

Audited Financial Statements

Region VII Planning and Development Council

Year Ended June 30, 2016

Audited Financial Statements
REGION VII PLANNING AND DEVELOPMENT COUNCIL
Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Region VII Planning and Development Council
Buckhannon, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Region VII Planning and Development Council (the Council), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Region VII Planning and Development Council as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, and the budgetary comparison information, the schedule of the proportionate share of the net pension liability and the schedule of contributions to the PERS on pages 23 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2017, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Charleston, West Virginia
January 4, 2017

REGION VII PLANNING AND DEVELOPMENT COUNCIL
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

Year Ended June 30, 2016

This section of the Region VII Planning and Development Council (the Council) annual financial report presents our discussion and analysis of the Council's financial performance during the fiscal year that ended June 30, 2016. This section introduces the financial statements and provides an analytical overview of the Council's financial activities. Please read it in conjunction with the Council's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Net Position - The Council's total combined net position is \$358,908 as of the close of the fiscal year.

Changes in Net Position - During the year, the Council's net position increased by \$57,540 or 19.1%. In the prior year net position decreased by \$67,478 or 18.3%.

Revenues and Expenses - Total revenues increased by \$178,418 or 27.9%. Total expenses increased \$185,229 or 32.2%. The increase in revenues was due primarily to the Council receiving funding to complete Source Water Protection Plans (SWAP) in 2016. This funding was new in 2015 and carried over into 2016. The total increase in revenues from this program was \$171,409. Expenses also increased due to the SWAP Plans, which required the hiring of outside consultants to produce the plans. The increase in expenses related to this program was \$155,826.

Governmental Funds - Fund Balances - As of the close of the fiscal year 2016, the Council's governmental funds reported combined total fund equity of \$269,858, a decrease of \$52,628 or 16.3% in comparison with the prior year balance.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Council's financial statements. The Council's financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-Wide Statements

Government-wide financial statements provide both long-term and short-term information about the Council's financial condition. Changes in the Council's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the Council's net position changed during the fiscal year is presented in the Statement of Activities.

Fund Financial Statements

The fund financial statements focus on the individual parts of the Council, reporting the Council's operations in more detail than the government-wide financial statements. Fund financial statements can include the statements for governmental, proprietary, and fiduciary funds and similar component units. The Council has only governmental funds.

REGION VII PLANNING AND DEVELOPMENT COUNCIL
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
(Continued)

Year Ended June 30, 2016

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

The following condensed financial information was derived from the government-wide statement of net position and summarizes the Council's net position as of June 30, 2016 and 2015.

Net Position as of June 30:

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Total current assets	\$ 577,273	\$ 542,665	6.4%
Capital assets, net of accumulated depreciation	<u>10,128</u>	<u>6,183</u>	63.8%
Total assets	<u>\$ 587,401</u>	<u>\$ 548,848</u>	7.0%
Deferred outflows of resources	<u>\$ 75,982</u>	<u>\$ 30,430</u>	149.7%
Total liabilities	<u>\$ 237,310</u>	<u>\$ 201,948</u>	17.5%
Deferred inflows of resources	<u>\$ 67,165</u>	<u>\$ 75,962</u>	(11.6)%
Investment in capital assets	\$ 10,128	\$ 6,183	63.8%
Unrestricted	<u>348,780</u>	<u>295,185</u>	18.2%
Total net position	<u>\$ 358,908</u>	<u>\$ 301,368</u>	19.1%

The change in capital assets, net of accumulated depreciation is due to the Council purchasing software for the Geographic Information System (GIS) Department.

REGION VII PLANNING AND DEVELOPMENT COUNCIL
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
(Continued)

Year Ended June 30, 2016

CONDENSED FINANCIAL INFORMATION (Continued)

Condensed Statement of Net Position (Continued)

The change in deferred outflows and inflows of resources and total liabilities is due to the changes in pension expense and the proportionate share of the net pension liability of the cost sharing defined benefit plan. See Note 9 to the financial statements for a description of pension plan activity.

