

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**MONONGALIA COUNTY
Single Audit
For the Fiscal Year Ended June 30, 2015**

RFP #15-337

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...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

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- Association of Certified Anti - Money Laundering Specialists •

MONONGALIA COUNTY, WEST VIRGINIA

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MONONGALIA COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2015

| OFFICE | NAME | TERM |
|------------------------------------|-----------------------|---------------------|
| | <u>Elective</u> | |
| County Commission: | Eldon A. Callen | 01-01-11 / 12-31-16 |
| | Tom Bloom | 01-01-13 / 12-31-18 |
| | Dr. Edward A. Hawkins | 01-01-15 / 12-31-20 |
| Clerk of the County Commission: | Carye L. Blaney | 01-01-11 / 12-31-16 |
| Clerk of the Circuit Court: | D. Jean Friend | 01-01-11 / 12-31-16 |
| Sheriff: | Kenneth Kisner | 01-01-13 / 12-31-16 |
| Prosecuting Attorney: | Marcia L. Ashdown | 01-01-13 / 12-31-16 |
| Assessor: | Mark Musick | 01-01-13 / 12-31-16 |



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INDEPENDENT AUDITOR'S REPORT

July 31, 2016

Monongalia County Commission
243 High Street Room 123
Morgantown, WV 26505

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Monongalia County**, West Virginia (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on the financial statements based on our audit. We did not audit the financial statements of the Monongalia County Board of Health and Monongalia County Development Authority, which represent 100 percent of the assets, net position and revenues, of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monongalia County Board of Health and Monongalia County Development Authority, is based solely on the reports of the other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.



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Auditor's Responsibility (Continued)

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Summary of Opinions

| Opinion Unit | Type of Opinion |
|--|-----------------|
| Governmental Activities | Qualified |
| Aggregate Discretely Presented Component Units | Unmodified |
| General Fund | Unmodified |
| Coal Severance Tax Fund | Unmodified |
| Building Commission Debt Service Fund | Unmodified |
| University TIF Debt Service Fund | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

Basis for Qualified Opinion on Governmental Activities

Management has not adopted the provisions of Governmental Accounting Standards Board Statement Number 45, "Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions (OPEB)" and has not recorded obligations for OPEB. Accounting principles generally accepted in the United States of America require adequate OPEB obligations be recorded. We cannot reasonably determine the amount by which this departure would affect the liabilities, expenses and net position of the governmental activities.

Qualified Opinion

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Governmental Activities* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Monongalia County, as of June 30, 2015, and the changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Monongalia County, West Virginia as of June 30, 2015, and the respective changes in its financial position thereof and the respective budgetary comparison for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.10 to the financial statements, during the year ended June 30, 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and schedules of net pension liabilities and pension contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB) who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The introductory section and the budgetary comparison schedule for the Assessor's Valuation Fund are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2016 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 County's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

MONONGALIA COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2015

| | Primary Government | Component Units | |
|---|----------------------------|--------------------|--------------------------|
| | Governmental Activities | Board of Health | Development Authority |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 8,011,346 | \$ 818,681 | \$ 833,838 |
| Certificates of Deposit | - | 1,032,759 | 2,924,367 |
| Receivables, net: | | | |
| Taxes | 789,140 | - | - |
| Accounts | - | 274,844 | - |
| Grants | - | 82,295 | - |
| Other receivables | 136,028 | - | - |
| Due from: | | | |
| Other Governments | 100,000 | - | 300,000 |
| Prepaid expenses | - | - | 834 |
| Total current assets | <u>9,036,514</u> | <u>2,208,579</u> | <u>4,059,039</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Restricted cash | 4,897,859 | - | 459,023 |
| Post retirement health insurance reserve | - | 124,783 | - |
| Capital assets: | | | |
| Nondepreciable: | | | |
| Land | 984,200 | - | 3,360,248 |
| Construction in progress | 17,754,447 | - | 5,586,013 |
| Depreciable: | | | |
| Buildings | 17,936,377 | - | 1,627,133 |
| Structures and improvements | 2,592,770 | - | - |
| Furniture and equipment | - | 91,333 | 12,367 |
| Vehicles | - | 123,010 | - |
| Machinery and equipment | 4,988,691 | 330,371 | - |
| Leasehold improvements | - | 206,490 | - |
| Less: accumulated depreciation | (9,309,815) | (701,844) | (1,122,055) |
| Total noncurrent assets | <u>39,844,529</u> | <u>174,143</u> | <u>9,922,729</u> |
| Total assets | <u>48,881,043</u> | <u>2,382,722</u> | <u>13,981,768</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pension plans | <u>1,602,917</u> | <u>302,333</u> | <u>-</u> |
| Total deferred outflows of resources | <u>1,602,917</u> | <u>302,333</u> | <u>-</u> |
| LIABILITIES | | | |
| Current liabilities payables: | | | |
| Accounts payable | 753,265 | 193,104 | 29,808 |
| Payroll payable | - | 98,470 | - |
| Interest payable | 150,165 | - | - |
| Unearned fees and permits | - | 178,633 | - |
| Postretirement health insurance liability | - | 295,000 | - |
| Due to: | | | |
| Other governments | - | - | 800,000 |
| Noncurrent liabilities: | | | |
| Bonds payable - due within one year | 1,340,417 | - | - |
| Bonds payable - due in more than one year | 47,928,841 | - | - |
| Net pension liability | 2,688,923 | 614,854 | - |
| Compensated absences payable | 276,694 | 181,570 | - |
| Total liabilities | <u>53,138,305</u> | <u>1,561,631</u> | <u>829,808</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pension plans | <u>2,716,959</u> | <u>602,036</u> | <u>-</u> |
| Total deferred inflows of resources | <u>2,716,959</u> | <u>602,036</u> | <u>-</u> |
| NET POSITION | | | |
| Net investment in capital assets | (14,322,588) | 49,360 | 8,763,706 |
| Restricted for: | | | |
| Debt service | 1,750,854 | - | - |
| Capital projects | 3,014,146 | - | 459,023 |
| Other purposes | - | 124,783 | - |
| Unrestricted | 4,186,284 | 347,245 | 3,929,231 |
| Total net position | <u>\$ (5,371,304)</u> | <u>\$ 521,388</u> | <u>\$ 13,151,960</u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

| | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | | |
|---|---------------------|----------------------------|--|---|---------------------------------------|---------------------------------------|--------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Component Units Board of Health | Development Authority |
| Functions / Programs | | | | | | | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 12,072,850 | \$ 1,036,799 | \$ - | \$ - | \$ (11,036,051) | | |
| Public safety | 10,196,572 | 2,471,337 | 774,992 | - | (6,950,243) | | |
| Health and sanitation | 950,106 | - | - | - | (950,106) | | |
| Administrative and general | 14,585 | - | - | - | (14,585) | | |
| Culture and recreation | 1,140,079 | 350,481 | - | - | (789,598) | | |
| Social services | 1,392,252 | - | - | - | (1,392,252) | | |
| Capital projects | 539,114 | - | - | - | (539,114) | | |
| Economic Development | 22,947,820 | - | - | - | (22,947,820) | | |
| Interest on long-term debt | 1,350,772 | - | - | - | (1,350,772) | | |
| Total governmental activities | <u>50,604,150</u> | <u>3,858,617</u> | <u>774,992</u> | <u>-</u> | <u>(45,970,541)</u> | | |
| Component units: | | | | | | | |
| Board of Health | 3,619,271 | 938,225 | 2,583,169 | - | \$ (97,877) | \$ | - |
| Economic Development | 258,505 | 205,934 | - | 143,211 | - | - | 90,640 |
| Total component units | <u>\$ 3,877,776</u> | <u>\$ 1,144,159</u> | <u>\$ 2,583,169</u> | <u>\$ 143,211</u> | <u>-</u> | <u>(97,877)</u> | <u>90,640</u> |
| General revenues: | | | | | | | |
| Ad valorem property taxes | | | | | 16,552,032 | - | - |
| Other taxes | | | | | 3,738,253 | - | - |
| Licenses and permits | | | | | 67,306 | - | - |
| Interest and investment earnings | | | | | 68,709 | 10,142 | 25,891 |
| Contributions from other entities | | | | | - | 326,250 | - |
| Gain (loss) on sale of capital assets | | | | | (8,975) | - | 32,808 |
| Miscellaneous | | | | | 3,220,376 | 21,713 | - |
| Total general revenues | | | | | <u>23,637,701</u> | <u>358,105</u> | <u>58,699</u> |
| Change in net position | | | | | <u>(22,332,840)</u> | <u>260,228</u> | <u>149,339</u> |
| Net position - beginning (restated, see Note III. F) | | | | | <u>16,961,536</u> | <u>261,160</u> | <u>13,002,621</u> |
| Net position - ending | | | | | <u>\$ (5,371,304)</u> | <u>\$ 521,388</u> | <u>\$ 13,151,960</u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

