



Development District Association of Appalachia

BOARD OF DIRECTORS MEETING SUNDAY, MARCH 23, 2014 CRYSTAL GATEWAY MARRIOTT HOTEL – SALON 6 ARLINGTON, VIRGINIA

MINUTES

President Sherry McDavid welcomed Board members and others to the Washington area and called the meeting to order at 8:40 a.m.

Members Present:

President/Kentucky	Sherry McDavid
1 st Vice President/Ohio	Misty Casto
2 nd Vice President/Georgia	Jim Dove
Secretary/Ohio	John Hemmings
Treasurer/South Carolina	Steve Pelissier
Immediate Past President/Georgia	Danny Lewis
Alabama	Keith Jones
Georgia	Jim Dove
Mississippi	Rudy Johnson
New York	Richard Zink
Ohio	John Hemmings
South Carolina	Steve Pelissier
Tennessee	Susan Reid
Virginia	Jim Baldwin

Members Absent:

Kentucky	Mike Patrick
Maryland	Leanne Mazer
North Carolina	Ryan Sherby
Pennsylvania	Eric Bridges
West Virginia	Michele Craig

Others Present:

Dan Neff	ARC Local Development Districts Director
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TREASURER'S REPORT

Treasurer Steve Pelissier updated members on the status of the FY'2014 DDAA budget and provided members with the proposed FY'2015 DDAA budget. Following discussion, a motion was made by Misty Casto/Ohio and seconded by Keith Jones/Alabama to accept the Treasurer's Report and recommend approval of the

FY'2015 DDAA budget to the general membership. The motion passed unanimously. **(See Attachment 1).**

Mr. Pelissier then discussed the Audit of the DDAA financial statements. Mr. Pelissier stated that he would develop a management policy, as recommended by the auditor, regarding check approval. Following discussion, a motion was made by Richard Zink/New York and seconded by Danny Lewis/ Georgia to accept the audit report. The motion passed unanimously. **(See Attachment 2).**

2014 TRAINING PROGRAM REPORT

Misty Casto provided a presentation on the Training Program (Attachment B). She spoke of the need/demand for a new Executive Director's Training workshop in concert with the SouthEast Regional Director's Institute (SERDI) and suggested a \$2,500 scholarship for new DDAA Executive Directors to attend. After some discussion, Ms. Casto offered her suggestion as a motion and it was seconded by Susan Reid/Tennessee. The motion passed unanimously.

Ms. Casto then discussed the budget and agenda for the Professional Development Conference being held on April 27-29, 2014 in Kingsport, Tennessee. **(See Attachment 3).**

NOMINATING COMMITTEE

Mr. Danny Lewis, Chairman of the Nominating Committee, presented the following slate of officers for 2014-2015. It includes President – Misty Casto, 1st Vice President – Jim Dove, 2nd Vice President – John Hemmings, Secretary – Richard Zink, and Treasurer – Steve Pelissier. A motion to recommend the slate of officers to the general membership was made by Rudy Johnson/Mississippi, seconded by Jim Dove/Georgia and passed unanimously.

CONFERENCE UPDATE

Ms. Casto/Ohio and Dan Neff of ARC provided an update on conference activities. Members familiarized themselves with the program agenda and their roles.

ARC STAFF REPORT

At this time, Mr. Neff presented the ARC staff report. He expressed appreciation to Ms. Casto and her staff for efforts related to conference planning. He let those in attendance know that despite efforts to get Tom Hunter to come to the conference, he was unable to attend.

He discussed the search for a new Executive Director for ARC. Mr. Neff explained that a 4 member committee has been developed to select a new ARC Executive Director including Earl Gohl, Federal Co-Chairman of ARC, the State of Alabama governor's alternate, the State of New York governor's alternate, and one other state alternate yet to be named. A selection firm has been hired and a possible announcement on a

selection could be coming in 60-90 days but it is also possible that it will be September before a decision is made and made public.