The Council's unrestricted net position can be used for the operations of the Council.

Condensed Statement of Activities

The following condensed financial information was derived from the government-wide statement of activities and reflects how the Council's net position changed during the fiscal year.

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Revenue:			
Local government assessments	\$ 149,452	\$ 149,452	0%
Miscellaneous	<u>5,021</u>	<u>3,998</u>	25.6%
Total general revenues	<u>154,473</u>	<u>153,450</u>	0.7%
Charges for service	183,266	184,338	(0.6)%
Operating grants	<u>479,967</u>	<u>301,500</u>	59.2%
Total program revenues	<u>663,233</u>	<u>485,838</u>	36.5%
Total revenues	<u>817,706</u>	<u>639,288</u>	27.9%
Expenses:			
Economic development	<u>760,166</u>	<u>574,937</u>	32.2%
Total expenses	<u>760,166</u>	<u>574,937</u>	32.2%
Changes in net position	57,540	64,351	(10.6)%
Net position, beginning of year	<u>301,368</u>	<u>237,017</u>	27.2%
Net position, end of year	<u>358,908</u>	<u>301,368</u>	19.1%

Local government assessments did not increase from 2015 to 2016 and there are currently no other planned increases to this amount. The increase in miscellaneous revenues is due to an increase in sponsorship for the Council's annual Christmas dinner.

The charges for service were flat this year as the projects managed by the Council did not see any significant increase or decrease. The Council's operating grants continued to receive funding from the Source Water Assessment and Protection (SWAP) program through West Virginia Department of Health and Human Resources. There is no similar anticipated funding in future years.

REGION VII PLANNING AND DEVELOPMENT COUNCIL
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
(Continued)

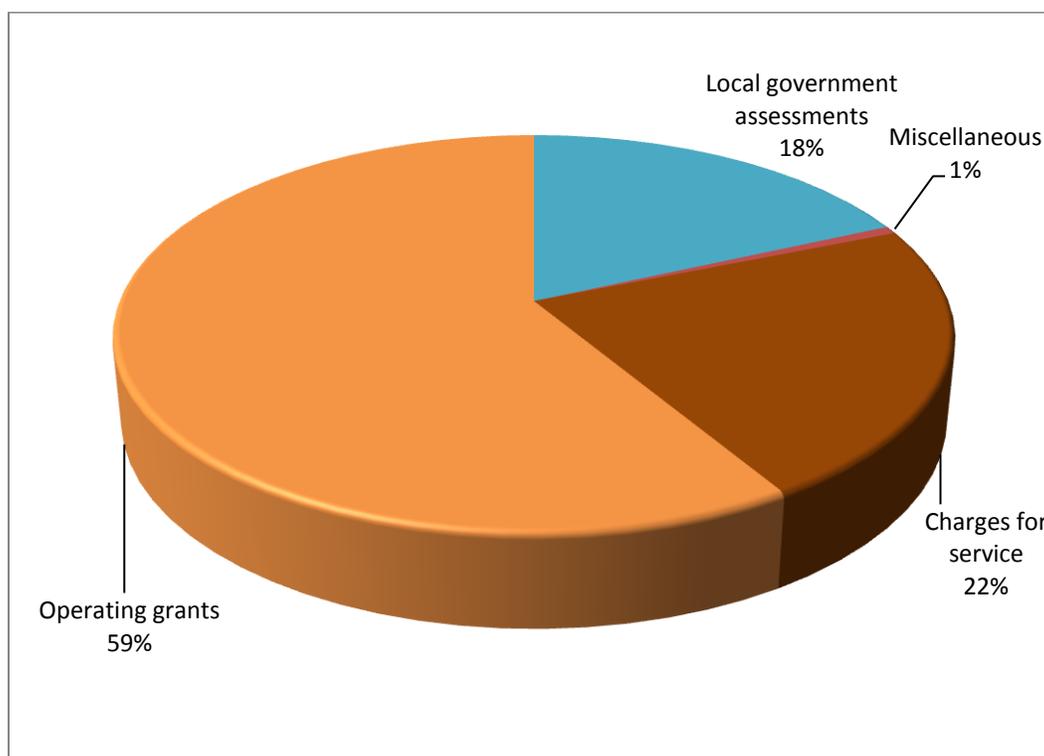
Year Ended June 30, 2016

CONDENSED FINANCIAL INFORMATION (Continued)

Condensed Statement of Activities (Continued)

Over time, increases and decreases in net position measure whether the Council's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$57,540 or 19.1%.