| | <u>General</u> | <u>Coal Severance Tax</u> | <u>Building Commission Debt Service</u> | <u>University TIF Debt Service</u> | <u>Other Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-----------------------------------|---|--|--|---|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 6,258,178 | \$ 149,004 | \$ - | \$ - | \$ 1,604,164 | \$ 8,011,346 |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Taxes | 737,626 | - | - | - | 51,514 | 789,140 |
| Due from: | | | | | | |
| Other funds | 11,547 | - | - | - | 86 | 11,633 |
| Other governments | 136,029 | - | - | - | - | 136,029 |
| Restricted cash | - | - | 3,014,146 | 1,412,588 | 471,124 | 4,897,858 |
| Total assets | <u>7,143,380</u> | <u>149,004</u> | <u>3,014,146</u> | <u>1,412,588</u> | <u>2,126,888</u> | <u>97,139,372</u> |
| Deferred Outflows: | | | | | | |
| Deferred outflows of resources | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 7,143,380</u> | <u>\$ 149,004</u> | <u>\$ 3,014,146</u> | <u>\$ 1,412,588</u> | <u>\$ 2,126,888</u> | <u>\$ 13,846,006</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 646,481 | \$ 29,574 | \$ - | \$ - | \$ 77,209 | \$ 753,264 |
| Interest payable | - | - | - | 120,866 | 29,299 | 150,165 |
| Due to: | | | | | | |
| Other funds | 86 | - | - | - | 11,548 | 11,634 |
| Total liabilities | <u>646,567</u> | <u>29,574</u> | <u>-</u> | <u>120,866</u> | <u>118,056</u> | <u>915,063</u> |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable revenue - taxes | 540,665 | - | - | - | 44,687 | 585,352 |
| Total deferred inflows of resources | <u>540,665</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>44,687</u> | <u>585,352</u> |
| Total liabilities and deferred inflows of resources | <u>1,187,232</u> | <u>29,574</u> | <u>-</u> | <u>120,866</u> | <u>162,743</u> | <u>1,500,415</u> |
| Fund balances: | | | | | | |
| Restricted | - | - | 3,014,146 | 1,291,722 | 1,981,224 | 6,287,092 |
| Assigned | 5,738,133 | 119,430 | - | - | - | 5,857,563 |
| Unassigned | 218,015 | - | - | - | (17,079) | 200,936 |
| Total fund balances | <u>5,956,148</u> | <u>119,430</u> | <u>3,014,146</u> | <u>1,291,722</u> | <u>1,964,145</u> | <u>12,345,591</u> |
| Total liabilities, deferred inflows or resources and fund balances | <u>\$ 7,143,380</u> | <u>\$ 149,004</u> | <u>\$ 3,014,146</u> | <u>\$ 1,412,588</u> | <u>\$ 2,126,888</u> | <u>\$ 13,846,006</u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

| | |
|---|-------------------------------|
| Total fund balances on the governmental fund's balance sheet | \$ 12,345,591 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note III - C) | 34,946,670 |
| Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note II - D) | 585,352 |
| Deferred outflows and inflows of resources related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level. | (1,114,042) |
| Loan receivable from Component Unit, Development Authority, not available to pay current expenditures | 100,000 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III - E) | <u>(52,234,875)</u> |
| Net position of governmental activities | <u><u>\$ (5,371,304)</u></u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

| | <u>General</u> | <u>Coal Severance Tax</u> | <u>Building Commission Debt Service</u> | <u>University TIF Debt Service</u> | <u>Other Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------------|---|--|--|---|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Ad valorem property taxes | \$ 15,421,343 | \$ - | \$ - | \$ - | \$ 1,004,505 | \$ 16,425,848 |
| Other taxes | 2,248,889 | - | - | - | 244,270 | 2,493,159 |
| Coal severance tax | - | 797,128 | - | - | - | 797,128 |
| Licenses and permits | 3,251 | - | - | - | 64,055 | 67,306 |
| Intergovernmental: | | | | | | |
| Federal | 504,319 | - | - | - | - | 504,319 |
| State | 270,673 | - | - | - | - | 270,673 |
| Charges for services | 976,692 | - | - | - | 2,358,743 | 3,335,435 |
| Fines and forfeits | - | - | - | - | 523,181 | 523,181 |
| Interest and investment earnings | 31,860 | 1,337 | 28,288 | 127 | 7,097 | 68,709 |
| Payments in lieu of taxes | 447,966 | - | - | - | - | 447,966 |
| Miscellaneous | 1,745,649 | 178 | - | 175,479 | 1,229,178 | 3,150,484 |
| | <u>21,650,642</u> | <u>798,643</u> | <u>28,288</u> | <u>175,606</u> | <u>5,431,029</u> | <u>28,084,208</u> |
| Total revenues | | | | | | |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 11,296,531 | 1,889 | - | - | 832,073 | 12,130,493 |
| Public safety | 8,614,714 | 282,593 | - | - | 2,192,455 | 11,089,762 |
| Health and sanitation | 857,682 | 105,495 | - | - | - | 963,177 |
| Culture and recreation | 832,214 | 304,889 | - | - | - | 1,137,103 |
| Social services | 500,717 | 350,861 | - | - | 540,276 | 1,391,854 |
| Capital Outlay | 1,130,546 | - | - | - | - | 1,130,546 |
| Economic development | - | - | 14,666,623 | 22,805,950 | 141,870 | 37,614,443 |
| Administrative Expense | - | - | 3,200 | 4,885 | 6,500 | 14,585 |
| Debt service: | | | | | | |
| Principal | - | - | 720,000 | - | 150,787 | 870,787 |
| Interest | - | - | 561,725 | 415,932 | 373,115 | 1,350,772 |
| | <u>23,232,404</u> | <u>1,045,727</u> | <u>15,951,548</u> | <u>23,226,767</u> | <u>4,237,076</u> | <u>67,693,522</u> |
| Total expenditures | | | | | | |
| Excess (deficiency) of revenues over expenditures | <u>(1,581,762)</u> | <u>(247,084)</u> | <u>(15,923,260)</u> | <u>(23,051,161)</u> | <u>1,193,953</u> | <u>(39,609,314)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 349,436 | - | 1,353,974 | 425,900 | 843,744 | 2,973,054 |
| Transfers (out) | (1,618,974) | - | - | - | (1,354,080) | (2,973,054) |
| Proceeds from the sale of assets | 7,035 | - | - | - | - | 7,035 |
| Proceeds from assets transfers in | 66,243 | - | - | - | - | 66,243 |
| Long-term debt issued (bond) | - | - | - | 22,834,592 | 146,795 | 22,981,387 |
| | <u>(1,196,260)</u> | <u>-</u> | <u>1,353,974</u> | <u>23,260,492</u> | <u>(363,541)</u> | <u>23,054,665</u> |
| Total other financing sources (uses) | | | | | | |
| Net change in fund balances | (2,778,022) | (247,084) | (14,569,286) | 209,331 | 830,412 | (16,554,649) |
| Fund balances - beginning | <u>8,734,170</u> | <u>366,514</u> | <u>17,583,432</u> | <u>1,082,391</u> | <u>1,133,733</u> | <u>28,900,240</u> |
| Fund balances - ending | <u>\$ 5,956,148</u> | <u>\$ 119,430</u> | <u>\$ 3,014,146</u> | <u>\$ 1,291,722</u> | <u>\$ 1,964,145</u> | <u>\$ 12,345,591</u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

| | | | | | | | |
|--|--------------------------------|------------|--|---------------------------------|------------|---------|--|
| Net change in fund balances - total governmental funds | \$ (16,554,649) | | | | | | |
| <p>Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year. (Note III - C)</p> | 15,643,305 | | | | | | |
| <p>Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note III - C).</p> | (922,424) | | | | | | |
| <p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p> | (16,010) | | | | | | |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year deferred revenues. (Notes III-B)</p> | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Prior year deferred revenues:</td> <td style="width: 20%; text-align: right;">\$ 459,168</td> <td style="width: 20%;"></td> </tr> <tr> <td>Current year deferred revenues:</td> <td style="text-align: right;">\$ 585,352</td> <td style="text-align: right; vertical-align: bottom;">126,184</td> </tr> </table> | Prior year deferred revenues: | \$ 459,168 | | Current year deferred revenues: | \$ 585,352 | 126,184 | |
| Prior year deferred revenues: | \$ 459,168 | | | | | | |
| Current year deferred revenues: | \$ 585,352 | 126,184 | | | | | |
| <p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> | (22,106,950) | | | | | | |
| <p>Governmental Funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense and are recognized on the accrual basis of accounting in accordance with GASB 68.</p> | 992,605 | | | | | | |
| <p>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.</p> | <u>505,099</u> | | | | | | |
| Change in net position of governmental activities | <u><u>\$ (22,332,840)</u></u> | | | | | | |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Modified Accrual Basis | Adjustments Budget Basis | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--|--------------------------------|--------------------------------------|---|
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Ad valorem property taxes | \$ 15,184,006 | \$ 15,184,006 | \$ 15,421,343 | \$ - | \$ 15,421,343 | \$ 237,337 |
| Other taxes | 3,060,000 | 3,060,000 | 2,248,889 | - | 2,248,889 | (811,111) |
| Licenses and permits | 4,200 | 4,200 | 3,251 | - | 3,251 | (949) |
| Intergovernmental: | | | | | | |
| Federal | 757,500 | 810,500 | 504,319 | - | 504,319 | (306,181) |
| State | 1,125,395 | 1,125,395 | 270,673 | - | 270,673 | (854,722) |
| Local | 5,000 | 5,000 | - | - | - | (5,000) |
| Charges for services | 756,000 | 756,000 | 976,692 | - | 976,692 | 220,692 |
| Fines and forfeits | 100,000 | 100,000 | - | - | - | (100,000) |
| Interest and investment earnings | 70,000 | 70,000 | 31,860 | - | 31,860 | (38,140) |
| Payments in lieu of taxes | 400,000 | 400,000 | 447,966 | - | 447,966 | 47,966 |
| Miscellaneous | 1,257,745 | 1,382,819 | 1,745,649 | - | 1,745,649 | 362,830 |
| Total revenues | <u>22,719,846</u> | <u>22,897,920</u> | <u>21,650,642</u> | <u>-</u> | <u>21,650,642</u> | <u>(1,247,278)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 16,533,460 | 16,584,615 | 11,296,531 | - | 11,296,531 | 5,288,084 |
| Public safety | 9,504,545 | 9,672,937 | 8,614,714 | - | 8,614,714 | 1,058,223 |
| Health and sanitation | 813,466 | 1,063,616 | 857,682 | - | 857,682 | 205,934 |
| Culture and recreation | 965,000 | 1,000,000 | 832,214 | - | 832,214 | 167,786 |
| Social services | 516,500 | 516,500 | 500,717 | - | 500,717 | 15,783 |
| Capital outlay | 4,235,875 | 3,424,808 | 1,130,546 | - | 1,130,546 | 2,294,262 |
| Total expenditures | <u>32,568,846</u> | <u>32,262,476</u> | <u>23,232,404</u> | <u>-</u> | <u>23,232,404</u> | <u>9,030,072</u> |
| Excess (deficiency) of revenues over expenditures | <u>(9,849,000)</u> | <u>(9,364,556)</u> | <u>(1,581,762)</u> | <u>-</u> | <u>(1,581,762)</u> | <u>7,782,794</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 849,000 | 849,000 | 349,436 | - | 349,436 | (499,564) |
| Transfers (out) | - | - | (1,618,974) | - | (1,618,974) | (1,618,974) |
| Proceeds from the sale of assets | - | - | 7,035 | - | 7,035 | 7,035 |
| Proceeds from assets transfers in | - | - | 66,243 | - | 66,243 | 66,243 |
| Total other financing sources (uses) | <u>849,000</u> | <u>849,000</u> | <u>(1,196,260)</u> | <u>-</u> | <u>(1,196,260)</u> | <u>(2,045,260)</u> |
| Net change in fund balance | (9,000,000) | (8,515,556) | (2,778,022) | - | (2,778,022) | 5,737,534 |
| Fund balance - beginning | 9,000,000 | 8,734,170 | 8,734,170 | - | 8,734,170 | - |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 218,614</u> | <u>\$ 5,956,148</u> | <u>\$ -</u> | <u>\$ 5,956,148</u> | <u>\$ 5,737,534</u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2015

