrition Services Incentive Program

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

Auditee qualified as low-risk auditee?	_____	Yes	_____	√	No
--	-------	-----	-------	---	----

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.