The following chart depicts the revenues of the Council for the fiscal year ended June 30, 2016.



In the current year, charges for services remained flat while operating grants increased. While operating grants made up a larger portion of total revenues for the Council, this increase was offset by operating grant expenses. Local government assessments have continued to be a more significant source of revenue for the Council, with 2015 being the final year of a planned increase in assessment dues. While administrative grants from the U.S. Economic Development Administration (EDA), Appalachian Regional Commission (ARC), and the West Virginia Development Office remain consistent, other grant sources such as the SWAP continued to increase revenue through 2016. The Council is not able to predict when grants such as the SWAP will be awarded and thus does not budget for them unless a grant agreement is in place. It is expected that in the future, charges for services will remain steady and that operating grants will fluctuate depending on funding opportunities.

Fees charged to member governments for project management services and charges for services, are contingent upon the continued utilization of the Council's services and the continued funding of community and economic development projects within the Council's seven county region.

REGION VII PLANNING AND DEVELOPMENT COUNCIL
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
(Continued)

Year Ended June 30, 2016

CONDENSED FINANCIAL INFORMATION (Continued)

Condensed Statement of Activities (Continued)

The Council also relies on federal funds as a source of revenue. The federal aid is obtained in the form of operating grants and special project grants. The receipt of these grants are contingent upon continued funding of the federal awarding agencies.

Miscellaneous revenue includes interest on the Council's interest bearing accounts, in-kind donations, event sponsorships, and other refunds or rebates.

All of the Council's expenses are related to community and economic development activities.

FINANCIAL ANALYSIS OF THE COUNCIL'S MAJOR FUNDS

The general fund is the Council's primary and only operating fund. At June 30, 2016, the Council reported a general fund balance of \$269,858. The entire balance is unassigned.

CAPITAL ASSETS

As of June 30, 2016, the Council had invested \$10,128, net of accumulated depreciation, in software, furniture, and equipment. Depreciation charges for this fiscal year totaled \$4,965.

The Council replaces furniture and equipment as needed. In fiscal year 2017 the Council anticipates that it will continue to invest in capital assets for the GIS Department.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the finances of the Council for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Region VII Planning & Development Council, 99 Edmiston Way, Suite 225, Buckhannon, WV 26201.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

STATEMENT OF NET POSITION

June 30, 2016

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 302,427
Certificates of deposits	86,724
Accounts receivable	169,236
Grants receivable	17,500
Prepaid expenses	1,386
Capital assets, net	<u>10,128</u>
Total assets	<u>\$ 587,401</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pension amounts	<u>\$ 75,982</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 1,035
Accrued expenses	268
Compensated absences	12,567
Accrued post-employment benefits other than pensions	136,876
Net pension liability	<u>86,564</u>
Total liabilities	<u>\$ 237,310</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources related to pension amounts	<u>\$ 67,165</u>
 <u>NET POSITION</u>	
Investment in capital assets	\$ 10,128
Unrestricted	<u>348,780</u>
Total net position	<u>\$ 358,908</u>

The accompanying notes are an integral part of these financial statements.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Services</u>		<u>Net Revenues</u> <u>(Expenses) and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:				
Economic development	\$ <u>760,166</u>	\$ <u>183,266</u>	\$ <u>479,967</u>	\$ <u>(96,933)</u>
General revenues:				
Local government assessments				149,452
Miscellaneous				<u>5,021</u>
Total general revenues				<u>154,473</u>
Change in net position				57,540
Net position, beginning of year				<u>301,368</u>
Net position, end of year				<u>\$ 358,908</u>