| | <u>Budgeted Amounts</u> | | Actual Modified Accrual Basis | Adjustments Budget Basis | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|----------------------------------|-------------------------|------------------|--|--------------------------------|--------------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | | | |
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Coal severance tax | \$ 900,000 | 900,000 | 797,128 | \$ - | \$ 797,128 | \$ (102,872) |
| Interest and investment earnings | 3,000 | 3,000 | 1,337 | - | 1,337 | (1,663) |
| Miscellaneous | - | - | 178 | - | 178 | 178 |
| Total revenues | <u>903,000</u> | <u>903,000</u> | <u>798,643</u> | <u>-</u> | <u>798,643</u> | <u>(104,357)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 193,975 | 100,975 | 1,889 | - | 1,889 | 99,086 |
| Public safety | 289,000 | 303,316 | 282,593 | - | 282,593 | 20,723 |
| Health and sanitation | 154,750 | 114,263 | 105,495 | - | 105,495 | 8,768 |
| Culture and recreation | 313,165 | 328,165 | 304,889 | - | 304,889 | 23,276 |
| Social services | 366,360 | 383,460 | 350,861 | - | 350,861 | 32,599 |
| Capital outlay | 85,750 | 39,335 | - | - | - | 39,335 |
| Total expenditures | <u>1,403,000</u> | <u>1,269,514</u> | <u>1,045,727</u> | <u>-</u> | <u>1,045,727</u> | <u>223,787</u> |
| Net change in fund balance | (500,000) | (366,514) | (247,084) | - | (247,084) | 119,430 |
| Fund balance - beginning | <u>500,000</u> | <u>366,514</u> | <u>366,514</u> | <u>-</u> | <u>366,514</u> | <u>-</u> |
| Fund balance - ending | \$ <u>-</u> | \$ <u>-</u> | \$ <u>119,430</u> | \$ <u>-</u> | \$ <u>119,430</u> | \$ <u>119,430</u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

| | <u>Agency Funds</u> |
|---|--------------------------|
| ASSETS | |
| Non-pooled cash | \$ <u>630,815</u> |
| Total assets | <u>630,815</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Total deferred outflows of resources | <u>-</u> |
| Total assets and deferred outflows of resources | \$ <u><u>630,815</u></u> |
| LIABILITIES | |
| Due to: other governments | \$ <u>630,815</u> |
| Total liabilities | <u>630,815</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Total deferred inflows of resources | <u>-</u> |
| Total liabilities and deferred inflows of resources | \$ <u><u>630,815</u></u> |

The notes to the financial statements are an integral part of this statement.

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

A. Reporting Entity

Monongalia County is one of fifty-five counties established under the Constitution and the Laws of the State of West Virginia. There are six offices elected countywide, which are: County Commission, County Clerk, Circuit Clerk, Assessor, Sheriff, and Prosecuting Attorney. The superintendent of fiscal affairs is the County Commission, comprised of 3 members, elected to six-year terms on a two-year rotating basis. County and Circuit Clerk offices are elected to six-year terms. The offices of Assessor, Sheriff, and Prosecuting Attorney are elected to four-year terms.

The County Commission as the legislative body for the government, and, as such, budgets and provides all the funding used by the separate Constitutional Offices. The Assessor and the Sheriff also have additional revenues sources. The County Clerk's office maintains the accounting system for the county's operations. The operations of the county as a whole have been combined in these financial statements.

The services provided by the County and accounted for within these financial statements include law enforcement for unincorporated areas of the county, health and social services, cultural and recreational programs and other governmental services.

The accompanying financial statements present the government [and its component units] as required by generally accepted accounting principles. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the County.

Blended Component Unit

The Monongalia County Building Commission serves Monongalia County as is governed by a board comprised of five members appointed by the County Commission for a term of five years each. The Building Commission acquires property and debt on behalf of the County.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

The Monongalia Board of Health serves citizens of Monongalia County and is governed by a five-member board appointed by the Commission, to serve 5 years on a rotating basis. The Board of Health is responsible for directing, supervising and carrying out matters related to public health of the County. West Virginia statute dictates the County is legally obligated to provide financial support to the board.

The Monongalia County Economic Development Authority serves Monongalia County, West Virginia, and is governed by a board comprised of 17 members. One member must be a Monongalia County Commissioner and five other represent the five municipalities in Monongalia County. The remaining members are appointed by the Monongalia County Commission. The Monongalia County Economic Development Authority develops property on behalf of the County and also provides services to external parties.

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Complete financial statements for each of the individual component unit can be obtained at the entity's administrative offices.

Related Organizations

The County's officials are also responsible for appointing the members of boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

Jointly Governed Organizations

The County, in conjunction with the City of Morgantown, has created the Monongalia County Urban Mass Transit Authority. The Authority is composed of seven members with three members appointed by the Monongalia County Commission, three members appointed by the City of Morgantown, and a seventh being an agreed upon appointee who is a representative of West Virginia University. The County appropriated \$456,500 for an operating grant for the Urban Mass Transit Authority for the fiscal year.

B. Basis of Presentation

Government-wide and fund financial statements

The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to avoid the double accounting of interfund activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed primarily by fees charges to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds (the county has none) and fiduciary funds, even though the latter are excluded from the governmental-wide statements. Major individual funds and major individual enterprise funds (when the county has four) are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—are presented. The emphasis of fund financial statement is on major governmental, with each displayed in a separate column. All remaining government funds are aggregated and reported as nonmajor funds.

Major Fund Determination

Major funds are defined as those funds meeting the following criteria:

Total assets, liabilities, revenues, or expenses of the individual fund are at least 10 percent of the corresponding total for all governmental funds. And, total assets, liabilities, revenues and expenses of the individual fund are at least five (5) percent of corresponding total for all governmental funds combined.

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

In determining major funds, the Office of Chief Inspector and Supervisor of local political subdivisions has mandated the main operating funds of all counties to be major funds. These two funds are the General County and Coal Severance Funds.

The County Commission may designate any other funds as “major” if it believes those funds are particularly important to financial statement users.

The County Reports the following major funds:

General Fund – A general fund is used to account for all revenue sources and expenditures, which are not required to be accounted for in other funds. In the County’s General Fund, revenues are derived primarily from general property taxes; utility taxes; license and permit fees, state shared taxes, interest and miscellaneous. Expenditures and operating transfers out include the costs of general County government and transfers to other funds.

Coal Severance Fund – The Coal Severance tax fund is a fund that accounts for the revenues and expenditures from a severance tax placed on coal, collected at the state level and distributed to local political sub-divisions.

Building Commission Debt Service Fund - Accounts for the activity in the trustee bank accounts associated with bonds issued by the Monongalia County Building Commission.

University TIF Debt Service Fund - Accounts for the activity in the trustee bank accounts associated with bonds issued by the Monongalia County Commission for the University Series bonds.

Fiduciary Funds

Agency Funds: Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are merely clearing accounts for assets held by a government as an agent for individual, private organizations, other governments, or other funds.

The agency funds are used to account for assets held by the county sheriff in an agency capacity for other governmental units. Agency funds, by definition, are excluded from the county's Combined Statement of Revenues, Expenditures and Changes in Fund Balances, and not included in Government wide statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 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.

C. Measurement Focus, and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds (when appropriate) and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

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 the end of the current fiscal year. 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 judgment, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for government's activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on the recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held by others. The County's operations require the use of governmental and fiduciary funds.

D. Assets, liabilities, and net position or equity

1. Deposits and Investments

Monongalia County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. At June 30, 2015 federal depository insurance or additional depository bonds approved by the county commission covered all of the reporting entity's deposits.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars.

2. Receivables and payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds. Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Receivable

The property tax receivable is equal to 100 percent of the property taxes for 5 years net outstanding at June 30, 2015, and is shown net of an allowance for uncollectible taxes.

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid. Taxes paid on or before the due date are allowed a two and one half percent discount. A tax lien is issued for all unpaid real estate taxes as of the date of the sheriff's sale and these liens are sold between October 14th and November 23rd of each year. Sixty days of estimated property tax collections are recorded in revenues at the end of each fiscal year.