Discussion about a possible gift from DDAA to Tom Hunter began. Danny Lewis/Georgia made a motion to make a decision about a gift for Tom Hunter from DDAA, Rudy Johnson/Mississippi seconded and the motion passed unanimously. Decision was made to get Tom and his wife tickets to play about the American Chestnut in Virginia and also reservation at nearby bed and breakfast.

Mr. Neff also discussed the LDD Administrative Grants and Performance Measures. He stated ARC wants to come up with 4 or 5 key measures and Dan would like the DDAA's input on these performance measures. He would like a small group from DDAA to assist him with reviewing these performance measures prior to taking them to the entire DDAA board.

MINUTES OF THE WINTER BOARD MEETING HELD IN BIRMINGHAM, ALABAMA

President Sherry McDavid asked for a motion to approve the minutes of the DDAA Winter meeting in Birmingham, Alabama. A motion for approval was made by Jim Dove/Georgia and seconded Jim Baldwin/Virginia. The motion passed unanimously.

OLD BUSINESS

None

NEW BUSINESS

Discussion about audits particularly in the Kentucky districts began. Mr. Pelissier suggested training on board of directors ethics.

NEXT MEETING

Misty Casto/Ohio indicated the Summer Board Meeting would be held July 20-22 or July 27-29, 2014 in Marietta, Ohio.

ADJOURNMENT

President Sherry McDavid closed the meeting by expressing appreciation to Board members for their many efforts on behalf of the DDAA. She asked that everyone attend the Annual Membership Meeting to be held at 12:15 p.m. There being no further business, the meeting was adjourned at 9:50 am.

Development District Association of Appalachia

Treasurer's Report

March 22, 2014



**Development District
Association of Appalachia**

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FY 2014 DDAA ANNUAL BUDGET

APPROVED MARCH 10, 2013, AMENDED JANUARY 12, 2014

REVENUES:

Dues	54,750
ARC Training Contract	45,000
Annual Conference	75,000
Carryover	117,716
TOTAL REVENUES:	292,466

EXPENSES:

Board Meetings	20,000
Officer Travel	2,000
ARC Training	97,700
Annual Conference	85,000
Website	2,000
Legal/Accounting	800
Bank Service Fees	80
Printing/Postage	250
Unallocated	84,636
TOTAL EXPENSES:	292,466

DIFFERENCE:

0

**DEVELOPMENT DISTRICT ASSOCIATION OF APPALACHIA
FY14 as of 02/28/2014**

July 1, 2013 Balance		42,280.89
Revenues		
a) 6/30/13 Receivables	0.00	
b) FY14 Revenues	<u>150,579.98</u>	
Total Revenues:		150,579.98
Less: Expenditures		-55,311.30
February 28, 2014 Balance		<u><u>137,549.57</u></u>
Revenues		
	Budget	Actual
Dues	54,750.00	54,750.00
ARC Training	45,000.00	4,115.00
Annual Conference	75,000.00	0.00
Reimbursements	0.00	1,714.98
Misc.	0.00	0.00
Carryover	117,716.00	90,000.00
TOTAL	<u><u>292,466.00</u></u>	<u><u>150,579.98</u></u>
Expenditures		
	Budget*	Actual
Board Meetings	20,000.00	15,745.88
Officer Travel	2,000.00	0.00
ARC Training	97,700.00	36,500.35
Annual Conference	85,000.00	0.00
Website	2,000.00	1,528.00
Legal/Acct.	800.00	200.00
Printing/Postage/Phone	250.00	96.60
Misc.	0.00	1,240.47
Bank Charges	80.00	0.00
Unallocated	84,636.00	0.00
TOTAL	<u><u>292,466.00</u></u>	<u><u>55,311.30</u></u>
Revenues Less Expenditures:		95,268.68
02/28/14 Receivables:		0.00
NET AVAILABLE		<u><u>95,268.68</u></u>