The accompanying notes are an integral part of these financial statements.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2016

<u>ASSETS</u>	General Fund
Cash and cash equivalents	\$ 302,427
Certificates of deposits	86,724
Grants receivable	17,500
Accounts receivable	169,236
Prepaid expenses	<u>1,386</u>
Total assets	<u>\$ 577,273</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 1,035
Accrued expenses	268
Accrued post-employment benefits other than pensions	<u>136,876</u>
Total liabilities	<u>138,179</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred administrative revenue	<u>169,236</u>
 <u>FUND BALANCE</u>	
Unassigned	<u>269,858</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 577,273</u>

The accompanying notes are an integral part of these financial statements.

REGION VII PLANNING AND DEVELOPMENT COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUND

Year Ended June 30, 2016

	<u>General Fund</u>
Revenues:	
Grants	\$ 479,967
Local government assessments	149,452
Administrative contracts	100,073
Interest	621
Miscellaneous	<u>4,400</u>
Total revenues	<u>734,513</u>
Expenditures:	
Salaries and wages	240,027
Fringe benefits	98,961
Contractual	276,111
Travel	6,875
Rent	34,634
Supplies	2,191
Postage	1,862
Telephone	7,764
Printing and publications	5,682
Liability insurance	6,703
Consultants	55,900
Computers	25,104
Dues and memberships	4,160
Meetings and conferences	20,721
Miscellaneous	<u>446</u>
Total expenditures	<u>787,141</u>
Net change in fund balance	(52,628)
Fund balance, beginning of year	<u>322,486</u>
Fund balance, end of year	<u>\$ 269,858</u>

The accompanying notes are an integral part of these financial statements.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ENTITY

The financial statements of Region VII 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 government units as prescribed by the Governmental Accounting Standards Board (GASB).

The Council is a political subdivision of the State of West Virginia and functions as an association of local governments organized as a regional planning and development body. The Council serves the counties of Barbour, Braxton, Gilmer, Lewis, Randolph, Tucker, and Upshur within the State of West Virginia, by promoting the social, economic, educational, environmental, and general welfare of the citizens of this region.

Management has considered all potential component units to be included in the Council's reporting entity by applying the criteria set forth in GAAP. These criteria include consideration of organizations for which the Council is financially accountable, or organizations for which the nature and significance of their relationship with the Council are such that exclusion would cause the Council's financial statements to be misleading or incomplete.

The Council established the Central Appalachian Development Organization (CADO), a 501(c)(4) social welfare organization in 2013. The purpose of CADO is to engage in economic development efforts in coordination with and to support the efforts of the Council. CADO has had no activity since inception and therefore no transactions to report in the accompanying financial statements. No other organizations have been identified that meet these criteria, and therefore the Council does not report any component units.

2 - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government and comprise the Council's *governmental activities*, which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Local government assessments and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds.

3 - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**3 - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

Local government assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government's only major governmental fund is the *general fund* which represents the government's primary operating fund. It accounts for all financial resources of the general government.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESCash and Cash Equivalents

Cash equivalents include amounts in demand deposit accounts as well as short-term investments which have maturity dates within three months of the date acquired by the Council and are readily convertible to known amounts of cash.

Certificates of Deposit

Certificates of deposits include deposits which have original maturity dates in excess of three months of the date of the Council's Statement of Net Position/Balance Sheet.

Accounts Receivable

Accounts receivable are shown at their carrying or net realizable value which includes reductions by management of the estimated portion that is expected to be uncollectable based on specific identification method as applicable. At June 30, 2016, management has determined that an allowance for doubtful accounts is not necessary and believes that all receivables recorded at year end will be collected.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Budget and Budgetary Accounting

The Council is required to legally adopt an annual budget for its general fund, in accordance with its bylaws and the laws of the State of West Virginia, to be submitted to the governmental units which contribute to the financing of the Council. The budget for the General Fund is prepared on a budgetary basis which is different from accounting principles generally accepted in the United States of America for government units. The annual required contribution of post employment benefits other than pension expense is not an outflow for budgetary purposes but is an expenditure for financial reporting purposes.