All counties within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class II property, twenty-eight and six-tenths cents (28.60 cents); On Class III property, fifty-seven and two-tenths cents (57.20 cents) On Class IV property, fifty-seven and two-tenths cents (57.20 cents). In addition, counties may provide for an election to lay an excess levy; the rates not to exceed statutory limitations provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2015, were as follows:

| Class of Property | Assessed Valuation for Tax Purposes | Current Expense |
|----------------------|---|--------------------|
| Class I | - | 9.50 cents |
| Class II | \$2,151,065,573 | 19.00 cents |
| Class III | \$2,184,093,854 | 38.00 cents |
| Class IV | \$995,467,598 | 38.00 cents |

3. Inventory

The county considers inventories of materials and supplies utilized in the governmental fund type operations as expended at the time of purchase. Therefore, they do not appear in the county's financial statements.

4. Restricted Assets

Certain assets of the TIF accounts, Monongalia General Hospital TIF, Morgantown Industrial TIF, Star City TIF, University TIF, and the Series 2015A Bonds for the Judicial Annex are classified as restricted assets because their use is restricted by bond agreements.

5. Capital Assets

Capital assets, including land, buildings, improvements, equipment, and infrastructure (if applicable), that individually cost \$5,000 or more, with useful lives greater than one year are reported in the in the government-wide financial statements.

Purchased capital assets are stated at their historical costs or estimated historical costs. Historical costs include the vendor's invoice (less the value of any trade-in), initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs also include ancillary charges such as freight and transportation charges, site preparation costs and professional fees. Donated capital assets are recorded at their estimated fair market value at the date of donation.

Capital assets are depreciated over the estimated useful lives using the straight-line method. Estimated useful life is the county's estimate of how long the asset is expected to meet service demands. The estimated useful lives are shown in the table below.

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

| Assets | Useful lives | Inventory \$ | Capitalized/Depreciation \$ |
|--------------------------|----------------|--------------|-----------------------------|
| Land | | | Capitalized only |
| Land improvement | 20 to 30 years | 1 | 5,000 |
| Building | 40 years | 1 | 5,000 |
| Building improvements | 20 – 25 years | 1 | 5,000 |
| Equipment | 5 to 10 years | 1,000 | 5,000 |
| Vehicles | 5 to 10 years | 1,000 | 5,500 |
| Infrastructure | 40 to 50 years | 50,000 | 100,000 |
| Construction in progress | Not applicable | | |

6. Compensated Absences

It is the County’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements in accordance with GASB Statement No. 16, Accounting for Compensated Absences.

The current pay rate, including certain additional employer-related fringe benefits, is used to calculate compensated absences accrual at June 30. The entire liability for compensated absences is reported in the government-wide financial statement.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

9. Fund Balances

Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable—amounts that are not in a spendable form (such as inventory) or required to be maintained intact.

Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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Committed—amounts constrained to specific purposes by the County, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint

Assigned—classification reflects amounts that the County intends to be used for specific purposes. Assignments may be established either by the County or by a designee, and are subject to neither the restricted nor committed levels of constraint

Unassigned — is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes.

10. Change in Accounting Principle.

Implementation of GASB Statement No.68/71

The County has implemented GASB Statement No.68 and No. 71, Accounting and Financial Reporting for Pensions and Pension Transition for Contributions Made Subsequent to the Measurement Date. As a result, beginning net position has been restated as follows:

| | |
|--|-------------|
| Adjustment to Net Position | \$4,772,862 |
| Net Pension Liability as of June 30,2014 | (6,080,497) |
| Deferred Outflow | 1,307,635 |

II. Stewardship, compliance, and accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

Monongalia County prepares its budget on the cash/cash plus encumbrances basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for both the General and Coal Severance Tax Funds.

Prior to March 2nd of each year, the various elected officials submit to the county commission proposed requests for their respective offices for the fiscal year commencing July 1. Upon review and approval of these requests, the county commission prepares proposed budgets on forms prescribed by the State Auditor and submits them to the State Auditor by March 28 for approval. The county commission then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year.

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| | | General Fund | Coal Severance |
|--------------|-------------------------------|--------------|----------------|
| Revenues | | | |
| | Unencumbered Balance | (\$484,444) | (\$133,487) |
| | Intergovernmental | 53,000 | |
| | Miscellaneous | 125,074 | |
| | Total Revision – Revenues | (\$306,370) | (\$133,487) |
| Expenditures | | | |
| | General Government | \$51,155 | (\$93,000) |
| | Public Safety | 168,392 | 14,316 |
| | Health & Sanitation | 250,150 | (40,487) |
| | Culture & Recreation | 35,000 | 15,000 |
| | Social Services | 0 | 17,100 |
| | Capital Projects | (811,067) | (46,416) |
| | Total Revision - Expenditures | (\$306,370) | (\$133,487) |

The Assessor submits a projected budget to the West Virginia Department of Tax and Revenue no later than December 15th of each year. For the Assessor's Valuation Fund, the following revisions throughout the year:

| | | |
|--------------|----------------------|---------|
| Revenues | Unencumbered Balance | \$7,337 |
| Expenditures | General Government | \$7,337 |

B. Deficit Fund Equity

The Magistrate Court, Home Confinement, and Camp Muffly Funds had deficit fund balances of \$96, \$8,310, and \$8,673 as of June 30, 2015.

III. Detailed notes on all funds

A. Deposits and investments

The County maintains cash and temporary investments for all funds. As of June 30, 2015, the County had deposits in financial institutions reported as cash and cash equivalents with carrying balances \$8,687,994. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institutions trust department or agent in the government's name.

Counties are authorized by statute to provide excess funds to either the State Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof. At year end the county did not have any of these types of investments.

A summary of the reporting entity's cash and investments for which the Sheriff serves as treasure is as follows:

| | Carrying Value |
|------------------------|----------------|
| Primary government | \$8,011,346 |
| Restricted | 4,897,859 |
| Total reporting entity | \$12,909,205 |

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For the Fiscal Year Ended June 30, 2015

B. Receivables

Receivables at year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

| <u>Total Receivables Governmental Activities</u> | |
|--|---------------------------|
| Taxes Receivable | \$909,140 |
| Grants Receivables | 136,028 |
| Due from Component Unit | 100,000 |
| Gross Receivable | <u>\$1,145,168</u> |
| Less: Allowance for uncollectible | (120,000) |
| Net Total Receivables | <u><u>\$1,025,168</u></u> |

Governmental fund report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental fund also defer revenue recognition in connections with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | |
|--------------------------------------|-----------|
| Delinquent property taxes receivable | \$585,352 |
| Taxes earned but not received | \$203,788 |

C. Capital Assets

Capital Asset Activity for the fiscal year ended June 30, 2015, was as follows:

| | Ending Balance Capital Assets 06/30/2014 | Prior Year Adjust | Additions | Disposals | Ending Balance Capital Assets 06/30/2015 |
|-----------------------------|---|----------------------|---------------------|--------------------|---|
| Land | \$ 984,200 | \$ 0 | \$ 0 | \$ 0 | \$ 984,200 |
| Buildings | 17,866,152 | 0 | 70,225 | 0 | 17,936,377 |
| Machinery and equipment | 4,851,957 | 49,258 | 267,029 | (179,553) | 4,988,691 |
| Structures and improvements | 2,474,549 | 0 | 118,221 | 0 | 2,592,770 |
| Construction in progress | 2,566,617 | 0 | 15,187,830 | 0 | 17,754,447 |
| Total | \$ 28,743,475 | \$ 49,258 | \$15,643,305 | (\$179,553) | \$44,256,485 |

Construction in progress 2015 included:

| | |
|--------------------------------|----------------------|
| Judicial Annex | \$ 2,194,138 |
| Judicial Annex – bond proceeds | <u>15,560,309</u> |
| | <u>\$ 17,754,447</u> |

Current depreciation expense was charged to governmental activities of the county as follows:

| | |
|----------------------|--------------------------|
| General Government | \$ 552,580 |
| Public Safety | 330,012 |
| Health & Sanitation | 5,334 |
| Culture & Recreation | 34,100 |
| Social Services | 398 |
| | <u><u>\$ 922,424</u></u> |

MONONGALIA COUNTY, WEST VIRGINIA
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A summary of changes in Capital Asset values based on current and prior year depreciation allowances:

| | Ending Balance Capital Assets 06/30/2015 | Prior Yrs Accumulated Depreciation | Current Year Depreciation | Total Depreciation 6/30/2015 | Net Book Value 6/30/2015 |
|-----------------------------|--|--|------------------------------|------------------------------------|--------------------------------|
| Land | \$ 984,200 | \$ 0 | \$ 0 | \$ 0 | \$ 984,200 |
| Building | 17,936,377 | 5,204,519 | 411,340 | 5,615,859 | 12,320,518 |
| Machinery and equipment | 4,988,691 | 2,623,499 | 400,818 | 3,024,317 | 1,964,374 |
| Structures and improvements | 2,592,770 | 559,373 | 110,266 | 669,639 | 1,923,131 |
| Construction in progress | 17,754,447 | 0 | 0 | 0 | 17,754,447 |
| Total | \$44,256,485 | \$8,387,391 | \$922,424 | \$9,309,815 | \$34,946,670 |

D. Interfund receivables, payables, transfers

Interfund balances to/from other funds at June 30, 2015 consist of the following:

| <u>Primary Government</u> | <u>Due From Other Funds</u> | <u>Due to Other Funds</u> |
|---------------------------|---------------------------------|-------------------------------|
| General County | \$ 11,547 | \$ 86 |
| E911 | 86 | 494 |
| Teen Court | 0 | 11,053 |
| | <u>\$11,633</u> | <u>\$11,633</u> |

