



Certified Public Accountants, A.C.

**MONONGALIA COUNTY COMMISSION  
Regular Audit  
For the Year Ended June 30, 2018**

**RFP#19-044  
Monongalia County**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

MONONGALIA COUNTY, WEST VIRGINIA

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MONONGALIA COUNTY, WEST VIRGINA

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MONONGALIA COUNTY, WEST VIRGINIA  
COUNTY OFFICIALS  
For the Fiscal Year Ended June 30, 2018

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Tom Bloom	01-01-13 / 12-31-18
	Tom Bloom	01-01-19 / 12-31-24
	Edward Hawkins	01-01-15 / 12-31-20
	Sean Sikora	01-01-17 / 12-31-22
Clerk of the County Commission:	Carye Blaney	01-01-17 / 12-31-22
Clerk of the Circuit Court:	Jean Friend	01-01-17 / 12-31-22
Sheriff:	Perry Palmer	01-01-17 / 12-31-20
Prosecuting Attorney:	Perri DeChristopher	01-01-17 / 12-31-20
Assessor:	Mark Musick	01-01-17 / 12-31-20



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## INDEPENDENT AUDITOR'S REPORT

June 26, 2019

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 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, 2018, 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 represents 100 percent of the assets, net position and revenues, of the 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.

***Opinion***

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 respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Monongalia County, West Virginia as of June 30, 2018, 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 VII to the financial statements, during the year ended June 30, 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include the Management's Discussion and Analysis, Schedules of the County's Proportionate Share of the Net Pension Liability and Net OPEB Liability and Schedules of County Pension Contributions and OPEB Contributions on pages 61-66 listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***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 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 June 26, 2019 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

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

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The discussion and analysis of Monongalia County's (the "County") financial performance provides an overall review of the County's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- ◆ The assets and deferred outflows of resources of Monongalia County were less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$63,249,529. Of this amount, \$10,093,847 is restricted in use.
- ◆ Total assets and deferred outflows increased by \$7,785,507, which represents an increase of 14 percent over 2017. The primary change that contributed to this increase was the increase in restricted cash related to the County's University Town Center project.
- ◆ Total liabilities and deferred inflows of resources increased by \$34,153,301, which represents an increase of 37 percent over 2017. The main factor contributing to this increase was a \$35,906,066 increase in long term liabilities which can be attributed mostly to the \$76,360,000 bond issuance for the University Town Centre project.
- ◆ In total, net position decreased by \$26,367,794 during 2018. This represents a 71 percent decrease from 2017.
- ◆ For 2018, the County adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB), resulting in a restatement of beginning net position.

**Using this Annual Financial Report**

This discussion and analysis is intended to serve as an introduction to Monongalia County's basic financial statements. Monongalia County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-Wide Financial Statements – Reporting Monongalia County as a Whole***

*Statement of Net Position and the Statement of Activities*

The statement of net position presents information on all Monongalia County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increase or decrease in net position may serve as a useful indicator of whether the financial position of Monongalia County is improving or deteriorating. However, in evaluating the overall position of the County, nonfinancial factors such as the County's tax base, change in property and municipal income tax laws, and the condition of the capital assets should also be considered.



**MONONGALIA COUNTY**  
West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

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The statement of activities presents information showing how the County's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both the statement of net position and the statement of activities use the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

In the statement of net position and the statement of activities, we report the County activities as follows:

- **Governmental activities:** most of the County's basic services are reported here, including law enforcement for unincorporated areas of the County, health and social services, cultural and recreational programs, and other governmental services. Property and other taxes, state and county taxes, licenses, permits and charges for services finance most of these activities.

***Fund Financial Statements - Reporting Monongalia County's Most Significant Funds***

*Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. Monongalia County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Monongalia County are reported as governmental funds.

***Governmental Funds:*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all *other financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds.

Information on the County's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the general fund, coal severance tax fund, and the university town center debt service fund, all of which are considered to be major funds. The remaining funds are combined and presented within the column titled other nonmajor governmental funds.

***Notes to the Financial Statements:*** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statement of this report.

**MONONGALIA COUNTY**  
West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

**Government-wide Financial Analysis - Monongalia County as a Whole**

	<b>Table 1</b>		
	<b>Net Position</b>		
	Governmental Activities		
	2018	(Restated) 2017	Change
<b>Assets</b>			
Current and Other Assets	\$ 17,100,699	\$ 15,546,263	\$ 1,554,436
Capital Assets, Net	34,629,229	33,894,548	734,681
Restricted Assets	10,093,847	2,162,787	7,931,060
<b>Total Assets</b>	<b>61,823,775</b>	<b>51,603,598</b>	<b>10,220,177</b>
<b>Deferred Outflows of Resources</b>			
Pension	1,781,197	4,205,391	(2,424,194)
OPEB	212,109	222,585	(10,476)
<b>Total Deferred Outflows</b>	<b>1,993,306</b>	<b>4,427,976</b>	<b>(2,434,670)</b>
<b>Liabilities</b>			
Current and Other Liabilities	1,369,005	1,181,154	(187,851)
Long-Term Liabilities:			
Due Within One Year	1,883,710	534,656	(1,349,054)
Other Amounts Due in More than One Year	116,126,720	80,480,364	(35,646,356)
Net Pension Liability	2,803,081	6,768,962	3,965,881
Net OPEB Liability	2,664,744	3,567,062	902,318
<b>Total Liabilities</b>	<b>124,847,260</b>	<b>92,532,198</b>	<b>(32,315,062)</b>
<b>Deferred Inflows of Resources</b>			
Pension	1,477,768	381,111	(1,096,657)
OPEB	741,582	-	(741,582)
<b>Total Deferred Inflows</b>	<b>2,219,350</b>	<b>381,111</b>	<b>(1,838,239)</b>
<b>Net Position</b>			
Net Investment			
in Capital Assets	19,292,344	17,844,013	1,448,331
Restricted	10,093,847	2,162,787	7,931,060
Unrestricted (Deficit)	(92,635,720)	(56,888,535)	(35,747,185)
<b>Total Net Position</b>	<b>\$ (63,249,529)</b>	<b>\$ (36,881,735)</b>	<b>\$ (26,367,794)</b>

## MONONGALIA COUNTY

West Virginia

*Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2018*

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of West Virginia's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the County's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In West Virginia, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In West Virginia, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**MONONGALIA COUNTY**  
West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

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In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the County is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

A portion (31 percent) of the County's net position reflects its net investment in capital assets. Capital assets include construction in progress, land, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure. The County uses those capital assets to provide services to its citizens; consequently, they are not available for future spending. Net investment in capital assets as of June 30, 2018, was \$19,292,344. Although the County's investment is reported net of related debt, it should be noted that resources to repay the debt must be provided from other sources since capital assets cannot be used to liquidate these liabilities.

An additional portion of the County's net position (16 percent) represents resources that have been restricted on how they may be used. The remaining balance of unrestricted net position of a negative \$92,635,720 may be used to meet the County's ongoing obligations to citizens and creditors.