Compensated Absences

Employees of the Council earn annual leave based upon years of service. Annual leave policy permits up to 240 hours to be accumulated per year, subject to a 240 hour maximum that an employee, upon termination of employment, may be paid.

Sick leave policy permits the accumulation of 144 hours per year and unused balances can be carried over from year-to-year not to exceed 720 hours. Since employees are not compensated for unused sick leave upon termination, no provision has been made in the financial statements for unused sick leave upon termination.

Capital Assets

Purchases of equipment with a useful life of over one year and in an amount exceeding \$1,000, are subject to capitalization in the government-wide financial statements. Items are depreciated over their useful lives based on their category of use. Categories are as follows:

Furniture and equipment	7-10 years
Computer and other electronic equipment	3-5 years

Fund Balances

In the governmental fund financial statements fund balance can be reported in five classifications.

Nonspendable - Represent fund balance amounts that are not in spendable form.

Restricted - Represent fund balance which is restricted when constraints are placed on its use either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions and/or enabling legislation.

Committed - Represents fund balance that has been approved by the highest level of formal action of Region VII and does not lapse at year-end. Region VII does not have any committed fund balance at June 30, 2016.

Assigned - Represents amounts that are constrained by Region VII's intent to be used for a specific purpose, but are neither committed nor restricted. Assigned fund balance must be approved by formal action of Region VII. A modification to this amount requires action by Region VII; however this approval lapses at the end of the fiscal year.

Unassigned - Fund balance that has not been reported in any other classification.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Net Position

In the government-wide financial statements net position is the residual measure of the components of the statement of net position and is reported as investment in capital assets or as unrestricted in accordance with U.S. generally accepted accounting principles.

Deferred Outflows of Resources / Deferred Inflows of Resources

The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The Council reports \$75,982 related to pensions as deferred outflows of resources on the statement of net position.

The statement of net position and the balance sheet of the governmental fund report a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Council reports \$67,165 as deferred inflows of resources related to pensions on the statement of net position and deferred administrative revenue of \$169,236 related to receivables that are not available to pay current expenditures at year end as deferred inflows of resources on the balance sheet of the governmental fund.

Pension

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

5 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported in the statement of net position differ from the governmental fund balance sheet because of the following:

Total fund balance on governmental fund balance sheet	\$ 269,858
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet	(12,567)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund balance sheet	(86,564)
Deferrals of resources related to pensions that represent an acquisition of net position that applies to a future period, and therefore, are reported as deferred inflows of resources on the statement of net position	(67,165)

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**5 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Unearned revenue related to receivables that are not available to pay current expenditures at year end, and therefore are reported as deferred inflows of resources in the governmental fund balance sheet	169,236
Capital assets, net of accumulated depreciation used in governmental activities that are not current financial resources and, therefore, are not reported in the governmental fund balance sheet	10,128
Deferrals of resources related to pensions that represent a consumption of net position that applies to a future period, and therefore, is reported as deferred outflows of resources on the statement of net position	<u>75,982</u>
Net position of governmental activities	<u>\$ 358,908</u>

Amounts reported in the statement of activities differ from the statement of governmental fund revenues, expenditures, and changes in fund balance because of the following:

Net change in fund balance - governmental fund	\$ (52,628)
Revenue that is not available at year end for expenditure and therefore, is not reported in the governmental funds	83,193
Depreciation expense related to capital assets which is not reported in the governmental funds because it does not effect current financial resources	(4,965)
Governmental funds report capital outlays as expenditures while the cost of capital assets is allocated over their useful lives in the statement of activities	8,910
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. This is the amount of the increase in compensated absences of \$2,765 and the decrease in pension expense of \$25,795.	<u>23,030</u>
Change in net position of governmental activities	<u>\$ 57,540</u>

6 - CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

At June 30, 2016, the Council had deposits in financial institutions reported as cash and cash equivalents and certificates of deposit with carrying balances of \$389,151 and corresponding bank balances of \$393,074. Bank balances of up to \$250,000 are covered by federal depository insurance; bank balances in excess of \$250,000 are collateralized through an investment pledged by the Council's financial institution.