Transfers to/from other funds at June 30, 2015 consist of the following:

| <u>Primary Government</u> | <u>Fund Transfer In</u> | <u>Fund Transfer Out</u> |
|--|-----------------------------|------------------------------|
| General County | \$349,436 | \$1,353,974 |
| Emergency 911 | 125,000 | |
| Chestnut Ridge | 90,000 | |
| Camp Muffy | 25,000 | |
| Mason Dixon Park | 25,000 | |
| Monongalia Industrial TIF Debt Service | 175,922 | |
| Building Commission Debt Service | 1,353,974 | |
| Monongalia General TIF Debt Service | 231,737 | |
| Star City TIF Debt Service | 171,085 | |
| University Town Cnt TIF Debt Service | 425,900 | |
| Monongalia Industrial TIF | | 175,922 |
| Monongalia General TIF | | 231,737 |
| Star City TIF | | 171,085 |
| University Town Cnt TIF | | 425,900 |
| General County | | \$265,000 |
| Dog & Kennel | | 70,937 |
| General School | | 234,282 |
| Teen Court | | 44,217 |
| | <u>\$2,973,054</u> | <u>\$2,973,054</u> |

MONONGALIA COUNTY, WEST VIRGINIA
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E. Long-term debt

Lease Revenue Bonds, Series 2015A

| Purpose | Maturity Date | Interest Rates | Issued | Retired | June 30, 2015 |
|----------------------------------|---------------|----------------|--------------|-----------|---------------|
| Monongalia County Justice Center | 02/01/2034 | | \$18,070,000 | \$720,000 | \$17,350,000 |

Monongalia County Building Commission Taxable Lease Revenue Bonds, Series 2014 A (Monongalia County Justice Center)

On March 13, 2014, the Monongalia County Building Commission, a blended component unit of Monongalia County, West Virginia, issued \$18,070,000 of Monongalia County Building Commission Lease Revenue Bonds, Series 2014 A (Monongalia County Justice Center) bearing interest at 3 %. The proceeds of these bonds are being used to finance the design, acquisition, construction and equipping of a Monongalia County Justice Center. The bonds are secured by the Justice center and an irrevocable pledge of lease payments, which are required to be in sufficient amount to pay principal and interest on the bonds when due. The total principal and interest remaining to be paid on the bond is \$24,383,568.

Lease revenue bond debt service requirements to maturity are as follows:

Annual Debt service requirement to maturity of bonds:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----------------------|---------------------|----------------------|
| 2016 | \$ 670,000 | \$ 614,315 | \$ 1,284,315 |
| 2017 | 690,000 | 594,215 | 1,284,215 |
| 2018 | 710,000 | 573,515 | 1,283,515 |
| 2019 | 730,000 | 552,215 | 1,282,215 |
| 2020 | 760,000 | 523,015 | 1,283,015 |
| 2021-2025 | 4,195,000 | 2,225,025 | 6,420,025 |
| 2026-2030 | 4,940,000 | 1,476,467 | 6,416,467 |
| 2031-2035 | 4,655,000 | 474,800 | 5,129,800 |
| Total | <u>\$ 17,350,000</u> | <u>\$ 7,033,567</u> | <u>\$ 24,383,567</u> |

Pledged Revenues - Lease Revenue Bonds

The Monongalia County Building Commission, a blended component unit of Monongalia County, West Virginia, has pledged future lease rentals to be paid by the Monongalia County Commission to repay \$18,070,000 in lease revenue bonds issued in 2014. Proceeds from the bonds are being used to finance the design, acquisition, construction and equipping of a Monongalia County Justice Center. The bonds are payable solely from lease revenues paid by the County Commission through 2034. Annual principal and interest payments on the bonds are expected to require 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds outstanding is \$24,383,568. Principal and interest paid for the current year and total customer net revenues were \$720,000 and \$561,725, respectively.

Tax Increment Revenue Bond – Morgantown Industrial Park

| Purpose | Maturity Date | Interest Rates | Issued | Retired | June 30, 2015 |
|--------------------------------|---------------|----------------|-------------|-----------|---------------|
| TIF Morgantown Industrial Park | 06/01/2033 | 6.90% | \$2,164,700 | \$102,780 | \$2,061,920 |

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Tax Increment Financing Revenue Bond (Morgantown Industrial Park Project No. 1) Series 2009

In 2009, the Monongalia County Commission issued Tax Increment Financing (TF) revenue bonds to provide funds to finance the cost for the design, acquisition, construction, and equipping of certain infrastructure improvements in Monongalia County, West Virginia, consisting generally of all or some of the following: acquisition and construction of certain infrastructure improvements in the Development District, which improvements include upgrade of roads, sanitary sewer and water lines, including the installation of a required surge tank to handle the gray water and sanitary discharge anticipated with business expansion, installation of necessary storm water management systems to accommodate the additional runoff from the expanded road system and provide for the necessary expansion of natural gas and electric lines to facilitate future business expansion and other related infrastructure and utilities improvements and all necessary appurtenances. The principal and interest on the tax increment revenue bonds are to be paid solely by the property taxes generated in association with the increased assessed values of property within the TIF district area. The Series 2009 Bonds were issued in the aggregate principal amount of \$2,190,000 of which \$2,061,920 was advanced and is the amount outstanding. Estimated annual debt service requirements to maturity for the tax increment financing bonds that are outstanding are as follows: Annual Debt service requirement to maturity of bonds:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|---------------------|
| 2016 | \$ 59,937 | \$ 146,859 | \$ 206,796 |
| 2017 | 64,206 | 142,590 | 206,796 |
| 2018 | 68,779 | 138,017 | 206,796 |
| 2019 | 73,677 | 133,119 | 206,796 |
| 2020 | 78,925 | 127,871 | 206,796 |
| 2021-2025 | 487,394 | 546,586 | 1,033,980 |
| 2026-2030 | 687,516 | 346,464 | 1,033,980 |
| 2031-2035 | 541,486 | 78,902 | 620,388 |
| Total | <u>\$ 2,061,920</u> | <u>\$ 1,660,407</u> | <u>\$ 3,722,327</u> |

The County has pledged future tax increment revenue to repay \$2,190,000 in tax increment financing revenue bonds issued in Dec 21, 2009 . Proceeds from the bonds provided financing for the upgrade of roads, sanitary and water lines, including installation of a required surge tank to handle gray water and sanitary discharge anticipated with business expansion within the county's designated TIF- Morgantown Industrial district. The bonds are payable solely from the tax increment properly taxes assessed and are collected in the district area and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,722,327. principal and interest paid for the current year and total customer net revenues were \$184,995.

Tax Increment Revenue Bond – Monongalia General Hospital

| Purpose | Maturity Date | Interest Rates | Issued | Retired | June 30, 2015 |
|---------------------------------|---------------|----------------|-------------|---------|---------------|
| TIF Monongalia General Hospital | 06/01/2034 | 6.50% | \$2,680,639 | \$0 | \$2,680,639 |

In 2011, the Monongalia County Commission issued Tax Increment Financing (TIF) revenue bonds to provide funds to finance the cost for the design, acquisition, construction, and equipping of certain infrastructure improvements in Monongalia County, West Virginia, consisting generally of all or some of the following: acquisition and construction of a new access road to Monongalia General Hospital and Mon Emergency Services from WV Route 705, with appropriate intersection improvements, curbing, grading, drainage, signage and all necessary appurtenances. The Series 2011 A Bonds were issued in the aggregate principal amount of \$3,015,000 of which \$2,680,639 was advanced and is outstanding. The principal and interest on the tax increment revenue bonds are to be paid solely by the property taxes generated in association with the increased assessed values of property within the TIF district area. Estimated annual debt service requirements to maturity for the tax increment financing bonds that are outstanding are as follows:

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Annual Debt service requirement to maturity of bonds:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|-----------------|--------------|
| 2016 | \$ 109,958 | \$ 172,483 | \$ 282,441 |
| 2017 | 117,221 | 165,220 | 282,441 |
| 2018 | 124,965 | 157,477 | 282,441 |
| 2019 | 133,219 | 149,222 | 282,441 |
| 2020 | 142,019 | 140,422 | 282,441 |
| 2021-2025 | 863,840 | 548,367 | 1,412,207 |
| 2026-2030 | 1,189,416 | 222,790 | 1,412,207 |
| Total | \$ 2,680,639 | \$ 1,555,981 | \$ 4,236,620 |

Pledged Revenues -Tax Increment Financing (TIF) Revenue Bonds

The County has pledged future tax increment revenue to repay \$3,015,000 in tax increment financing revenue bonds issued in 2011 of which \$2,680,639 has been advanced and is outstanding. Proceeds from the bonds provided financing for the design, acquisition, construction, and equipping of certain infrastructure improvements in Monongalia County, West Virginia, consisting generally of all or some of the following: acquisition and construction of a new access road to Monongalia General Hospital and Mon Emergency Medical Services from WV Route 705, with appropriate intersection improvements, curbing, grading, drainage, signage and all necessary appurtenances. The bonds are payable solely from the tax increment property taxes assessed and are collected in the district area and are payable through 2030. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,236,620.