Total net position of the County decreased \$26,367,794. The following factors were primarily responsible for this decrease:

- An increase in current and other assets of \$1,554,436
- An increase in capital assets, net of \$734,681
- A decrease in deferred outflows of resources – pension and OPEB of \$2,434,670
- A decrease in net pension liability of \$3,965,881
- A decrease in net OPEB liability of \$902,318
- An increase in deferred inflows of resources – pension and OPEB of \$1,838,239
- An increase in other long-term liabilities of \$35,906,066

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year in comparison to 2017.

**MONONGALIA COUNTY**  
West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

**Table 2 - Change in Net Position**

	Governmental Activities		Change
	2018	2017	
<b>Program Revenues:</b>			
Charges for Services	\$ 5,216,204	\$ 4,768,281	\$ 447,923
Operating Grants and and Contributions	3,634,309	906,956	2,727,353
<i>Total Program Revenues</i>	<u>8,850,513</u>	<u>5,675,237</u>	<u>3,175,276</u>
<b>General Revenues:</b>			
Property Taxes	28,486,821	26,619,975	1,866,846
Coal Severance & Other Taxes	4,511,387	4,754,212	(242,825)
Licenses and Permits	65,113	42,540	22,573
Investment Income	226,680	63,011	163,669
Refunds and Reimbursements	1,833,875	1,243,960	589,915
Gain on Sale of Assets/Debt Refunding	422,959	704,388	(281,429)
Miscellaneous	1,725,827	1,757,439	(31,612)
<i>Total General Revenues</i>	<u>37,272,662</u>	<u>35,185,525</u>	<u>2,087,137</u>
<i>Total Revenues</i>	<u>46,123,175</u>	<u>40,860,762</u>	<u>5,262,413</u>
<b>Program Expenses</b>			
General Government	15,189,329	14,329,267	(860,062)
Public Safety	15,445,548	13,824,242	(1,621,306)
Health and Sanitation	1,068,494	673,881	(394,613)
Administrative and General	1,365,148	47,652	(1,317,496)
Culture and Recreation	2,653,792	2,435,296	(218,496)
Social Services	359,537	2,418,472	2,058,935
Capital Projects	30,323,169	8,054,734	(22,268,435)
Debt Service	1,052,000	1,514,000	462,000
Interest on Long-Term Debt	5,033,952	3,186,740	(1,847,212)
<i>Total Program Expenses</i>	<u>72,490,969</u>	<u>46,484,284</u>	<u>(26,006,685)</u>
Change in Net Position	(26,367,794)	(5,623,522)	31,269,098
Net Position, Beginning of Year - Restated	<u>(36,881,735)</u>	<u>(31,258,213)</u>	<u>(5,623,522)</u>
Net Position, End of Year	<u>(\$63,249,529)</u>	<u>(\$36,881,735)</u>	<u>\$25,645,576</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$222,585 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$309,531. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

**MONONGALIA COUNTY**  
West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

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Total 2018 Program Expenses under GASB 75	\$72,490,969
Negative OPEB Expense under GASB 75	309,531
2018 Contractually Required Contributions	<u>212,109</u>
Adjusted 2018 Program Expenses	73,012,609
Total 2017 Program Expenses under GASB 75	<u>46,484,284</u>
Increase in Program Expenses not Related to OPEB	<u><u>\$26,528,325</u></u>

*Governmental Activities*

Several revenue sources fund our governmental activities with the property tax being the largest contributor. During 2018, the revenues generated from property tax collections amounted to \$28,486,821, which represents 76 percent of all County general revenues.

General government and public safety are the major activities of the County generating 42 percent of the governmental expenses. Public safety includes the cost of providing police, dispatch, and fire services. Techniques such as defensive and emergency vehicle operations training, technical skills evaluation, practical drills, and on-line education help keep the men and women updated to perform their jobs most efficiently.

General government expense accounted for \$15,189,329, or 21 percent, of the governmental expenses. Expenses for this program increased \$860,062 compared to 2017. The increase in expense is due to a combined increase in wages and health care and workers compensation expenditures, and increases in repairs and maintenance expenditures that did not meet capitalization threshold during the current year.

Capital projects expense accounted for \$30,323,169, or 42 percent, of the governmental expenses. Expenses for this program increased \$22 million compared to 2017 due to the increase in expenditures related to the University Town Center project and related TIF and excise tax bond activity.

**The County's Funds**

*Governmental Funds*

Information about the County's major funds starts on the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 45,564, 225, other financing sources of \$92,117,791, expenditures of \$122,087,461 and other financing uses of \$6,240,021. Overall fund balance increased \$9,354,534, or 63 percent during the year.

The net change in fund balance for the year was most significant in the university town center debt service fund, showing an increase in fund balance of \$8,016,573 in 2018 which increases its fund balance to \$9,099,571. Restricted cash increased by \$8,248,897 as unspent TIF and excise tax bond proceeds remained on hand at the end of the year.

The net change in fund balance in the general fund was an increase of \$652,598, or 6 percent. The coal severance tax fund reflected an increase of \$41,253, or 19 percent. Net change in fund balance for all other non-major funds was an increase of \$644,110, or 19 percent.

**MONONGALIA COUNTY**  
West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

*General Fund Budgeting Highlights*

The County's budget is prepared according to West Virginia law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. An annual appropriation budget is legally required to be prepared for all funds of the County other than agency funds. County Commissioners are provided with a detailed line item budget for all departments and after a discussion at a regularly held meeting, which is open to the public; the budget is adopted by the Commissioners. The Commissioners must approve legislation for any revisions in the budget that alter totals or the total appropriations for any department or fund. The finance department watches all the departmental budgets closely to monitor compliance with allocated budgets and provides monthly reports to the County Commissioners depicting monthly and year-to-date activity.

For the general fund, final budget basis revenue, excluding other financing sources was \$27,102,889, more than the original budget estimates of \$26,742,589. The County continues the conservative practice of estimating low in the tax, intergovernmental revenue and interest revenue areas. The final appropriations of \$37,777,019, excluding other financing uses, was sufficient to meet the expenditures for the year, which ended up at \$27,138,102. The final budget of expenditures, excluding other financing uses, increased \$5,865,931 from the original budget.

The County's ending unobligated budgetary fund balance was \$10,786,938 higher than the final budgeted amount.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2018, Monongalia County had \$34,629,229, invested in land, construction in progress, buildings and improvements, structures and improvements and machinery and equipment, net of accumulated depreciation.

Table 3 shows fiscal 2018 balances of capital assets as compared to the 2017 balances:

Table 3  
**Capital Assets at December 31**  
(Net of Accumulated Depreciation)

	Governmental Activities		
	2018	2017	Change
Construction in Progress	\$ 750,000	\$ 560,097	\$ 189,903
Land	984,200	984,200	-
Buildings and Improvements	35,854,328	35,854,328	-
Structures and Improvements	5,464,911	3,142,218	2,322,693
Machinery and Equipment	5,739,719	5,747,038	(7,319)
Less: Total Accumulated Depreciation	(14,163,929)	(12,393,333)	(1,770,596)
<b>Total Capital Assets</b>	<b>\$34,629,229</b>	<b>\$33,894,548</b>	<b>\$ 734,681</b>

**MONONGALIA COUNTY**  
West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

The County has an aggressive stance on maintaining its assets, including infrastructure, in excellent condition. Vehicles such as trucks and plows are planned for well in advance by the respective department heads and a scheduled maintenance and replacement time-table is followed to provide peak performance for the maximum time frame. Vehicles no longer in service are either traded in or sold at an auction or online.