In accordance with the terms of grant agreements, when applicable, all federal programs maintain separate accounts with financial institutions.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 74,729	\$ 8,910	\$ -	\$ 83,639
Less accumulated depreciation for:				
Furniture and equipment	<u>(68,546)</u>	<u>(4,965)</u>	<u>-</u>	<u>(73,511)</u>
Capital assets, net	<u>\$ 6,183</u>	<u>\$ 3,945</u>	<u>\$ -</u>	<u>\$ 10,128</u>

8 - COMPENSATED ABSENCES

The following is a summary of the long-term debt activity in the statement of net position for the year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 9,802</u>	<u>\$ 2,765</u>	<u>\$ -</u>	<u>\$ 12,567</u>	<u>\$ 12,567</u>

9 - EMPLOYEE BENEFITSPension Plan*Plan Description*

The Council contributes to the PERS, a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS covers substantially all employees of the State and its component units, as well as employees of participating non-state governmental entities who are not participants of another state or municipal system. Benefits under PERS include retirement, death and disability benefits, and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits Provided

PERS provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For all employees hired July 1, 2015 and later, qualification for normal retirement is age 62 with 10 years of service or at least age 55 with age and service equal to 80 or greater. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the highest annual compensation during any period of three consecutive years within the last fifteen years of earnings. For all employees hired July 1, 2015 and later, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired July 1, 2015 and later, this age increases to 64.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**9 - EMPLOYEE BENEFITS (Continued)**Pension Plan (Continued)*Contributions*

Although contributions are not actuarially determined, actuarial valuations are performed to assist the Legislature in establishing appropriate contribution rates. Current funding policy requires contributions, consisting of member contributions of 4.5% for all members hired before July 1, 2015, or member contributions of 6% for all members hired July 1, 2015 and later, and employer contributions of 13.5%, 14.0%, and 14.5% of covered payroll for the years ended June 30, 2016, 2015, and 2014, respectively.

During the years ended June 30, 2016, 2015, and 2014, the Council's contributions to PERS required and made were approximately \$31,867, \$30,430, and \$30,520, respectively.

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

At June 30, 2016, the Council reported a liability of \$86,564 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2016 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to the measurement date of June 30, 2015. The Council's proportion of the net pension liability was based on the Council's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2015. At June 30, 2015, the Council's proportion was 0.015502% percent, which was a decrease of .000216 from its proportion measured as of June 30, 2014.

For the years ended June 30, 2016, the Council recognized pension expense of \$6,430. At June 30, 2016, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 26,410	\$ 45,392
Differences between expected and actual experience	17,705	-
Differences in assumptions	-	10,412
Changes in proportion and differences between the Council's contributions and proportionate share of contributions	-	11,361
The Council's contributions made subsequent to the measurement date of June 30, 2015	<u>31,867</u>	<u>-</u>
Total	<u>\$ 75,982</u>	<u>\$ 67,165</u>

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**9- EMPLOYEE BENEFITS (Continued)**Pension Plan (Continued)*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$31,867 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 ended June 30, 2017. 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 ended June 30,

2017	\$	(10,970)
2018		(10,970)
2019		(7,713)
2020		6,603

Actuarial Assumptions

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

Inflation	1.9 percent
Salary increases	3.0 - 6.0 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense

Mortality rates were based on 110% of the RP-2000 Non-Annuitant, scale AA for healthy males, 101% of RP-2000 Non-Annuitant, scale AA for healthy females, 96% of RP-2000 Disabled Annuitant scale AA for disabled males, and 107% of RP-2000 Disabled Annuitant, scale AA for disabled females.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**9 - EMPLOYEE BENEFITS (Continued)**Pension Plan (Continued)*Actuarial Assumptions (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	15.0%	2.9 - 4.8%
Domestic equity	27.5%	7.6%
International equity	27.5%	8.5%
Real estate	10.0%	6.8%
Private equity	10.0%	9.9%
Hedge funds	<u>10.0%</u>	5.0%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will continue to be made at statutorily required rates, which are determined annually based on actuarial valuations. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Council's proportionate share of the net pension liability (asset)	\$ 199,638	\$ 86,564	\$ (8,968)

Other Post Employment Benefit Plan*Plan Description*

The Council participates in the West Virginia Other Postemployment Benefit Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit plans to the WVPEIA Board of Trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, S.E., Suite 2, Charleston, West Virginia, 25304-2345, or by calling 1-888-680-7342.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**9 - EMPLOYEE BENEFITS (Continued)***Funding Policy*

The Code requires the OPEB Plan to bill the participating employers 100% of the Annual Required Contribution (ARC), an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The Council's ARC was \$9,868, \$11,304, and \$8,592, and the Council has paid premiums of \$5,736, \$5,904, and \$6,336, which represent 57.8%, 52.2%, and 73.7%, of the ARC, respectively, for the years ending June 30, 2016, 2016, and 2015. As a result, a net OPEB Plan liability of \$136,876 is included in the Council's Statement of Net Position and Balance Sheet – Governmental Fund as of June 30, 2016.

10 - LEASES

The Council leases office space under an operating lease agreement which expires June 2019. Future minimum payments under this operating lease agreement are as follows:

Year ended June 30.

2017	\$	33,027
2018		33,027
2019		<u>33,027</u>
	\$	<u>99,081</u>

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 carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a quarterly rated premium and in exchange has transferred the Council's risk to the carrier to provide compensation for injuries sustained in the course of employment.

The Council, for an annual premium, has transferred its risk through insurance coverage for general liability, property damage, business interruption, errors and omissions, and natural disasters to the West Virginia Counties Risk Pool, a self-insured risk pool entity insuring local government entities within the state of West Virginia. Liability coverage under the policy is limited to \$1,000,000 per occurrence.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)**12 - NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued four statements relating to accounting and financial reporting for pension and postemployment benefit plans: Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*; Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; and Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The provisions of Statements Nos. 73 and 74 are effective for financial statements for periods beginning after June 15, 2016; the provisions of Statement Nos. 75 and 82 are effective for periods beginning after June 15, 2017. The Council's management has not determined the effect, if any, these statements will have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REGION VII PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Grants	\$ 185,006	\$ 185,006	\$ 479,967
Local government assessments	149,452	149,452	149,452
Administrative contracts	278,522	278,522	100,073
Interest	-	-	621
Miscellaneous	-	-	4,400
	<u>612,980</u>	<u>612,980</u>	<u>734,513</u>
Total revenues			
Expenditures:			
Salaries and wages	277,500	277,500	240,027
Fringe benefits	126,809	126,809	94,829
Contractual	12,000	12,000	276,111
Travel	17,000	17,000	6,875
Rent	35,000	35,000	34,634
Equipment	1,000	1,000	-
Supplies	4,500	4,500	2,191
Postage	3,000	3,000	1,862
Telephone	8,000	8,000	7,764
Printing and publications	5,500	5,500	5,682
Liability insurance	8,000	8,000	6,703
Legal fees	2,000	2,000	-
Professional fees	55,000	55,000	55,900
Computers	22,000	22,000	25,104
Dues and memberships	6,500	6,500	4,160
Meetings and conferences	27,000	27,000	20,721
Miscellaneous	2,171	2,171	446
	<u>612,980</u>	<u>612,980</u>	<u>783,009</u>
Total expenditures			
Net change in fund balance	\$ -	\$ -	\$ (48,496)

See Independent Auditor's Report and Notes to Required Supplementary Information.