Tax Increment Revenue Bond – Star City Project

| Purpose | Maturity Date | Interest Rates | Issued | Retired | June 30, 2015 |
|-----------------------|---------------|----------------|-------------|-----------|---------------|
| TIF Star City Project | 2038 | 4.95% | \$2,239,337 | \$100,000 | \$1,139,337 |

In 2012, the Monongalia County Commission issued Tax Increment Financing (TF) revenue bonds to provide funds to finance the cost for the design, acquisition, construction, and equipping of certain infrastructure improvements in Monongalia County, West Virginia. The Series 2012 Bonds were issued in the aggregate principal amount of which \$1,197,684 was advanced and is the amount outstanding. According to the Bond Indenture the 2012 Bonds shall evidence indebtedness only to the extent that such principal has been advanced and is outstanding as reflected on such Record of Advances. The bonds do not constitute a general obligation, or pledge of the full faith and credit of the County of Monongalia. The principal and interest on the tax increment revenue bonds are to be paid solely by the property taxes generated in association with the increased assessed values of property within the TIF district area. Estimated annual debt service requirements to maturity for the tax increment financing bonds that are outstanding are as follows:

Annual Debt service requirement to maturity of bonds:

MONONGALIA COUNTY, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 2015

| | <u>Principal</u> | | <u>Interest</u> | | <u>Total</u> |
|--------------|---------------------|-----------|-----------------|-----------|------------------|
| 2016 | \$ 27,461 | \$ | 56,062 | \$ | 83,523 |
| 2017 | 28,838 | | 54,685 | | 83,523 |
| 2018 | 30,283 | | 53,240 | | 83,523 |
| 2019 | 31,800 | | 51,723 | | 83,523 |
| 2020 | 33,394 | | 50,129 | | 83,523 |
| 2021-2025 | 193,812 | | 223,802 | | 417,614 |
| 2026-2030 | 247,491 | | 170,123 | | 417,614 |
| 2031-2035 | 316,038 | | 101,576 | | 417,614 |
| 2036-2040 | 230,220 | | 20,349 | | 250,569 |
| Total | \$ 1,139,337 | \$ | 781,689 | \$ | 1,921,026 |

Tax Increment Financing (TIF) Revenue Bonds (University Town Center) Series 2014A Taxable and Series 2014B Taxable

| Purpose | Maturity Date | Interest Rates | Issued | Retired | June 30, 2015 |
|------------------------|------------------|-------------------|-------------|---------|---------------|
| University Town Center | 2042 | 6% | \$4,515,000 | \$0 | \$4,515,000 |

On January 30, 2014, the Monongalia County Commission issued \$9,605,000 of Series 2014 A Taxable Tax Increment Financing (TIF) Revenue Bonds bearing interest at a rate of 3.25% and \$4,515,000 of Series 2014 B Taxable Tax Increment Financing (TIF) Revenue Bonds bearing interest at a rate of 6%o. The proceeds of these bonds are being used to finance the development and financing of certain public infrastructure improvements within the TIF district including, but not limited to, the following: water lines, sanitary sewer lines, storm water drainage, new road construction, and road improvements, including without limitation a new interstate highway interchange and related improvements, intersection improvements, curbing, traffic control, lighting and other related infrastructure and utilities improvements, and the costs of planning, acquiring, constructing and equipping certain intercollegiate and other athletic facilities, including without limitation, a baseball park and other facilities, fields, parks and/or stadiums, and appurtenances and amenities relating thereto, all within or benefitting the TIF District. According to the Bond Indenture the 2014 TIF Bonds shall evidence indebtedness only to the extent that such principal has been advanced and is outstanding as reflected on such Record of Advances. As of June 30, 2014, \$0 of Series 2014 A Bonds was advanced and outstanding, and \$4,515,000 of Series 2014 B Bonds was advanced and outstanding. The principal and interest on the tax increment revenue bonds are to be paid solely by the property taxes generated in the TIF district area. The principal and interest are scheduled to be paid at the rate that TIF revenues are collected. Estimated annual debt service requirements to maturity for the tax increment financing bonds that are outstanding are as follows:

| | <u>Principal</u> | | <u>Interest</u> | | <u>Total</u> |
|--------------|---------------------|-----------|------------------|-----------|------------------|
| 2016 | \$ 70,873 | \$ | 270,900 | \$ | 341,773 |
| 2017 | 75,125 | | 266,648 | | 341,773 |
| 2018 | 79,633 | | 262,140 | | 341,773 |
| 2019 | 84,411 | | 257,362 | | 341,773 |
| 2020 | 89,475 | | 252,298 | | 341,773 |
| 2021-2025 | 534,643 | | 1,174,221 | | 1,708,864 |
| 2026-2030 | 715,472 | | 993,391 | | 1,708,864 |
| 2031-2035 | 957,463 | | 751,400 | | 1,708,864 |
| 2036-2040 | 1,281,302 | | 427,561 | | 1,708,864 |
| 2041-2015 | 626,604 | | 56,942 | | 683,545 |
| Total | \$ 4,515,000 | \$ | 4,712,863 | \$ | 9,227,863 |

MONONGALIA COUNTY, WEST VIRGINIA
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Pledged Revenues -Tax Increment Financing (TIF) Revenue Bonds

The County has pledged future tax increment revenue to repay \$14,120,000 of Tax Increment Financing (TIF) Revenue Bonds issued in 2014 of which \$4,515,000 has been advanced and is outstanding. Proceeds from the bonds are being used to finance the development and financing of certain public infrastructure improvements within the TIF district including, but not limited to, the following: water lines, sanitary sewer lines, storm water drainage, new road construction, and road improvements, including without limitation a new interstate highway interchange and related improvements, intersection improvements, curbing, traffic control, lighting and other related infrastructure and utilities improvements, and the costs of planning, acquiring, constructing and equipping certain intercollegiate and other athletic facilities, including without limitation, a baseball park and other facilities, fields, parks and/or stadiums, and appurtenances and amenities relating thereto, all within or benefitting the TIF District. According to the Bond Indenture the 2014 TIF Bonds shall evidence indebtedness only to the extent that such principal has been advanced and is outstanding as reflected on such Record of Advances. The bonds are to be paid solely from the tax increment property taxes assessed and collected and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds advanced and outstanding is \$9,227,863

Special District Excise Tax Revenue Bonds

The County issues bonds where the government pledges income derived from special district excise tax revenue to pay debt service. Excise tax revenue bonds currently outstanding are as follows:

| Purpose | Maturity Date | Interest Rates | Issued | Retired | June 30, 2015 |
|----------------------------------|---------------|----------------|--------------|---------|---------------|
| University Series 2014 A Taxable | 06/01/2043 | variable | \$20,784,530 | \$0 | \$20,784,530 |
| University Series 2014 C Taxable | 06/01/2043 | 6% | \$670,000 | \$0 | \$670,000 |

Special District Excise Tax Revenue Bonds (University Project) Series 2014 A Taxable, Series 2014 B Taxable, and Series 2014 C Taxable

On January 30, 2014, the Monongalia County Commission issued special district excise tax revenue bonds to provide funds to finance the development and financing of certain public infrastructure improvements within the excise tax district including, but not limited to, the following: water lines, sanitary sewer lines, storm water drainage, new road construction, and road improvements, including without limitation a new interstate highway interchange and related improvements, intersection improvements, curbing, traffic control, lighting and other related infrastructure and utilities improvements, and the costs of planning, acquiring, constructing and equipping certain intercollegiate and other athletic facilities, including without limitation, a baseball park and other facilities, fields, parks and/or stadiums, and appurtenances and amenities relating thereto, all within or benefitting the Excise Tax District. The Series 2014 A Bonds were issued in the aggregate principal amount of \$22,165,000 of which \$0 was advanced and is the amount outstanding. The Series 2014 B Bonds were issued in the aggregate principal amount of \$21,830,000 of which \$20,784,530 was advanced and is the amount outstanding. The Series 2014 C Bonds were issued in the aggregate principal amount of \$670,000 of which \$670,000 was advanced and is the amount outstanding. According to the Bond Indenture the 2014 Excise Tax Bonds shall evidence indebtedness only to the extent that such principal has been advanced and is outstanding as reflected on such Record of Advances. The principal and interest on the Series 2014 A Bonds are to be paid from and secured by a pledge of 50% of the net excise tax revenues generated in the Excise Tax District with additional rent to be payable from time to time by West Virginia University pursuant to the lease purchase agreement. The principal and interest on the Series 2014 B and C Bonds are to be paid from and secured by a pledge of the remaining 50% of the net excise tax revenues generated in the Excise Tax District. Estimated annual debt service requirements to maturity for the excise tax revenue bonds that are outstanding are as follows:

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NOTES TO THE FINANCIAL STATEMENTS
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| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|----------------------|----------------------|----------------------|
| 2016 | \$ 392,411 | \$ 831,381 | \$ 1,223,792 |
| 2017 | 408,107 | 815,685 | 1,223,792 |
| 2018 | 424,431 | 799,361 | 1,223,792 |
| 2019 | 441,409 | 782,383 | 1,223,792 |
| 2020 | 459,065 | 764,727 | 1,223,792 |
| 2021-2025 | 2,585,901 | 3,533,058 | 6,118,959 |
| 2026-2030 | 3,146,144 | 2,972,815 | 6,118,959 |
| 2031-2035 | 3,827,765 | 2,291,194 | 6,118,959 |
| 2036-2040 | 4,657,062 | 1,461,897 | 6,118,959 |
| 2041-2045 | 4,442,236 | 452,931 | 4,895,167 |
| Total | \$ 20,784,530 | \$ 14,705,431 | \$ 35,489,961 |

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|-------------------|-------------------|---------------------|
| 2016 | \$ 9,777 | \$ 40,200 | \$ 49,977 |
| 2017 | 10,364 | 39,613 | 49,977 |
| 2018 | 10,985 | 38,992 | 49,977 |
| 2019 | 11,645 | 38,332 | 49,977 |
| 2020 | 12,343 | 37,634 | 49,977 |
| 2021-2025 | 73,755 | 176,130 | 249,885 |
| 2026-2030 | 98,701 | 151,184 | 249,885 |
| 2031-2035 | 132,084 | 117,801 | 249,885 |
| 2036-2040 | 176,758 | 73,127 | 249,885 |
| 2041-2045 | 133,589 | 16,342 | 149,931 |
| Total | \$ 670,000 | \$ 729,356 | \$ 1,399,356 |