Additional information concerning the County's capital assets can be found in the Note III. C to the financial statements.

**Debt**

At June 30, 2018, Monongalia County had \$51,113,824 in outstanding debt, compensated absences, claims payable and net pension liability, of which \$4,952,708 was in general obligation bonds. Table 4 summarizes the outstanding obligations of the County.

Table 4  
**Outstanding Long-term Obligations at Year End**

	Governmental Activities		
	2018	(Restated) 2017	Change
Lease Revenue Bonds, net of premium and discount	\$ 15,336,885	\$ 16,050,535	\$ 713,650
TIF Bonds	19,793,988	18,345,468	(1,448,520)
Excise Tax Bonds, net of discount	81,593,477	45,188,587	(36,404,890)
Notes Payable	519,420	779,130	259,710
Net Pension Liability	2,803,081	6,768,962	3,965,881
Net OPEB Liability	2,664,744	3,567,062	902,318
Compensated Absences	766,660	651,300	(115,360)
<b>Total</b>	<b>\$123,478,255</b>	<b>\$91,351,044</b>	<b>\$ (32,127,211)</b>

Lease revenue bonds were issued for the design, acquisition, construction, and equipping of a Monongalia County Justice Center. The TIF bonds consist of projects related to the Morgantown Industrial Park, the Monongalia General Hospital, the Star City project and the University Town Center project.

Other obligations include notes payable, the net pension liability, the net OPEB liability and accrued compensated absences. Additional information concerning the County's debt can be found in Note III. G to the financial statements.

***Current Related Financial Activities***

As previously stated, the fund balance in the General Fund increased in 2018 as a result of the property and other taxes revenue increases. Due to the stagnation in the national economy and increases in federal and state funding cutbacks in recent years, the Commissioners and the department heads have worked diligently in reducing expenses. The Commissioners are reviewing all "non-statutorily" mandated expenditure functions to determine what can be further reduced and/or eliminated, and they are stringently monitoring all expenses and are curtailing travel and equipment purchases unless absolutely needed.



# MONONGALIA COUNTY

West Virginia

*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2018*

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The County's portion of federal and state based revenue has also been affected by the economic conditions. The State of West Virginia has experienced revenue losses and, as a result, has instituted cutbacks to state agencies and in their allocations to county and other local governments. These reduced federal and state funding/reimbursements for various programs have, in some cases, resulted in additional pressure on the General Fund balance.

Inflationary trends for the County improved in 2018. Monongalia County's economy has been resilient in contrast to other counties in the State of West Virginia who are facing significant financial hardships and budget reductions. The key factor is the County's diversified commercial and industrial economic base. The County is fortunate to have a fairly large amount of undeveloped land in the portions of the County which can hopefully house future new development once the economy improves.

## **Contacting Monongalia County's Finance Department**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for all money it receives, spends, or invests. If you have any questions about this report or need additional financial information, contact County Administrator, Renetta McClure, Monongalia County, Morgantown, West Virginia 26505, telephone (304) 291-7293.

MONONGALIA COUNTY, WEST VIRGINIA  
STATEMENT OF NET POSITION  
June 30, 2018

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Development Authority</u>	<u>Board of Health</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,123,167	\$ 453,054	\$ 2,361,142
Investments	-	1,961,050	-
Receivables:			
Taxes	1,841,433	-	-
Accounts	-	99,370	79,999
Grants	-	-	355,538
Notes - current	-	-	-
Due from:			
Other governments	136,099	-	-
Prepaid expenses	-	600	6,300
Total current assets	<u>17,100,699</u>	<u>2,514,074</u>	<u>2,802,979</u>
Restricted assets:			
Reserve account	-	-	126,105
Restricted cash	10,093,847	-	-
Notes receivable - net of current portion	-	380,456	-
Capital assets:			
Nondepreciable:			
Land	984,200	4,873,918	-
Construction in progress	750,000	2,014,460	-
Depreciable:			
Buildings	35,854,328	-	-
Structures and improvements	5,464,911	-	-
Furniture and equipment	-	-	91,333
Vehicles	-	-	123,010
Machinery and equipment	5,739,719	-	330,371
Leasehold improvements	-	-	206,490
Less: accumulated depreciation	(14,163,929)	-	(745,204)
Total noncurrent assets	<u>44,723,076</u>	<u>7,268,834</u>	<u>132,105</u>
Total assets	<u>61,823,775</u>	<u>9,782,908</u>	<u>2,935,084</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	1,781,197	-	344,519
OPEB	212,109	-	95,430
Total deferred outflows of resources	<u>1,993,306</u>	<u>-</u>	<u>439,949</u>

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

MONONGALIA COUNTY, WEST VIRGINIA  
STATEMENT OF NET POSITION (CONTINUED)

June 30, 2018

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Development Authority</u>	<u>Board of Health</u>
<b>LIABILITIES</b>			
Current liabilities payable			
from current assets:			
Accounts payable	760,793	1,700	333,151
Grants payable	-	-	-
Payroll payable	-	-	120,654
Interest payable	608,212	-	-
Unearned fees and permits	-	-	387,936
Compensated absences payable	-	-	-
Due to:			
Primary government	-	100,000	-
Other governments	-	700,000	-
Noncurrent liabilities:			
Bonds payable - due within one year	1,624,000	-	-
Bonds payable - due in more than one year	115,100,350	-	-
Notes payable - due within one year	259,710	-	-
Notes payable - due in more than one year	259,710	-	-
Compensated absences payable	766,660	-	209,247
Net pension liability	2,803,081	-	685,568
Net OPEB Liability	2,664,744	-	1,109,649
	<u>124,847,260</u>	<u>801,700</u>	<u>2,846,205</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	1,477,768	-	232,858
OPEB	741,582	-	318,897
	<u>2,219,350</u>	<u>-</u>	<u>551,755</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,292,344	8,109,822	6,000
Restricted for:			
Debt service	10,093,847	-	-
Capital projects	-	459,023	-
Other purposes	-	-	126,105
Unrestricted	<u>(92,635,720)</u>	<u>412,363</u>	<u>(155,032)</u>
Total net position	<u>\$ (63,249,529) \$</u>	<u>8,981,208 \$</u>	<u>(22,927)</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, 2018