REGION VII PLANNING AND DEVELOPMENT COUNCIL
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System Plan

	<u>Year Ended June 30</u> <u>2016</u>	<u>Year Ended June 30</u> <u>2015</u>
Region VII Planning and Development Council's proportion (percentage) of the net pension liability	0.015502%	0.015718%
Region VII Planning and Development Council's proportionate share of the net pension liability	\$ 86,564	\$ 58,010
Region VII Planning and Development Council's covered employee payroll	\$ 236,052	\$ 210,480
Region VII Planning and Development Council's proportionate share of the net pension liability as a percentage of its covered	36.67%	27.56%
Plan fiduciary net position as a percentage of the total pension liability	91.29%	93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

REGION VII PLANNING AND DEVELOPMENT COUNCIL

SCHEDULE OF CONTRIBUTIONS TO THE PERS

	Years Ended June 30			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 31,867	\$ 30,430	\$ 30,520	\$ 33,370
Contributions in relation to the statutorily required contribution	<u>31,867</u>	<u>30,430</u>	<u>30,520</u>	<u>33,370</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Region VII Planning and Development Council's covered employee payroll	\$ 236,052	\$ 217,357	\$ 210,480	\$ 238,357
Contributions as a percentage of covered- employee payroll	13.50%	14.00%	14.50%	14.00%

REGION VII PLANNING AND DEVELOPMENT COUNCIL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1 - RECONCILIATION OF BUDGET INFORMATION

A reconciliation for the change in fund balance for the year ending June 30, 2016, on the budgetary basis to the GAAP basis fund financial statements follows:

Net change in fund balance - budgetary basis	\$ (48,496)
The annual required contribution portion of post employment benefits other than pension expense is not an outflow for budgetary purposes but is an expenditure for financial reporting purposes	(4,132)
Net change in fund balance - GAAP basis	\$ (52,628)

2 - TREND INFORMATION PRESENTED

The accompanying schedules of the Councils's proportionate share of the net pension liability and contributions to the PERS are required supplementary information to be presented for 10 years. However, until a full 10 year trend is compiled, information is presented in the schedules for those years for which information is available.

3 - PLAN AMENDMENT

The PERS was amended to make changes which apply to benefits earned by new employees hired July 1, 2015 and later as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For employees hired July 1, 2015 and later, qualification for normal retirement is 62 with 10 years of service or at least age 55 with age and service equal to 80 or greater.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired July 1, 2015 and later, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.
- For employees hired prior to July 1, 2015, 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 July 1, 2015 and later, this age increases to 64.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired July 1, 2015 and later, are required to contribute 6% of annual earnings.

REGION VII PLANNING AND DEVELOPMENT COUNCIL
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 (Continued)

4 - CHANGES IN ASSUMPTIONS

An experience study, which was based on the years 2009 through 2014, was completed prior to the 2015 actuarial valuation. As a result, several assumptions were changed for the actuarial valuation for the year ending June 30, 2015 as follows:

	2015	2014
Projected salary increases:		
State	3.0-4.6%	4.25-6.0%
Nonstate	3.35-6.0%	4.25-6.0%
Inflation rate	1.9%	2.2%
Mortality rates	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	Healthy males - 1983 GAM Healthy females - 1971 GAM Disabled males - 1971 GAM Disabled females - Revenue ruling 96-7
Withdrawal rates		
State	1.75-35.1%	1 - 26%
Non-state	2-35.8%	2 - 31.2%
Disability rates	0 - .675%	0 - .8%

**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 Members of the
Region VII Planning and Development Council
Buckhannon, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Region VII Planning and Development Council (the Council) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 4, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

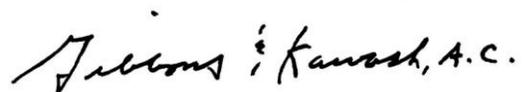
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
January 4, 2017