*Budget as amended January 12, 2014

**DEVELOPMENT DISTRICT ASSOCIATION OF APPALACHIA
FY14 REVENUES**

DATE	SOURCE	AMOUNT	DUES	ARC TRAINING	ANNUAL CONFERENCE	REIMBURSE	INTEREST	Misc.	CARRYOVER	TOTAL
07/31/13	FY14 Dues - 26 Members	19,500.00	19,500.00							
07/31/13	INADO - Prof Dev Cert Registrations	4,115.00		4,115.00						
	JULY TOTALS	23,615.00	19,500.00	4,115.00	0.00	0.00	0.00	0.00	0.00	23,615.00
08/05/13	FY14 Dues - 15 Members	11,250.00	11,250.00							
08/12/13	FY14 Dues - 16 Members	12,000.00	12,000.00							
08/12/13	Travel Reimbursement (Board Meeting) - J. Pyles	572.00				572.00				
08/15/13	FY13 LDD Contract	45,000.00							45,000.00	
08/23/13	FY14 Dues - 7 Members	5,250.00	5,250.00							
08/23/13	Travel Reimbursement (Bd Meeting) - S. Pelissier	30.00				30.00				
	AUGUST TOTALS	74,102.00	28,600.00	0.00	0.00	602.00	0.00	0.00	45,000.00	74,102.00
09/12/13	FY14 Dues - 3 Members	2,250.00	2,250.00							
	SEPTEMBER TOTALS	2,250.00	2,250.00	0.00	0.00	0.00	0.00	0.00	0.00	2,250.00
10/03/13	FY14 Dues - 4 Members	3,000.00	3,000.00							
	OCTOBER TOTALS	3,000.00	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00
11/18/13	DDAA - CO-1659-C2 Training Grant	45,000.00							45,000.00	
11/19/13	FY14 Dues - 2 Members	1,500.00	1,500.00							
	NOVEMBER TOTALS	46,600.00	1,600.00	0.00	0.00	0.00	0.00	0.00	45,000.00	48,500.00
	No Activity									
	DECEMBER TOTALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
01/03/14	ARC - Reimbursement for J. Hemmings (OVRDC)	1,112.98						1,112.98		
	JANUARY TOTALS	1,112.98	0.00	0.00	0.00	0.00	0.00	1,112.98	0.00	1,112.98
	No Activity									
	FEBRUARY TOTALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTALS PER COLUMN	150,879.98	54,750.00	4,115.00	0.00	602.00	0.00	1,112.98	80,000.00	160,879.98

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**DEVELOPMENT DISTRICT ASSOCIATION OF APPALACHIA
FY14 EXPENDITURES**