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units Development Authority	Board of Health
<b>Functions / Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 15,189,329	\$ 5,216,204	\$ 884,050	\$ -	\$ (9,089,075)		
Public safety	15,445,548	-	-	-	(15,445,548)		
Health and sanitation	1,068,494	-	-	-	(1,068,494)		
Administrative and general	1,365,148	-	-	-	(1,365,148)		
Culture and recreation	2,653,792	-	-	-	(2,653,792)		
Social services	359,537	-	-	-	(359,537)		
Capital projects	30,323,169	-	2,750,259	-	(27,572,910)		
Debt service	1,052,000	-	-	-	(1,052,000)		
Interest on long-term debt	5,033,952	-	-	-	(5,033,952)		
<b>Total primary government</b>	<b>\$ 72,490,969</b>	<b>\$ 5,216,204</b>	<b>\$ 3,634,309</b>	<b>\$ -</b>	<b>\$ (63,640,456)</b>		
<b>Component units:</b>							
Development Authority	\$ 204,412	\$ 2,901	\$ -	\$ -	\$ (201,511)	\$ -	
Board of Health	4,201,886	1,749,974	2,536,197	-	-	-	84,285
<b>Total component units</b>	<b>\$ 4,406,298</b>	<b>\$ 1,752,875</b>	<b>\$ 2,536,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (201,511)</b>	<b>\$ 84,285</b>
<b>General revenues:</b>							
Ad valorem property taxes					28,486,821	-	-
Alcoholic beverages tax					59,499	-	-
Hotel occupancy tax					807,890	-	-
Gas and oil severance tax					101,668	-	-
Other taxes					3,215,041	84,695	-
Coal severance tax					327,289	-	-
Licenses and permits					65,113	-	-
Unrestricted investment earnings					226,680	44,219	17,554
Refunds					1,630,982	-	-
Reimbursement					202,893	-	-
Gain on sale of capital assets					422,959	-	-
Miscellaneous					1,725,827	-	52,718
<b>Total general revenues</b>					<b>37,272,662</b>	<b>128,914</b>	<b>70,272</b>
Change in net position					(26,367,794)	(72,597)	154,557
Net position - beginning (Note III.I.)					(36,881,735)	9,053,805	(177,484)
Net position - ending					<b>\$ (63,249,529)</b>	<b>\$ 8,981,208</b>	<b>\$ (22,927)</b>

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

MONONGALIA COUNTY, WEST VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	<u>General</u>	<u>Coal Severance Tax</u>	<u>University Town Center Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
<b>Current:</b>					
Cash and cash equivalents	\$ 10,885,963	\$ 285,433	\$ -	\$ 3,951,771	\$ 15,123,167
Receivables:					
Taxes	1,495,074	-	-	346,359	1,841,433
Due from:					
Other governments	136,099	-	-	-	136,099
Restricted cash	-	-	9,453,159	640,688	10,093,847
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 12,517,136</u>	<u>\$ 285,433</u>	<u>\$ 9,453,159</u>	<u>\$ 4,938,818</u>	<u>\$ 27,194,546</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 478,154	\$ 33,000	\$ -	\$ 249,639	\$ 760,793
Payroll payable	-	-	-	-	-
Other accrued expenses	-	-	353,588	254,624	608,212
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>478,154</u>	<u>33,000</u>	<u>353,588</u>	<u>504,263</u>	<u>1,369,005</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - taxes	<u>1,252,044</u>	<u>-</u>	<u>-</u>	<u>308,918</u>	<u>1,560,962</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>1,252,044</u>	<u>-</u>	<u>-</u>	<u>308,918</u>	<u>1,560,962</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and deferred inflows of resources	<u>1,730,198</u>	<u>33,000</u>	<u>353,588</u>	<u>813,181</u>	<u>2,929,967</u>
<b>Fund balances:</b>					
Restricted	-	-	9,099,571	4,141,147	13,240,718
Assigned	10,407,809	252,433	-	-	10,660,242
Unassigned	<u>379,129</u>	<u>-</u>	<u>-</u>	<u>(15,510)</u>	<u>363,619</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>10,786,938</u>	<u>252,433</u>	<u>9,099,571</u>	<u>4,125,637</u>	<u>24,264,579</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,517,136</u>	<u>\$ 285,433</u>	<u>\$ 9,453,159</u>	<u>\$ 4,938,818</u>	<u>\$ 27,194,546</u>

MONONGALIA COUNTY, WEST VIRGINIA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2018

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Total fund balances on the governmental fund's balance sheet	\$ 24,264,579
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.)	34,629,229
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note III.B.)	1,560,962
Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level (Note V):	
Deferred outflow - Pension	1,781,197
Deferred outflow - OPEB	212,109
Deferred outflow (inflow) - Pension	(1,477,768)
Deferred outflow (inflow) - OPEB	(741,582)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III.G.)	<u>(123,478,255)</u>
Net position of governmental activities	<u>\$ (63,249,529)</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, 2018

	<u>General</u>	<u>Coal Severance Tax</u>	<u>University Town Center Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes:					
Ad valorem property taxes	\$ 21,547,726	\$ -	\$ -	\$ 6,995,984	\$ 28,543,710
Alcoholic beverages tax	59,499	-	-	-	59,499
Hotel occupancy tax	807,890	-	-	-	807,890
Gas and oil severance tax	101,668	-	-	-	101,668
Other taxes	1,193,318	-	-	1,343,163	2,536,481
Coal severance tax	-	327,289	-	-	327,289
Licenses and permits	11,823	-	-	53,290	65,113
Intergovernmental:					
Federal	410,731	-	-	-	410,731
State	200,637	-	2,750,259	-	2,950,896
Local	-	-	-	-	-
Charges for services	1,378,929	-	-	2,999,445	4,378,374
Fines and forfeits	-	-	-	837,830	837,830
Interest and investment earnings	99,353	2,020	87,071	38,236	226,680
Refunds	1,655,962	-	-	20	1,655,982
Reimbursements	-	-	-	202,893	202,893
Payments in lieu of taxes	567,897	-	-	110,663	678,560
Contributions and donations	2,885	-	1,216,488	3,841	1,223,214
Miscellaneous	435,555	-	-	121,860	557,415
<b>Total revenues</b>	<b>28,473,873</b>	<b>329,309</b>	<b>4,053,818</b>	<b>12,707,225</b>	<b>45,564,225</b>
<b>EXPENDITURES</b>					
Current:					
General government	13,951,773	73,252	-	1,331,978	15,357,003
Public safety	9,817,808	-	-	5,309,520	15,127,328
Health and sanitation	1,063,147	-	-	-	1,063,147
Administrative and general	-	-	1,358,058	7,200	1,365,258
Culture and recreation	812,539	16,705	-	1,826,127	2,655,371
Social services	165,684	198,099	-	-	363,783
Capital outlay	1,327,450	-	27,368,604	2,635,555	31,331,609
Debt service:					
Principal	-	-	45,188,588	3,598,179	48,786,767
Interest	-	-	4,075,247	909,948	4,985,195
Bond issuance costs	-	-	928,000	124,000	1,052,000
<b>Total expenditures</b>	<b>27,138,401</b>	<b>288,056</b>	<b>78,918,497</b>	<b>15,742,507</b>	<b>122,087,461</b>
Excess (deficiency) of revenues over expenditures	1,335,472	41,253	(74,864,679)	(3,035,282)	(76,523,236)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	708,718	-	1,340,190	2,618,662	4,667,570
Transfers (out)	(1,391,592)	-	-	(3,275,978)	(4,667,570)
Currently Refunded TIF Bonds	-	-	45,188,588	1,949,459	47,138,047
TIF Bonds Issued	-	-	37,924,925	2,387,249	40,312,174
Original Issuance Discount	-	-	(1,572,451)	-	(1,572,451)
<b>Total other financing sources (uses)</b>	<b>(682,874)</b>	<b>-</b>	<b>82,881,252</b>	<b>3,679,392</b>	<b>85,877,770</b>
Net change in fund balances	652,598	41,253	8,016,573	644,110	9,354,534
Fund balances - beginning	10,134,340	211,180	1,082,998	3,481,527	14,910,045
Fund balances - ending	<u>\$ 10,786,938</u>	<u>\$ 252,433</u>	<u>\$ 9,099,571</u>	<u>\$ 4,125,637</u>	<u>\$ 24,264,579</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, 2018