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

| | Beginning Balance July 31, 2014 | Additions | Reductions | Ending Balance June 30, 2015 | Due Within One Year |
|--------------------------------------|---------------------------------------|----------------------|-------------------|------------------------------------|---------------------------|
| Morgantown Industrial Park TIF Bonds | \$ 2,112,707 | \$ - | \$ 50,787 | \$ 2,061,920 | \$ 59,937 |
| Mon General Hospital TIF Bonds | 2,575,497 | 105,142 | - | 2,680,639 | 109,958 |
| Star City Project TIF Bonds | 1,197,684 | 41,653 | 100,000 | 1,139,337 | 27,461 |
| University Special District 2014 A&B | 2,619,938 | 18,834,592 | - | 21,454,530 | 402,188 |
| University Town Center | 515,000 | 4,000,000 | - | 4,515,000 | 70,873 |
| Judicial Annex Series 2015 A Bonds | 18,070,000 | - | 720,000 | 17,350,000 | 670,000 |
| Plus: unamortized bond premium | 240,274 | - | 3,650 | 236,624 | - |
| Less: unamortized bond discount | (168,792) | - | - | (168,792) | - |
| Total bonds payable | 27,162,308 | 22,981,387 | 874,437 | 49,269,258 | 1,340,417 |
| Compensated absences | 781,793 | - | 505,099 | 276,694 | - |
| Net Pension Liability | 6,080,497 | - | 3,391,574 | 2,688,923 | - |
| Total Long-term liabilities | \$ 27,090,826 | \$ 22,981,387 | \$ 870,787 | \$ 49,201,426 | \$ 1,340,417 |

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

F. Adjustments to Beginning Balances

The following adjustment was made to the beginning fund balances: for Governmental Activities:

| | |
|---|----------------------|
| Net Position, as previously stated, June 30, 2014 | \$ 21,713,761 |
| Add: | |
| Deferred outflows of resources - employer contributions made subsequent to the measurement date | 1,307,635 |
| Additional assets net of depreciation | 43,350 |
| Immaterial Differences from Beginning Balance | (22,713) |
| Deduct: | |
| Net Pension Liability | (6,080,497) |
| Net Position, restated, June 30, 2014 | <u>\$ 16,961,536</u> |

V. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchase general liability and property loss insurance for these various risks.

A private insurance company is used to provide workers' compensation coverage to all employees. The cost of all coverage as determined by Brick Street is paid by the County. The compensation risk pool retains the risk related to the compensation of injured employees under the program.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures, which may be disallowed by the grant cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. It is the opinion of the counsel for the County that there are no pending lawsuits or unasserted claims against the Monongalia County, West Virginia that are material to the financial statements.

**MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015**

C. Deferred Compensation Plan

The government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held for the exclusive benefit of the participants and their beneficiaries.

VI. Employee Retirement Systems and Plans

A. Plan Descriptions Contribution Information and Funding Policies

Monongalia County participates in a statewide, cost sharing, multiple-employer defined benefit plan on behalf of its employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriation, as necessary.

| Public Employees Retirement System | |
|--|---|
| Eligibility to participate | All County full-time employees, except those covered by other pension plans. |
| Authority establishing contribution obligations and benefit provisions | State Statute |
| Funding policy and contribution requirements | PERS members are required to contribute 4.5% of their annual covered salary and the county is required to contribute 14%. The contribution requirements of PERS members are established and may be amended only by the State of West Virginia Legislature. The county's contribution to PERS for the fiscal year ended June 30, 2015, were \$353,476 for employees' share and \$1,099,684 for employer's share. |
| Period required to vest | Five Years A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit. |
| Benefits and eligibility for distribution | |
| Deferred retirement portion | No |
| Provision for: | |
| Cost of Living | No |
| Death benefits | Yes |
| Annual pension cost and amount contributed: | For the current fiscal year ended, the annual cost was \$1,453,160 for all covered employees with a contributed percentage of 100%. |

**MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015**

West Virginia Deputy Sheriff Retirement System (WVDRS)

| | |
|--|--|
| Eligibility to participate | West Virginia Deputy Sheriffs first employed after the effective date and any deputy sheriffs hired prior to the effective date who elects to become members. |
| Authority establishing contribution obligations and benefit provisions | State Statute |
| Funding policy and contributions | Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 12.5%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature. The government's contribution to WVDRS for the current fiscal year ending was \$140,851 for employees' share and \$207,133 for employer's share. |
| Period required to vest | Five Years A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. |
| Benefits and eligibility for distribution | The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equal the annual retirement benefit. |
| Deferred retirement portion | No |
| Provisions for cost of living adjustments or death benefits | This plan has no provisions for cost of living adjustments. There are provisions for death benefits. |
| Annual pension cost and amount contributed: | For the current fiscal year ended, the annual cost was \$347,984 for all covered employees with a contributed percentage of 100%. |

Trend Information

| <u>Fiscal Year</u> | <u>Public Employees Retirement System (PERS)</u> | | <u>West Virginia Deputy Sheriff Retirement System (WVDRS)</u> | |
|--------------------|--|------------------------|---|------------------------|
| | Annual Pension Cost | Percentage Contributed | Annual Pension Cost | Percentage Contributed |
| 2015 | \$ 1,453,160 | 100% | \$ 347,984 | 100% |
| 2014 | \$ 1,427,023 | 100% | \$ 361,428 | 100% |
| 2013 | \$ 1,284,369 | 100% | \$ 382,065 | 100% |

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

PERS, WVDRS and EMSRS issue a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

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

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the government's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2013:

| | PERS | WVDRS |
|---|--------------|------------|
| Amount for proportionate share of net pension liability | \$ 2,070,075 | \$ 618,768 |
| Percentage for proportionate share of net pension liability | 0.560897% | 3.628928% |
| Increase/decrease % from prior proportion measured | 8.18019% | |

For the year ended June 30, 2015, the government recognized the following pension expenses.

| | PERS | WVDRS |
|-----------------|------------|-----------|
| Pension expense | \$ 326,341 | \$ 10,579 |

The government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Public Employees Retirement System

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Difference between expected and actual experience | -- | -- |
| Changes of assumptions | | |
| Net difference between projected and actual earnings on pension plan investments | -- | 2,189,855 |
| Changes in proportion and differences between government contributions and proportionate share of contributions | 296,100 | -- |
| Government contributions subsequent to the measurement date | 1,099,684 | -- |
| | 1,395,784 | 2,189,855 |

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Deputy Sheriff's Retirement System (DSRS)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Difference between expected and actual experience | -- | -- |
| Changes of assumptions | | |
| Net difference between projected and actual earnings on pension plan investments | -- | 408,240 |
| Changes in proportion and differences between government contributions and proportionate share of contributions | -- | 118,864 |
| Government contributions subsequent to the measurement date | 207,133 | -- |
| | 207,133 | 527,104 |
| | 207,133 | 527,104 |

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| PERS | | DSRS | |
|--------------------|----------------|--------------------|--------------|
| Year Ended June 30 | | Year Ended June 30 | |
| 2016 | \$ (456,913) | 2016 | \$ (121,201) |
| 2017 | (456,913) | 2017 | (121,201) |
| 2018 | (456,913) | 2018 | (121,201) |
| 2019 | (523,015) | 2019 | (121,201) |
| 2020 | - | 2020 | (19,141) |
| Thereafter | - | Thereafter | (23,160) |
| | \$ (1,893,754) | | \$ (527,105) |

The total pension liability was determined by an actuarial valuation of June 30, 2014 for all plans using the following actuarial assumptions, applied to all periods included in the measurement.

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Public Employees Retirement System

| | |
|--|-----------|
| Actuarial assumptions | |
| Inflation rate | 2.20% |
| Salary Increase | 4.25-6.0% |
| Investment Rate of Return | 7.50% |
| Mortality Rates | |
| Health males - 1983 GAM | |
| Healthy females - 1971 GAM | |
| Disabled males - 1971 GAM | |
| Disabled females - Revenue ruling 96-7 | |

The total pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 for all plans, using the following actuarial assumptions, applied to all periods include in the measurement.

Deputy Sheriff Retirement System

| | |
|---------------------------|---|
| Actuarial assumptions | |
| Inflation rate | 2.20% |
| Salary Increase | 5% for the first 2 years of service |
| | 4.5% for next 3 years of service |
| | 4.0% for the next 5 years of service, and 3.5% thereafter |
| Investment Rate of Return | 7.50% |
| Mortality Rates: | Based on the RP-2000 Non-annultant mortality table, scale BB |
| | Retired and disable RP-2000 healthy annultant mortality table, scale BB |

The actuarial assumptions used in July 1, 2013 DSRS valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future real rates of returns (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 included are summarized in the following chart:

| <u>Investment</u> | <u>Long term Expected Real Rate of Return</u> | <u>PERS Target Asset Allocation</u> | <u>DSRS Target Asset Allocation</u> | <u>EMSRS Target Asset Allocation</u> |
|-----------------------------------|---|---|---|--|
| US Equity (Russell 3000) | 7.6% | 27.5% | 27.5% | 27.5% |
| International Equity (ACWI ex US) | 8.5% | 27.5% | 27.5% | 27.5% |
| Fixed Income | 2.9% | 15.0% | 15.0% | 15.0% |
| High Yield | 4.8% | 0.0% | 0.0% | 0.0% |
| TPS | 2.9% | 0.0% | 0.0% | 0.0% |
| Real Estate | 6.8% | 10.0% | 10.0% | 10.0% |
| Private Equity | 9.9% | 10.0% | 10.0% | 10.0% |
| Hedge Funds | 5% | 10.0% | 10.0% | 10.0% |
| Inflation (CPI) | 2.20% | 0.0% | 0.0% | 0.0% |
| | | 100.0% | 100.0% | 100.0% |

**MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015**

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed the employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage- point lower or 1-percentage point higher than the current rate:

| | 1% Decrease 6.50% | Current Discount Rate 7.50% | 1% Increase 8.50% |
|---|-------------------------|-----------------------------------|-------------------------|
| Government's proportionate share of PER'S net pension liability | \$5,849,326 | \$2,070,075 | \$ (1,150,192) |
| Government's proportionate share of WVDSR'S net pension liability | 1,529,085 | 618,768 | (132,891) |