CK #	DATE	PAYABLE TO	CK AMOUNT	BOARD MEETING	OFFICER TRAVEL	ARC TRAINING	ANNUAL CONFERENCE	WEB SITE	LEGAL / ACCOUNT	BANK CHARGES	PRINTING/ POSTAGE/ PHONE	MISC.	MONTHLY TOTALS
1076	07/29/13	Dasha's Restaurant & Bar - Summer Board Meeting	415.54	415.54									
1077	07/30/13	Hyatt Regency Lexington - Summer Board Meeting	4,973.42	4,973.42									
1079*	07/31/13	NADO - 2013 GIS Users Group Training	3,129.35			3,129.35							
1080	07/31/13	Don Zimmer - Stipend for FY13 Treasurers Work	200.00						200.00				
1081	07/31/13	SCACOG - Supplies/Postage	46.56								46.56		
		JULY TOTALS	8,764.87	5,388.96	0.00	3,129.35	0.00	0.00	200.00	0.00	46.56	0.00	8,764.87
1078*	08/09/13	Buckey Hills-Hocking Valley RDD Reimbursement	173.00			45.00		128.00					
1082	08/09/13	Dan Neff Reimbursement	327.49	200.00								127.49	
		AUGUST TOTALS	500.49	200.00	0.00	45.00	0.00	128.00	0.00	0.00	0.00	127.49	500.49
1083	08/12/13	SCACOG Reimbursement	696.60	648.56							50.04		
		SEPTEMBER TOTALS	696.60	648.56	0.00	0.00	0.00	0.00	0.00	0.00	50.04	0.00	696.60
1084	10/11/13	NADO Breakfast Reimbursement - Training	6,368.40			6,368.40							
1085	10/14/13	BB&T Visa (The Peabody Memphis)	11,684.76			11,684.76							
1086	10/14/13	Robert P. Joyce - Reimbursement	6,734.16			6,734.16							
1087	10/14/13	Ervin D. Maynard - Reimbursement	6,619.85			6,619.85							
1088	10/18/13	Buckey Hills-Hocking Valley RDD Reimbursement	1,400.00					1,400.00					
1089	10/22/13	Buckey Hills-Hocking Valley RDD Reimbursement	1,918.83			1,918.83							
		OCTOBER TOTALS	34,726.00	0.00	0.00	33,326.00	0.00	1,400.00	0.00	0.00	0.00	0.00	34,726.00
		No Activity											
		NOVEMBER TOTALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		DECEMBER TOTALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1090	01/28/14	SCACOG - Winter Board Meeting Reimbursement	9,510.36	9,510.36									
		JANUARY TOTALS	9,510.36	9,510.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,510.36
1081	02/25/14	OVRDC - Reimbursement (ARC sent to DDAA in error)	1,112.98									1,112.98	
		FEBRUARY TOTALS	1,112.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,112.98	1,112.98
		TOTALS PER COLUMN	55,311.30	16,745.88	0.00	36,500.36	0.00	1,528.00	200.00	0.00	96.60	1,240.47	55,311.30

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Development District Association of Appalachia

Statement of BB&T Checking Account Activity:

Date:	Activity:	Credits	Deposits	Balance
Balance as of July 1, 2013				
07/29/13	1076 Desha's Restaurant & Bar	(415.54)		42,280.89
07/30/13	1077 Hyatt Regency Lexington	(4,973.42)		41,865.35
07/31/13	Deposit FY14 Dues 26 Members		19,500.00	61,365.35
07/31/13	Deposit NADO Training Reimbursement		4,115.00	
07/31/13	1079 NADO (Training 2013 GIS Users Group)	(3,129.35)		
07/31/13	1080 Don Zimmer	(200.00)		
07/31/13	1081 SCACOG	(46.56)		
		(8,764.87)	23,615.00	57,131.02
				7-31-13 Bank Balance \$66,028.34
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$8,897.32
				Reconciled Balance \$57,131.02

08/05/13	Deposit FY14 Dues 15 Members		11,250.00	68,381.02
08/09/13	1078 Buckeye Hills-Hocking Valley RDD Reimbursement	(173.00)		68,208.02
08/09/13	1082 Dan Neff Reimbursement	(327.49)		67,880.53
08/12/13	Deposit FY14 Dues 16 Members		12,000.00	79,880.53
08/12/13	Deposit NADO Travel Reimbursement		572.00	80,452.53
08/15/13	Direct Dep FY13 LDD Contract Funds sent to MOVRC in error		45,000.00	125,452.53
08/23/13	Deposit FY14 Dues - 7 Members		5,250.00	130,702.53
08/23/13	Deposit Steve Pelissier Travel Reimbursement		30.00	130,732.53
		(9,265.36)	97,717.00	130,732.53
				8-31-13 Bank Balance \$ 131,608.01
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$875.48
				Reconciled Balance \$ 130,732.53

09/12/13	Deposit FY14 Dues - 3 Members		2,250.00	132,982.53
09/12/13	1083 SCACOG Reimbursement	(696.60)		132,285.93
		(9,961.96)	99,967.00	132,285.93
				9-30-13 Bank Balance \$ 132,833.92
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$547.99
				Reconciled Balance \$ 132,285.93