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

Net change in fund balances - total governmental funds	\$ 9,354,534
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.)	2,736,593
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.)	(1,947,110)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note III.C.)	(54,802)
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 unavailable/unearned revenues.	(56,889)
Prior year unavailable/unearned revenues: \$1,617,851	
Current year unavailable/unearned revenues: \$1,560,962	
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 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. (Note III.G.)	(37,139,760)
Certain pension & OPEB expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68. (Note V)	
Amount of pension & OPEB expenditures at fund level PERS	445,030
Amount of pension & OPEB expenses recognized at government-wide level PERS	150,260
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.	<u>144,350</u>
Change in net position of governmental activities	<u>\$ (26,367,794)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 20,724,489	\$ 20,724,489	\$ 21,547,726	\$ -	\$ 21,547,726	\$ 823,237
Alcoholic beverages tax	50,000	50,000	59,499	-	59,499	9,499
Hotel occupancy tax	1,000,000	1,000,000	807,890	-	807,890	(192,110)
Gas and oil severance tax	200,000	200,000	101,668	-	101,668	(98,332)
Other taxes	975,000	975,000	1,193,318	-	1,193,318	218,318
Licenses and permits	5,100	5,100	11,823	-	11,823	6,723
Intergovernmental:						
Federal	350,000	350,000	410,731	-	410,731	60,731
State	300,000	300,000	200,637	-	200,637	(99,363)
Local	5,000	5,000	-	-	-	(5,000)
Charges for services	938,600	938,600	1,378,929	-	1,378,929	440,329
Interest and investment earnings	80,000	80,000	99,353	-	99,353	19,353
Refunds	900,000	1,242,287	1,655,962	-	1,655,962	413,675
Payments in lieu of taxes	440,400	440,400	567,897	-	567,897	127,497
Contributions and donations	1,000	1,000	2,885	-	2,885	1,885
Miscellaneous	773,000	791,013	435,555	435,746	871,301	80,288
<b>Total revenues</b>	<b>26,742,589</b>	<b>27,102,889</b>	<b>28,473,873</b>	<b>435,746</b>	<b>28,909,619</b>	<b>1,806,730</b>
<b>EXPENDITURES</b>						
Current:						
General government	18,414,941	22,316,179	13,951,773	1,256,592	15,208,365	7,107,814
Public safety	10,795,450	11,066,494	9,817,509	-	9,817,509	1,248,985
Health and sanitation	904,753	1,133,600	1,063,147	-	1,063,147	70,453
Culture and recreation	1,031,800	1,231,800	812,539	135,000	947,539	284,261
Social services	135,000	165,694	165,684	-	165,684	10
Capital outlay	629,144	1,863,252	1,327,450	-	1,327,450	535,802
<b>Total expenditures</b>	<b>31,911,088</b>	<b>37,777,019</b>	<b>27,138,102</b>	<b>1,391,592</b>	<b>28,529,694</b>	<b>9,247,325</b>
Excess (deficiency) of revenues over expenditures	<u>(5,168,499)</u>	<u>(10,674,130)</u>	<u>1,335,771</u>	<u>(955,846)</u>	<u>379,925</u>	<u>11,054,055</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	668,499	668,499	708,718	(435,746)	272,972	(395,527)
Transfers (out)	-	-	(1,391,592)	1,391,592	-	-
<b>Total other financing sources (uses)</b>	<b>668,499</b>	<b>668,499</b>	<b>(682,874)</b>	<b>955,846</b>	<b>272,972</b>	<b>(395,527)</b>
Net change in fund balance	(4,500,000)	(10,005,631)	652,897	-	652,897	10,658,528
Fund balance - beginning	4,500,000	10,005,631	10,134,340	-	10,134,340	128,709
Fund balance - ending	\$ -	\$ -	\$ 10,787,237	\$ -	\$ 10,787,237	\$ 10,787,237

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes:						
Coal severance tax	\$ 200,000	\$ 200,000	\$ 327,289	\$ -	\$ 327,289	\$ 127,289
Interest and investment earnings	-	-	2,020	-	2,020	2,020
<b>Total revenues</b>	<b>200,000</b>	<b>200,000</b>	<b>329,309</b>	<b>-</b>	<b>329,309</b>	<b>129,309</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	186,874	73,252	-	73,252	113,622
Culture and recreation	15,000	16,706	16,705	-	16,705	1
Social services	210,100	215,100	198,099	-	198,099	17,001
<b>Total expenditures</b>	<b>225,100</b>	<b>418,680</b>	<b>288,056</b>	<b>-</b>	<b>288,056</b>	<b>130,624</b>
Net change in fund balance	(25,100)	(218,680)	41,253	-	41,253	259,933
Fund balance - beginning	25,100	218,680	211,180	-	211,180	(7,500)
Fund balance - ending	\$ -	\$ -	\$ 252,433	\$ -	\$ 252,433	\$ 252,433

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, 2018

	Agency Funds
<b>ASSETS</b>	
Non-pooled cash	\$ <u>908,163</u>
Receivables:	
Other	<u>5,366,998</u>
Total assets	\$ <u><u>6,275,161</u></u>
<b>LIABILITIES</b>	
Due to: other governments	\$ <u>6,275,161</u>
Total liabilities	\$ <u><u>6,275,161</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, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Monongalia County, West Virginia (the government), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

**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 county-wide, which are: County Commission, County Clerk, Circuit Clerk, Assessor, Sheriff, and Prosecuting Attorney.

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

The services provided by the government 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 entity below is legally separate from the County and meets GASB criteria for component units. This entity is blended with the primary government because it provides services entirely or almost entirely to the County.

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

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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*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. Because of the nature of services they provide and the County's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement 39 and GASB Statement 61). The discretely presented component units are presented on the government-wide statements.

The Monongalia County Board of Health serves citizens of Monongalia County and is governed by a five-member board appointed by the County Commission. 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 others represent the five municipalities in Monongalia County. The remaining members are appointed by the Monongalia County Commission. The Monongalia County Economic Development Authority was created to promote, develop and advance the business prosperity and economic welfare of the county and also provides services to external parties.

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

*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.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties. The State Auditor's Office requires an annual budget be submitted for approval for this fund.

The *University Town Center Debt Service fund*, a 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.

Additionally, the government reports the following fund types:

The agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the full accrual basis of accounting. These funds are used to account for assets that Monongalia County, West Virginia holds for others in an agency capacity.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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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.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**1. Deposits and Investments**

Monongalia County, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the County reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

State statutes authorize the government to enter into agreements with the State Treasurer for the investment of monies. Authority is provided for investment in the Investment Management Board, the West Virginia Board of Treasury or the Municipal Bond Commission, or to invest such funds in the following classes of securities: Any investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §80a, the portfolio of which is limited: (i) To obligations issued by or guaranteed as to the payment of both principal and interest by the United States of America or its agencies or instrumentalities; and (ii) to repurchase agreements fully collateralized by obligations of the United States government or its agencies or instrumentalities: Provided, That the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian: Provided, however, That the investment company or investment trust is rated within one of the top two rating categories of any nationally recognized rating service such as Moody's or Standard & Poor's.

