

**Isothermal Planning and Development Commission, Inc.**  
**111 West Court Street**  
**PO Box 841**  
**Rutherfordton, North Carolina 28139**

June 29, 2020

Dixon Hughes Goodman LLP  
500 Ridgefield Court  
Asheville, North Carolina 28806

This representation letter is provided in connection with your audits of the financial statements of Isothermal Planning and Development Commission, Inc. (the "Commission"), which comprise the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information as of June 30, 2019, and the respective changes in financial position for the year then ended, and the related notes to the financial statements for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the LGC-205, "Contract to Audit Accounts" and the accompanying audit engagement dated September 30, 2019.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The following have been properly accounted for and disclosed in the financial statements:
  - a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
  - b. Guarantees, whether written or oral, under which the Commission is contingently liable
  - c. Other liabilities or gain or loss contingencies
5. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Commission vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
6. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
7. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.

8. We are not aware of any uncorrected misstatements or omitted disclosures.
9. We represent to you the following for the Commission's fair value measurements and disclosures:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

### **Information Provided**

10. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud affecting the Commission involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others when the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
15. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the Commission's related parties and all the related party relationships and transactions of which we are aware.
18. The Commission has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, or net position/fund balances.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
20. The Commission has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

21. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
24. There are no—
  - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance, except as those disclosed to you.
  - b. There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
  - c. Component units that are required to be included in the Commission's financial statements or joint ventures with an equity interest.
25. The Commission has complied with all aspects of contractual arrangements that would have a material effect on the financial statements in the event of noncompliance.
26. There are no joint ventures and other related organizations that would be required to be disclosed in the financial statements.
27. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
28. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
29. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
30. Provisions for uncollectible receivables have been properly identified and recorded.
31. Expenses have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
32. Revenues are appropriately classified in the Statement of Activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal and transfers.
33. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
34. Capital assets are properly capitalized, reported, and depreciated.
35. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting practices.
36. We acknowledge our responsibility for the presentation of the budgetary schedules and other schedules

("other supplemental information") in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other supplemental information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. We have reviewed the other supplemental information and we believe the form and content is fairly presented in accordance with accounting principles generally accepted in the United States of America. We have disclosed to you all significant assumptions or interpretations underlying the measurement and presentation of the other supplemental information.

a. If the budgetary schedules and other schedules are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

37. We agree with the findings of specialists in evaluating the Commission's Employees' Pension and Other Postemployment Benefits liabilities, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

38. With respect to the Local Governmental Employees' Retirement System ("LGERS"):

a. We have reported all eligible employees to the LGERS via the Online Retirement Benefits Integrated Technology ("ORBIT") System.

b. The census data for all eligible employees reported to LGERS via ORBIT is complete and accurate as of December 31, 2017 (the measurement date for the net pension asset reported at June 30, 2018).

c. We are responsible for the Commission's compliance with requirements as established in the Retirement System's Handbook.

39. With respect to federal and state award programs:

a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, including requirements relating to preparation of the Schedule of Expenditures of Federal and State Awards.

b. We acknowledge our responsibility for presenting the Schedule of Expenditures of Federal and State Awards (the "SEFSA") in accordance with the requirements of the Uniform Guidance and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFSA.

c. If the Schedule of Expenditures of Federal and State Awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the SEFSA and the auditors' report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit and have included in the Schedule of Expenditures of Federal and State Awards expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of

laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provide reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* and the Audit Manual for Governmental Auditors in North Carolina, relating to federal and state awards and confirm that there were no amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards.

j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective action actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.

r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as

applicable.

t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal and state statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

u. We have issued management decisions for audit findings that relate to federal and state awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal or state award provided to the subrecipient.

v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

w. We have charged costs to federal and state awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by Uniform Guidance.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events, other than the COVID-19 pandemic which is disclosed as a subsequent event, have occurred subsequent to the balance sheet date and through the date of this letter that would required adjustment to or disclosure in the aforementioned financial statements .

**Isothermal Planning and Development Commission, Inc.**

**Scott F. Dadson**

*Scott Dadson, Executive Director*



*Thadd Hodge, Finance Director*

**Signature:** *Scott F. Dadson*  
Scott F. Dadson (Jun 29, 2020 13:56 EDT)

**Email:** [sdadson@regionc.org](mailto:sdadson@regionc.org)

# 2019 IPDC Management Representation Letter - Ready for Signature

Final Audit Report

2020-06-29

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