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Development District Association of Appalachia

Statement of BB&T Checking Account Activity:

Date:	Activity:	Credits	Deposits	Balance
10/03/12	Deposit FY14 Dues - 4 Members		3,000.00	135,285.93
10/11/13	1084 NADO	(6,368.40)		128,917.53
10/14/13	1085 BB&T Visa	(11,684.76)		117,232.77
10/14/13	1086 Robert P. Joyce Reimbursement	(6,734.16)		110,498.61
10/14/13	1087 Ervin D. Maynard Reimbursement	(6,619.85)		103,878.76
10/22/13	1088 Buckeye Hills-Hocking Valley RDD Reimbursement	(1,400.00)		102,478.76
10/22/13	1089 Buckeye Hills-Hocking Valley RDD Reimbursement	(1,918.83)		100,559.93
		(44,687.96)	102,967.00	100,559.93
				10-31-13 Bank Balance \$ 107,476.32
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$6,916.39
				Reconciled Balance \$ 100,559.93

11/18/13	Deposit DDAA - CO-1659-C2 Training Grant		45,000.00	145,559.93
11/19/13	Deposit FY14 Dues - 2 Member		1,500.00	147,059.93
		(44,687.96)	149,467.00	147,059.93
				11-30-13 Bank Balance \$ 147,607.92
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$547.99
				Reconciled Balance \$ 147,059.93

No December Activity				
		(44,687.96)	149,467.00	147,059.93
				12-31-13 Bank Balance \$ 147,607.92
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$547.99
				Reconciled Balance \$ 147,059.93

01/03/14	Deposit ARC - Reimbursement for John Hemmings - pass on to OVRDC		1,112.98	148,172.91
01/28/14	1090 SCACOG - Winter Board Meetin Reimbursement	(9,510.36)		138,662.55
		(54,198.32)	150,579.98	138,662.55
				1-31-14 Bank Balance \$ 139,210.54
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$547.99
				Reconciled Balance \$ 138,662.55

02/25/14	1091 OVRDC Reimbursement	(1,112.98)		137,549.57
		(55,311.30)	150,579.98	137,549.57
				2-28-14 Bank Balance \$ 139,210.54
				Plus Deposit in Transit \$0.00
				Less Checks O/S \$1,660.97
				Reconciled Balance \$ 137,549.57

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FY14 DDAA ANNUAL BUDGET

	FY08	FY09	FY10	FY11	FY12	FY13	FY14 Amended 1/12/14
REVENUES:							
Dues	18,000	36,000	37,000	54,750	54,750	54,750	54,750
Account Interest	0	0	0	0	0	0	0
ARC Training Contract	65,000	55,000	55,000	124,815	29,887	45,000	45,000
Annual Conference	100,000	82,000	82,000	82,000	45,000	75,000	75,000
Estimated Carryover	30,590	22,077	20,000	5,302	80,478	119,250	117,716
TOTAL REVENUES:	213,590	195,077	194,000	266,867	210,115	294,000	292,466
EXPENSES:							
Board Meetings	20,000	20,000	20,000	10,000	20,000	20,000	20,000
Officer Travel	3,000	3,000	3,000	2,000	2,000	2,000	2,000
ARC Training	85,590	55,000	55,000	124,815	52,387	67,500	97,700
Annual Conference	100,000	72,000	82,000	82,000	85,000	85,000	85,000
Telecommunications	1,200	900	1,000	2,000	2,000	2,000	2,000
Legal/Accounting	800	800	800	800	800	800	800
Bank Service Fees	0	50	50	50	80	80	80
Printing/Postage	200	200	200	250	250	250	250
Annual Conf Reg Rebates					21,900		
Unallocated	2,800	43,127	31,950	44,952	25,698	116,370	84,636
TOTAL EXPENSES:	213,590	195,077	194,000	266,867	210,115	294,000	292,466