**2. Receivables and Payables**

*Property Tax Receivable*

The property tax receivable allowance is equal to 16 percent of the property taxes outstanding at June 30, 2018.

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.

**MONONGALIA COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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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 I property, fourteen and three-tenths cents (14.30 cents); 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 were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Mass Transit Excess Levy	Parks and Recreation Excess Levy	Fire Protection Excess Levy	Public Libraries Excess Levy
Class I	\$ -	12.00 cents	1.10 cents	0.58 cents	0.39 cents	0.27 cents
Class II	2,458,482,210	24.00 cents	2.20 cents	1.16 cents	0.78 cents	0.54 cents
Class III	2,331,602,091	48.00 cents	4.40 cents	2.32 cents	1.56 cents	1.08 cents
Class IV	1,115,380,361	48.00 cents	4.40 cents	2.32 cents	1.56 cents	1.08 cents

Monongalia County, West Virginia held a special election on May 10, 2016. The County was authorized to lay an excess levy to provide approximately \$1,803,711 annually during the five fiscal years ended June 30, 2017 through June 30, 2021, for the purpose of contributing funds from such levy to the Monongalia County Urban Mass Transportation Authority (Mountain Line) for the acquisition of equipment and other capital improvements, and payment of a portion of its general operating, maintenance and other expenses.

Monongalia County, West Virginia held a special election on May 10, 2016. The County was authorized to lay an excess levy to provide approximately \$951,047 annually during the five fiscal years ended June 30, 2017 through June 30, 2021, for the purpose of providing funding and maintenance of the Parks, Trails, and Recreation programs. Those funding items include: Operation, Expenses, and other Capital Improvements for Camp Muffly Park, Chestnut Ridge Park, Mason-Dixon Historical Park, Mon River and Deckers Creek Rail-Trails, Westover Park Baseball Facilities, Cheat Lake and Laurel Point soccer fields, and the Morgantown Ice Arena.

Monongalia County, West Virginia held a special election on May 10, 2016. The County was authorized to lay an excess levy to provide approximately \$688,689 annually during the five fiscal years ended June 30, 2017 through June 30, 2021, for the Monongalia County Volunteer Fire Departments, the Monongalia Hazardous Incident Response Team, the Monongalia County Brush Fire Team, and the Monongalia County Volunteer Fire Companies Association Inc.

Monongalia County, West Virginia held a special election on May 10, 2016. The County was authorized to lay an excess levy to provide approximately \$442,730 annually during the five fiscal years ended June 30, 2017 through June 30, 2021, for the Morgantown Public Library System.



**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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**3. Restricted Assets**

Certain assets of the University Town Center Project Debt Service fund, the Star City Project Debt Service fund, the Morgantown Industrial Project Debt Service fund, the Mon General Project Debt Service fund, and the Justice Center Project Debt Service fund are classified as restricted assets because their use is restricted by bond agreements.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "reserve for construction account" is used to report those proceeds of revenue bonds that are restricted for use in construction.

**4. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

The government depreciates the capital assets using the straight-line method. Capital assets depreciation and capitalization policies are defined by the government as follows:

<u>Asset</u>	<u>Straight-line Years</u>	<u>Inventory Purposes</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	\$ 1	\$ Capitalize only
Land improvement	20 to 30 years	1	5,000
Building	40 years	1	5,000
Building improvements	20 to 25 years	1	5,000
Construction in progress	not applicable	1	Capitalize only
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

**5. Compensated Absences**

It is the government'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 and fiduciary fund financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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**6. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. 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 expenditures.

**7. 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.

**8. Fund Balances**

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the County Commission, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government does not have any committed fund balance this fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the County Commission for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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The County Commission is the government's highest level of decision-making authority. The Commission would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is in the best interest of the County.

The County has not adopted a minimum fund balance policy that requires management to maintain a total spendable general fund balance.

**9. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of Monongalia County's Public Employee Retirement System (PERS) and Deputy Sheriffs' Retirement System (DSRS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS and DSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. Other Post-Employment Benefits (OPEB)**

It is the Commission's policy to permit employees to accumulate earned but unused sick pay benefits. Sick benefits can be accumulated for unlimited days and carried forward to the subsequent fiscal year. When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost. See Note VI for further discussion.

**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, West Virginia prepares its budget on the cash basis of accounting, which includes encumbrances. 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.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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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.

<u>Description</u>	<u>General Fund</u> <u>Amount</u>	<u>Coal Severance</u> <u>Amount</u>
General government expenditure increase	\$ 3,901,238	\$ 186,874
Public safety expenditure increase	271,044	-
Health and sanitation expenditure increase	228,847	-
Culture and recreation expenditure increase	200,000	1,706
Social services expenditure increase	30,694	5,000

**B. Deficit Fund Equity**

The Magistrate Court, Home Confinement and Monongalia General Project non-major funds had deficit fund balances of (\$28), (\$7,577) and (\$7,905), respectively, as of June 30, 2018. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year-end, the government had no investments.

*Custodial Credit Risk*

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to comply with statutory provisions for depository bond coverage, which provides that no public money should be deposited until the banking institution designated executes a bond with good and sufficient sureties which may not be less than the maximum sum that is deposited in the depository at any one time.

At year end, the government's bank balances were \$26,125,177. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution's trust department or agent in the government's name.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

A reconciliation of cash and investments as shown on the Statement of Net Position of the primary government and Statement of Net Position of the Fiduciary Funds is as follows:

Cash and cash equivalents	\$	15,123,167
Cash and cash equivalents-restricted		10,093,847
Cash and cash equivalents-restricted (fiduciary)		<u>908,163</u>
Total	\$	<u><u>26,125,177</u></u>

**B. Receivables**

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

	General	Other Nonmajor Governmental	Total	Fiduciary
Receivables:				
Taxes	\$ 1,779,850	\$ 380,032	\$ 2,159,882	\$ 6,389,283
Gross Receivables	<u>1,779,850</u>	<u>380,032</u>	<u>2,159,882</u>	<u>6,389,283</u>
Less: Allowance for Uncollectible	<u>(284,776)</u>	<u>(33,673)</u>	<u>(318,449)</u>	<u>-</u>
Net Total Receivables	<u><u>\$ 1,495,074</u></u>	<u><u>\$ 346,359</u></u>	<u><u>\$ 1,841,433</u></u>	<u><u>\$ 6,389,283</u></u>

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

		Deferred Inflows - Unavailable
Delinquent property taxes receivable (General Fund)	\$	1,252,044
Delinquent property taxes receivable (Other Nonmajor Governmental Funds)		<u>308,918</u>
Total unavailable/unearned revenue for governmental funds	\$	<u><u>1,560,962</u></u>