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

MONONGALIA COUNTY, WEST VIRGINIA
 BUDGETARY COMPARISON SCHEDULE -
 ASSESSOR'S VALUATION FUND
 For the Fiscal Year Ended June 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Modified Accrual Basis</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|----------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for Services | \$ 1,000 | \$ 1,000 | \$ 1,408 | \$ 408 |
| Interest | 900 | 900 | 954 | 54 |
| Miscellaneous | <u>901,961</u> | <u>901,961</u> | <u>955,431</u> | <u>53,470</u> |
| Total revenues | <u>903,861</u> | <u>903,861</u> | <u>957,793</u> | <u>53,932</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 917,201 | 924,538 | 759,172 | 165,366 |
| Capital outlay | <u>30,000</u> | <u>30,000</u> | <u>-</u> | <u>30,000</u> |
| Total expenditures | <u>947,201</u> | <u>954,538</u> | <u>759,172</u> | <u>195,366</u> |
| Net change in fund balance | (43,340) | (50,677) | 198,621 | 249,298 |
| Fund balance at beginning of year | <u>43,340</u> | <u>50,677</u> | <u>50,677</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 249,298</u> | <u>\$ 249,298</u> |

MONONGALIA COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

| Federal Grantor/ Pass Through Grantor/Direct Program Title | Federal CFDA Number | Pass-Through/ Project Number | Federal Expenditures |
|--|---------------------------|---------------------------------|--------------------------|
| <u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| <u>Pass-through West Virginia Office of Economic Opportunity:</u> | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | 2014-9 | \$ 11,649 |
| Emergency Solutions Grant Program | 14.231 | ESG14-MON | <u>155,522</u> |
| Total U. S. Department of Housing and Urban Development | | | <u>167,171</u> |
| <u>U. S. DEPARTMENT OF JUSTICE</u> | | | |
| Direct: | | | |
| Drug Court Discretionary Grant Program | 16.585 | N/A | 43,538 |
| Edward Byrne Memorial Justice Assistance | 16.738 | N/A | <u>26,431</u> |
| Total Direct | | | 69,969 |
| Pass-Through West Virginia Department of Criminal Justice Services: | | | |
| Juvenile Accountability Block Grants | 16.523 | 12-ABG-001 | 1,955 |
| Juvenile Accountability Block Grants | 16.523 | 13-ABG-006 | <u>20,000</u> |
| Total Juvenile Accountability Block Grants | | | 21,955 |
| Crime Victim Assistance | 16.575 | 14-VA-018 | <u>47,458</u> |
| Total U. S. Department of Justice | | | <u>139,382</u> |
| <u>U. S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| <u>Pass-through West Virginia Department of Transportation:</u> | | | |
| State and Community Highway Safety | 20.600 | F15-HS-17-402 | 507 |
| Alcohol Impaired Driving Countermeasures Incentive Grant | 20.601 | F14-HS-17-410 | 21,453 |
| Alcohol Impaired Driving Countermeasures Incentive Grant | 20.601 | F15-HS-17-410 | 46,513 |
| National Priority Safety Programs | 20.616 | F15-HS-17-405B | <u>501</u> |
| Total Highway Traffic Safety Grant Cluster | | | 68,974 |
| Alcohol Open Container Requirements | 20.607 | F15-HS-17-154 | <u>46,080</u> |
| Total U. S. Department of Transportation | | | <u>115,054</u> |
| <u>U. S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Pass-Through West Virginia Office of Emergency Services | | | |
| Emergency Management Performance Grant | 97.042 | 14-EMPG-01 | 53,251 |
| Homeland Security | 97.067 | 11-SHS-65 | <u>53,000</u> |
| Total U. S. Department of Homeland Security | | | <u>106,251</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 527,858</u></u> |

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule

MONONGALIA COUNTY, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 2 – Matching Requirements

Certain Federal programs require the Commission to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Commission has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

July 31, 2016

Monongalia County Commission
243 High Street Room 123
Morgantown, WV 26505

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Monongalia County**, West Virginia (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 31, 2016. In that report we qualified our opinion because the County elected not to implement GASB 45 OPEB liabilities and related expenses as of and for the year ended June 30, 2015. We also noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our report refers to other auditors who audited the financial statements of the Monongalia County Board of Health and Monongalia County Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. 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.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



Internal Control Over Financial Reporting (Continued)

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated July 31, 2016.

Entity's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

July 31, 2016

Monongalia County Commission
243 High Street Room 123
Morgantown, WV 26505

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited **Monongalia County's**, West Virginia (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the County's major federal programs.

Management's Responsibility

The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.



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Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of audit findings as item 2015-003. This finding did not require us to modify our compliance opinion on the major federal program.

The County's response to our noncompliance finding is described in the schedule of audit findings and corrective action plan. We did not audit the Commission's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MONONGALIA COUNTY, WEST VIRGINIA
SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| <i>(d)(I)(i)</i> | Type of Financial Statement Opinion | Qualified |
| <i>(d)(I)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | Yes |
| <i>(d)(I)(ii)</i> | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(I)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| <i>(d)(I)(iv)</i> | Were there any internal control weaknesses reported for major federal programs? | No |
| <i>(d)(I)(iv)</i> | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(I)(v)</i> | Type of Major Programs' Compliance Opinion | Unmodified |
| <i>(d)(I)(vi)</i> | Are there any reportable findings under § .510? | Yes |
| <i>(d)(I)(vii)</i> | Major Programs (list): | CFDA #14.231 Emergency Solutions Grant Program; CFDA #20.600, 20.601, 20.616 Highway Traffic Safety Grant Cluster; CFDA #20.607 Alcohol Open Container Requirements; |
| <i>(d)(I)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(I)(ix)</i> | Low Risk Auditee? | No |

**MONONGALIA COUNTY, WEST VIRGINIA
SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING 2015-001

Material Weakness

Other Post-Employment Benefits Obligated

Governmental Accounting Standards Board (GASB) Statement Number 45 requires that state and local government employers report the costs and obligation associated with post-employment healthcare and other non-pension benefits known as other post-employment benefits. The requirements of this statement are effective in three phases based on a governments total annual revenues in the first fiscal year ending after June 15, 1999. Governments with annual revenues of \$100 million or more (Phase I governments) are required to implement in the periods beginning after December 15, 2006. Governments with annual revenues between \$10 million and \$100 million (Phase 2 governments) are required to implement in the periods after December 15, 2007. Governments with revenues less than \$10 million (Phase 3 governments) are required to implement in the periods after December 15, 2008. Component units are required to implement GASB 45 the same fiscal year as the primary government.

We noted during this audit that the County failed to record the Other Post-employment Benefits obligation payable in the County's financial statements in accordance with GASB Statement Number 45 and generally accepted accounting standards.

The County did not obtain the actuarial study to determine a correct calculation of the annual required contributions which were necessary to reflect this liability in the financial statements and failed to account for the Other Post-employment Benefits obligation.

The liabilities and expenditures are substantially understated which necessitates a qualification of opinion on the financial statements.

Official's Response – At this time, the Commission has not arranged for this information to be calculated. Until such time as firm rules are adopted and implemented, the Commission will not be able to meet the requirements set forth in GASB Statement 45.

FINDING 2015-002

Material Weakness

Financial Reporting

During our testing we noted several issues in the financial statements and notes that were not correctly completed.

The following issues were noted:

1. University TIF Debt Service Fund was not presented as a governmental major fund.
2. Fund balance detail of each governmental fund was not listed in the notes to the financial statements.

The financial statements and notes have been updated for the addition of the major fund University TIF Debt Service Fund, however have not been updated to reflect the fund balance disclosure.

**MONONGALIA COUNTY, WEST VIRGINIA
SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING 2015-002 (Continued)

We recommend the County review the notes to the financial statements and discuss all financial statement amounts and note disclosures with the accounting firm when preparing the financial statements at year-end to ensure both are presented fairly and accurately.

Official’s Response – The County will correct these issues going forward.

| |
|---------------------------------------|
| 3. FINDINGS FOR FEDERAL AWARDS |
|---------------------------------------|

| | |
|----------------------------------|--|
| Finding Number | 2015-003 |
| CFDA Title and Number | CFDA #14.231 Emergency Solutions Grant Program; CFDA #20.600, 20.601, 20.616 Highway Traffic Safety Grant Cluster; CFDA #20.607 Alcohol Open Container Requirements; |
| Federal Award Number/Year | 2015 |
| Federal Agency | U.S. Department of Housing and Urban Development U.S. Department of Transportation |
| Pass-Through Agency | West Virginia Office of Economic Opportunity West Virginia Department of Transportation |

Noncompliance

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, Section .200(b) provides that a non-federal entity that expends \$500,000 or more in a year in federal awards shall have a single audit conducted as discussed in the Circular. Section .105 defines such entities as “auditees”. **Section .300(a)** states, an auditee shall “identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.

Federal programs and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity.”

Section .300(e) further states, an auditee shall “ensure that the audits required by this part are properly performed and submitted when due.” **Section .320(a)** provides that single audits shall be completed and a reporting package submitted to the federal clearinghouse designated by OMB, within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The County expended in excess of \$500,000 in federal awards during the fiscal year ended June 30, 2015; however, the County did not file their report with the Federal Audit Clearinghouse at the time of this audit, which is past the March 31 filing deadline.

We recommend the County develop procedures for timely submission of its A-133 reporting package.

Officials’ Response: See corrective action plan.

MONONGALIA COUNTY COMMISSION

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
For the Year Ended June 30, 2015**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|----------------------------|
| 2015-003 | In future years the County will assure single audit reporting requirements are met. | December 31, 2016 | Carye Blaney, County Clerk |

MONONGALIA COUNTY, WEST VIRGINIA

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--------------------------------|------------------|--|
| 2014-001 | Presentation of OPEB Liability | No | Not Corrected; Repeated as Finding 2015-001 |