SUMMARY OF YEAR END BALANCE SHEETS

	FY07 Final	FY08 Final	FY09 Final	FY10 Final	FY11 Final	FY12 Final	FY13 Final
REVENUES:							
Dues	18,000	18,000	35,500	36,000	53,250	56,000	54,750
Account Interest	0	0	0	0	0	0	0
ARC Training	44,813	59,582	16,345	55,922	90,493	34,387	45,000
Annual Conference	103,889	95,250	110,600	96,935	90,355	23,100	54,834
Misc.		1,372	597	700			2,224
Prior Year Carryover	28,716	31,198	22,077	15,301	5,302	80,478	46,115
TOTAL REVENUES:	195,418	205,402	185,119	204,858	239,400	193,965	202,923
EXPENSES:							
Board Meetings	17,507	12,604	25,778	16,477	15,436	13,227	18,959
Officer Travel	2,744	5,938	4,379	1,812	308	373	3,347
ARC Training	41,447	51,931	37,991	75,010	53,986	55,718	45,059
Annual Conference	102,676	110,949	99,092	101,513	86,304	78,366	90,930
Telecommunications	840	840	840	4,587	162		
Legal/Accounting	0	0	400	0	0	0	0
Bank Service Fees	0	0	31	101	76		
Printing/Postage	126	143	271	22	292	77	155
Misc.	70	920	1,036	35	2,358	89	2,191
Unallocated							
TOTAL EXPENSES:	165,410	183,325	169,818	199,557	158,922	147,850	160,642

**FY2015 PROPOSED DDAA ANNUAL BUDGET
PRESENTED MARCH 23, 2013**

REVENUES:

Dues	54,750
ARC Training Contract	45,000
Annual Conference	75,000
Carryover	84,836
TOTAL REVENUES:	<u>259,586</u>

EXPENSES:

Board Meetings	20,000
Officer Travel	2,000
ARC Training	98,000
Annual Conference	95,000
Website	2,000
Legal/Accounting	1,000
Bank Service Fees	80
Printing/Postage	250
Unallocated	41,256
TOTAL EXPENSES:	<u>259,586</u>

DIFFERENCE: 0

REPORT TO THE BOARD OF DIRECTORS

**DEVELOPMENT DISTRICT
ASSOCIATION OF APPALACHIA**

JUNE 30, 2013

**DEVELOPMENT DISTRICT
ASSOCIATION OF APPALACHIA**

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AUDITOR COMMUNICATIONS

The Board of Directors
Development District Association of Appalachia
Greenville, South Carolina

We have audited the financial statements of the Development District Association of Appalachia (the "Association") for the year ended June 30, 2013, and have issued our report thereon dated January 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our previously issued engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Development District Association of Appalachia are described in Note 1 to the financial statements.

We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

The most significant estimate at June 30, 2013 is allocation of expenses to functional categories. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



The Board of Directors
Development District Association of Appalachia
January 31, 2014

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

There were none.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Development District Association of Appalachia and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mckinley, Cooper & Co., LLC

January 31, 2014

**DEVELOPMENT DISTRICT
ASSOCIATION OF APPALACHIA**

SUMMARY OF PROFESSIONAL SERVICES

- Annual audit of financial statements
- Preparation of the annual informational tax return

January 31, 2014

The Board of Directors
Development District Association of Appalachia.
Greenville, South Carolina

Thank you for the cooperation given during our engagement with the Development District Association of Appalachia.

For the year ended June 30, 2013, we present the following observations and recommendations relating to the accounting operations of the Development District Association of Appalachia.

Review of Financial Statements

Our report for the 2013 audit expresses an **unmodified opinion** on the fair presentation of the financial statements, in all material respects, in conformity with the modified cash basis of accounting.

Organizational Structure

In planning and performing our audit of the financial statements of the Development District Association of Appalachia in accordance with the modified cash basis of accounting, we considered the Development District Association of Appalachia's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we noted certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants

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The Board of Directors
Development District Association of Appalachia
January 31, 2014

We consider the following deficiencies to be significant deficiencies in internal control.