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<b>Primary Government</b>			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 984,200	\$ -	\$ -	\$ 984,200
Construction in progress	560,097	2,488,664	(2,298,761)	750,000
Total capital assets not being depreciated	<u>1,544,297</u>	<u>2,488,664</u>	<u>(2,298,761)</u>	<u>1,734,200</u>
Capital assets being depreciated:				
Buildings and improvements	35,854,328	-	-	35,854,328
Structures and improvements	3,142,218	2,322,693	-	5,464,911
Machinery and equipment	5,747,038	223,997	(231,316)	5,739,719
Less: Total accumulated depreciation	<u>(12,393,333)</u>	<u>(1,947,110)</u>	<u>176,514</u>	<u>(14,163,929)</u>
Total capital assets being depreciated, net	<u>32,350,251</u>	<u>599,580</u>	<u>(54,802)</u>	<u>32,895,029</u>
Governmental activities capital assets, net	<u>\$ 33,894,548</u>	<u>\$ 3,088,244</u>	<u>\$ (2,353,563)</u>	<u>\$ 34,629,229</u>

**MONONGALIA COUNTY, WEST VIRGINIA**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,496,222
Public safety	395,465
Health and sanitation	12,908
Culture and recreation	42,471
Social services	44
	<hr/>
Total depreciation expense-governmental activities	\$ 1,947,110
	<hr/> <hr/>

*Construction in Progress*

The government has active construction projects as of the fiscal year ended June 30, 2018. The projects include the extension office at Mylan Park. At year end the amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Funded</u>	<u>Spent-to Date</u>
Extension office at Mylan Park	General Fund	\$ 750,000
		<hr/>
		\$ 750,000
		<hr/> <hr/>

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of the fiscal year ended June 30, 2018, is as follows:

*Interfund Transfers:*

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General County	Mason/Dixon Park	contribution	\$ 135,000
General County	Justice Center Project DS	bond payments	1,256,592
Dog & Kennel	General County	reimbursement	50,797
General School	General County	care for prisoners	424,255
Magistrate Court	General County	reimbursement	54,675
Home Confinement	General County	regional jail bills	131,596
Teen Court	General County	payroll reimbursement	47,395
Mon General TIF	Mon General Project DS	TIF tax collections	505,656
Morgantown Industrial TIF	Morgantown Industrial DS	TIF tax collections	420,930
Star City TIF	Star City Project DS	TIF tax collections	300,484
University Town Center TIF	University Town Center Project DS	TIF tax collections	1,340,190
			<hr/>
Total			\$ 4,667,570
			<hr/> <hr/>

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**E. Fund Balance Detail**

At year-end, the detail of the government's fund balances is as follows:

	General Fund	Coal Severance Fund	University Town Center Debt Service	Non-major Funds	Total
Restricted:					
General government	\$	\$	-	\$ 1,465,922	\$ 1,465,922
Public safety	-	-	-	1,202,659	1,202,659
Culture and recreation	-	-	-	963,693	963,693
Social services	-	-	-	4,149	4,149
Debt service	-	-	9,099,571	504,724	9,604,295
Assigned:					
Budget carryover	10,407,809	252,433	-	-	10,660,242
Unassigned	379,129	-	-	(15,510)	363,619
<b>Total fund balances</b>	<b>\$ 10,786,938</b>	<b>\$ 252,433</b>	<b>\$ 9,099,571</b>	<b>\$ 4,125,637</b>	<b>\$ 24,264,579</b>

**F. Notes Payable**

The government has entered into a loan agreement dated July 1, 2015, with Nationwide Capital, LLC. The economic substance of the loan is that the County Clerk with the consent and approval of the County Commission is financing equipment, software and services for elections and, accordingly, it is recorded in the County Commission's liabilities. The loan was for \$1,298,550 with an interest rate of 0% for a period of 48 months from the date of the loan. The outstanding balance at June 30, 2018, was \$519,420.

The future minimum loan obligation and the net present value of these minimum loan payments as of the fiscal year ended June 30, 2018, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 259,710	\$ -
2020	259,710	-
<b>Total</b>	<b>\$ 519,420</b>	<b>\$ -</b>



**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**G. Long-term Debt**

*Revenue Bonds*

The county issues bonds where the government pledges income derived either from acquired or constructed assets to pay debt service. Revenue bonds currently outstanding are as follows:

<b>Governmental Activities</b>					
Purpose	Maturity Date	Interest Rates	Issued	Retired	Balance June 30, 2018
Building Commission Series 2014A	2/1/2034	3.00%	\$ 18,070,000	\$ 2,790,000	\$ 15,280,000
Total			\$ 18,070,000	\$ 2,790,000	\$ 15,280,000

*Monongalia County Building Commission Taxable Lease Revenue bonds, Series 2014A (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 \$20,531,523. Lease revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2019	\$ 730,000	\$ 552,215
2020	760,000	523,015
2021	775,000	507,815
2022	805,000	476,815
2023	840,000	444,615
2024 - 2028	4,640,000	1,779,748
2029 - 2033	5,495,000	917,900
2034 - 2035	1,235,000	49,400
Total	\$ 15,280,000	\$ 5,251,523

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

*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 provided financing for the B1018. The bonds are payable solely from lease revenues paid by the County Commission through 2036. 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 \$20,531,523. Principal and interest paid for the current year and total customer net revenues were \$1,313,730 and \$1,256,592, respectively.

*Tax Increment Financing (TIF) Revenue Bonds*

The county issues bonds where the government pledges income derived from tax increment financing revenue to pay debt service. Tax increment financing (TIF) revenue bonds currently outstanding are as follows:

<b>Governmental Activities</b>					
Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2018
TIF Morgantown Industrial Park	6/1/2033	5.15%	\$ 2,182,609	\$ 150,000	\$ 2,032,609
TIF Monongalia General Hospital	6/1/2038	5.00%	2,653,000	80,000	2,573,000
TIF Star City Project	6/1/2027	4.95%	1,870,000	985,120	884,880
University Town Center Project	6/1/2042	6.00%	12,629,400	-	12,629,400
Total TIF revenue bonds			<u>\$ 19,335,009</u>	<u>\$ 1,215,120</u>	<u>\$ 18,119,889</u>

*Tax Increment Financing (TIF) Revenue & Refunding Bonds (Morgantown Industrial Park) Series 2017A*

In 2009, 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 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 Series 2009 Bonds were currently refunded and re-issued in November of 2017 in the aggregate principal amount of \$5,284,721 of which \$2,032,609 is the amount outstanding. 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 not available as the project is not complete and the loan is still being drawn down.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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*Pledged Revenues - Tax Increment Financing (TIF) Revenue Bonds*

The County has pledged future tax increment revenue to repay \$5,284,721 in tax increment financing revenue bonds issued in 2017 of which \$2,182,609 has been advanced, \$150,000 has been repaid and \$2,032,609 is outstanding. Proceeds from the bonds provided financing for the design, acquisition and construction 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 bonds are payable solely from the tax increment property 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 estimated principal and interest remaining to be paid on the bonds are not yet available as the loan is still being drawn down. Principal and interest paid for the current year and total customer net revenues were \$150,000 (principal) and \$52,202 (interest) and \$201,813, respectively.