A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The size of the Association's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Association to provide oversight and independent review functions.

Absolute segregation of duties is rarely accomplished within small-to-medium-sized organizations simply because the justification for the additional cost necessary for proper segregation of duties is not cost beneficial. In the absence of absolute segregation of duties, management does, however, implement additional procedures which reduce the likelihood of a material misstatement. We understand that in most cases, the added cost of providing absolute segregation of duties will outweigh the projected benefits of the added internal controls and therefore, may be considered unjustified. However, we are obligated by auditing standards to bring this to your attention. The Association is obligated to consider the validity of these comments in light of the circumstances surrounding this condition and respond as you consider necessary.

Our comments are based upon conditions noted during our audit and are not intended to be all-inclusive. They are submitted to you as constructive suggestions to assist you in strengthening controls and procedures and are not intended to reflect on the honesty or integrity of any employee.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Association and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to present these comments and recommendations for your consideration, and are prepared to discuss them further at your convenience and provide any implementation assistance for changes or improvements you may require.

Respectfully submitted,

McKinley, Cooper & Co., LLC

DDAA 2nd ANNUAL

PROFESSIONAL DEVELOPMENT CONFERENCE - 2014

April 27-29, 2014

Kingsport, TN

ESTIMATED REVENUES & EXPENDITURES - Updated 3-20-14

EXPENDITURES:			
	Speaker Fee	Speaker Hotel, Travel & Per Diem	Total Costs
Speaker Travel & Fees:			
Monica Scamardo	\$6,250.00	\$800.00	\$7,050.00
Jason Schroeder	\$2,700.00	\$800.00	\$3,500.00
Drake Maynard	\$1,500.00	\$800.00	\$2,300.00
Robert Joyce	\$1,500.00	\$800.00	\$2,300.00
Mark Schwendeman	\$1,000.00	\$800.00	\$1,800.00
Cam Matheny	Comp Reg.	\$800.00	\$800.00
Misty Casto, Training Chair	\$0.00	\$800.00	\$800.00
Jenny Myers, Registration & Logistics	\$0.00	\$800.00	\$800.00
Printing/Duplicating/Conference Supplies			\$500.00
Hotel Food/Beverage (\$5,000 minimim)			\$8,500.00
Off-site Events (Logistics/Food/Beverage)			\$2,200.00
Total Expenditures			\$30,550.00
REVENUES			
Registrations (60 @ \$125)			\$7,500.00
TVA Meeting Sponsorship			\$2,500.00
ESTIMATED COST TO DDAA FOR 2014 PROFESSIONAL DEVELOPMENT CONFERENCE			\$20,550.00

* Final 2013 Cost = \$18,781

- How to protect against these threats
- Common dangerous mistakes
- Ways to protect yourself for little or no cost

10:15 am to 11:45 am **Concurrent Session: Advanced Wage & Hour Issues – Management/HR**
Presenter: *Drake Maynard, Drake Maynard HR Services & Robert Joyce, UNC at Chapel Hill*
 This session will include discussion on issues such as “safe harbor” policies, fluctuating workweeks, the use and tracking of “comp time”, what is (and is NOT) compensable time and issues in overtime calculation.

10:15 am to 11:45 am **Concurrent Session: Affordable Care Act Update – Finance & Fringe**
Presenters: *Mark Schwendeman, Schwendeman Agency*
 In this session, participants will receive an update on the Affordable Care Act (ACA), what they need to do to make sure their agencies are in compliance with the ACA, and what health insurance options and strategies are available in the market.

11:45 am to 12:00 pm Break

12:00 pm - 1:30 pm **Lunch & LDD Highlight: First Tennessee Development District (FTDD) – Disaster Recovery & Response Plan**
Presenter: *Christopher Craig, Assistant Executive Director*
 The FTDD region has experienced several significant natural disasters causing millions of dollars of damage, loss of life and displaced hundreds of residents. Attend this luncheon and learn how the FTDD is providing their local officials with a guide to help identify local responses and resources for short and long-term recovery.

1:30 pm to 3:00 pm **Concurrent Session: Cyber Security 201 – Technology**
Presenter: *Jason Schroeder, Y-City Computer*
 Participants will learn about more advanced concepts of cyber security, including:

- Disaster Recovery
 - Definitions and relationship to security
- Internal Security Auditing
 - See examples of an internal audit
 - Learn how to develop your own
- Ways to protect against more specific threats and needs
 - Firewalls
 - Internal controls and policies
- BYOD – is it a good idea?

1:30 pm to 3:00 pm **Concurrent Session: Successful Recruitment & Selection with Minimized Liability – Management/HR**
Presenter: *Drake Maynard, Drake Maynard HR Services & Robert Joyce, UNC at Chapel Hill*
 This session will take participants through a recruitment and selection process, step by step, with an emphasis both on minimizing legal liability and making a successful selection.

1:30 pm to 3:00 pm **Concurrent Session: Alternative Benefit Programs – Finance & Fringe**
Presenter: *Mark Schwendeman, Schwendeman Agency*
 In this session, participants will learn how to utilize alternative strategies such as Health Savings Accounts (H.S.A), Health Reimbursement Arrangements (H.R.A), and Flexible Spending Accounts (F.S.A), as well as several other “alphabet soup” solutions for providing health insurance coverage.

TUESDAY, APRIL 29TH

8:00 am to 8:30 am Continental Breakfast

8:30 am to 10:00 am **Concurrent Session: Cloud Office Solutions 101 and 201 - Technology**

Presenter: Jason Schroeder, Y-City Computer

This session is a continuation of the Monday afternoon session and will involve discussion on issues, questions and tips – a real free-for-all! Session 1 is encouraged but not required.

8:30 am to 10:00 am **Concurrent Session: Managing Difficult People – Management/HR**

Presenter: Drake Maynard, Drake Maynard HR Services & Robert Joyce, UNC at Chapel Hill

Every organization has them. This session will focus on identifying the various types of difficult people commonly encountered in the workplace and looking at effective ways to handle them.

8:30 am to 10:00 am **Concurrent Session: Detecting and Deterring Fraud in Local Governments – Finance & Fringe**

Presenter: Cam Matheny, CPA, CGMA

While the risk that fraud will occur can never be completely eliminated, governments do have an obligation to constituents to minimize this risk to the extent possible. Attendees will learn techniques and tips currently in use by regional councils to accomplish this objective.

10:15 am to 11:30 am **Closing Plenary: Getting the Most Out of the Future**

Presenter: Monica Scamardo

What is it that you are focusing on now that will positively impact the future of your organization? It's a challenge to take time out to think strategically and implement the plan of success. We will discuss some of the key initiatives you are working toward and how you are doing it. In this session you will learn from your colleagues and leave with a clearer picture of how to drive the focus of your organization and coach your team members to get results.

1:00pm – 4:00 pm

**NEW!! Optional Post-Conference Peer-to-Peer Learning Sessions
Advance Registration Required!**

These Peer Learning sessions are designed to further your knowledge and improve your capacity in specific programs and topics of interest to DDAA members and organizations. Learn from the host LDD staff about programs they're pursuing locally, the how and the why these programs happened, and how you can replicate these programs in your region.

A. Disaster Recovery and Response Planning

Building on the luncheon presentation, learn from staff of the First Tennessee Development District (FTDD) how they are working with elected officials, planners and recovery teams to address recovery efforts in the wake of a non-federally declared disaster by developing a "one stop" resource guide with access to local, State and Federal sources of disaster assistance programs, disaster response organizations, technical assistance programs, etc., This session will address the successes and obstacles encountered during the Plan development process and lessons learned going forward.