*Tax Increment Financing (TIF) Revenue & Refunding Bonds (Monongalia General Hospital Maple Drive Improvement Project) Series 2016 C*

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 \$2,975,178 was advanced and \$2,515,639 was currently refunded in October of 2016. The series 2016 C bonds were issued in the amount of \$5,153,000 of which \$2,653,000 was advanced, \$80,000 was repaid and \$2,573,000 remains outstanding. 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 not available as the loan is still being drawn down.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*Pledged Revenues - Tax Increment Financing (TIF) Revenue Bonds*

The County has pledged future tax increment revenue to repay \$5,153,000 in tax increment financing revenue bonds issued in 2016 of which \$2,653,000 has been advanced, \$80,000 has been repaid and \$2,573,000 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 2031. 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 not available as the loan is still being drawn down. Principal and interest paid for the current year and total customer net revenues were \$614,389 and \$505,656, respectively.

*Tax Increment Financing (TIF) Revenue Bonds (Star City Project No 1) Series 2012 A*

In 2012, 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. The Series 2012 Bonds were issued in the aggregate principal amount of \$1,870,000, all of which has been advanced, \$985,120 has been repaid and \$884,880 is the amount outstanding. 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:

Fiscal Year Ended	Governmental Activities	
	Principal	Interest
2019	\$ 114,000	\$ 61,528
2020	120,000	55,885
2021	125,000	49,945
2022	132,000	43,758
2023	138,000	37,224
2024 - 2028	<u>255,880</u>	<u>53,608</u>
Totals	<u>\$ 884,880</u>	<u>\$ 301,948</u>

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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*Pledged Revenues - Tax Increment Financing (TIF) Revenue Bonds*

The County has pledged future tax increment revenue to repay \$1,870,000 in tax increment financing revenue bonds issued in

*Tax Increment Financing (TIF) Revenue Bonds (University Project) Series 2014 B Taxable*

On January 30, 2014, the Monongalia County Commission issued \$4,515,000 of Series 2014 B Taxable Tax Increment Financing (TIF) Revenue Bonds 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. The bonds do not constitute a general obligation, or pledge the full faith and credit of the County of Monongalia. The principle and interest on the tax increment revenue bonds are to be paid solely by the property taxes generated in the TIF district area. On August 25, 2016, Monongalia County issued TIF Refunding Revenue Bonds (Development District No.4 - University Town Centre) Series 2016 A to retire the Series 2014 bonds.

*Tax Increment Financing (TIF) Refunding Revenue Bonds (University Town Centre) Series 2016 A*

On August 25, 2016, the Monongalia County Commission issued Taxable Tax Increment Financing (TIF) revenue bonds to provide funds to finance the current refunding and redemption of the outstanding TIF revenue bonds (University Project) Series 2014 B, for the purpose of paying project costs, and pay costs of issuance and related costs. The bonds do not constitute a general obligation, or pledge 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. These bonds are not completely drawn, and the County is making interest only payments. Therefore, no amortization schedule has been finalized at June 30, 2018. The County made interest payments totaling \$612,470 this year, and the balance at June 30, 2018 of the Series 2016 A Bonds was \$12,249,400.

*Pledged Revenues - Tax Increment Financing (TIF) Revenue Bonds*

The County has pledged future tax increment revenue to repay \$28,000,000 in tax increment financing revenue bonds issued in 2016 of which \$380,000 has been advanced and is outstanding. Proceeds from the bonds provided funds to finance the current refunding and redemption of the outstanding TIF revenue bonds (University Project) Series 2014 B, for the purpose of paying project costs, and pay costs of issuance and related costs. The bonds are payable solely from the tax increment property taxes assessed and are collected in the district area and are payable through 2042. These bonds were currently refunded in 2016.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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*Debt Refunding*

On August 25, 2016, the County issued \$28,000,000 in Senior Tax Increment Revenue and Refunding Bonds (Development District No.4 - University Town Centre) Series 2016 A with an average interest rate of 5.00 percent to refund \$4,515,000 of outstanding Tax Increment Revenue Bonds (University Project) Series 2014 B bonds with an average interest rate of 6.00 percent. The net proceeds of \$4,649,400 (after payment of \$841,633 in underwriting fees, insurance, other issuance costs, and reserve funds) were used to retire the old debt. As a result, the Series 2014 B bonds are defeased and the liability for those bonds has been removed from the Statement of Net Position.

Monongalia County, West Virginia, completed the refunding to reduce its total debt service payments over the next 25 years by \$1,419,078 and to obtain an economic gain of \$704,388.

*Tax Increment Financing (TIF) Revenue Bonds (University Town Centre) Series 2016 B Taxable*

On August 25, 2016, the Monongalia County Commission issued Taxable Tax Increment Financing (TIF) revenue bonds to provide funds to finance the costs of the design, acquisition, construction, and equipping of the Phase II TIF Project and paying costs of issuance of the bonds. The Series 2016 B Bonds were issued in the aggregate principal amount of \$15,380,000 of which \$380,000 was advanced and is outstanding. 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. These bonds are not completely drawn, and the County is making interest only payments. Therefore, no amortization schedule has been finalized at June 30, 2018. The County made interest payments totaling \$19,000 this year, and the balance at June 30, 2018 of the Series 2016 A Bonds was \$380,000.

*Pledged Revenues - Tax Increment Financing (TIF) Revenue Bonds*

The County has pledged future tax increment revenue to repay \$15,380,000 in tax increment financing revenue bonds issued in 2016 of which \$380,000 has been advanced and is outstanding. Proceeds from the bonds provided funds to finance the costs of the design, acquisition, construction, and equipping of the Phase II TIF Project and paying costs of issuance of the bonds. The bonds are payable solely from the tax increment property taxes assessed and are collected in the district area 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 principal balance at June 30, 2018, is \$380,000. Principal and interest paid for the current year and total customer net revenues were \$19,000 (interest only) and \$0, respectively.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*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:

<b>Governmental Activities</b>					Balance
Purpose	Maturity Dates	Interest Rates	Issued	Retired	June 30, 2018
University Series 2017 A Taxable	6/1/2043	variable	\$ 76,360,000	\$ -	\$ 76,360,000
University Series 2017 B Taxable	6/1/2043	variable	43,137,000	-	6,753,513
Total Excise Tax revenue bonds			<u>\$ 119,497,000</u>	<u>\$ -</u>	<u>\$ 83,113,513</u>

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

In 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 principle amount of \$22,165,000 of which \$21,383,813 was currently refunded. The Series 2014 B Bonds were issued in the aggregate principle amount of \$21,830,000 all of which was currently refunded. The Series 2014 C Bonds were issued in the aggregate principle amount of \$670,000 of which \$630,000 was currently refunded. According to the Bond Indenture the 2014 Excise Tax Bonds shall evidence indebtedness only to the extent that such principle has been advanced and is outstanding as reflected on such Record of Advances. The principle 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 principle 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. These bonds are currently refunded at June 30, 2018.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

*Pledged Revenues - Special District Excise Tax Revenue Bonds*

The County has pledged future excise tax revenues to repay \$44,665,000 in special district excise tax revenue bonds issued in 2014. Proceeds from the bonds provided 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 bonds are payable solely from the excise taxes assessed and are collected in the district area and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues. The bonds were currently refunded in October of 2017.

*Special District Excise Tax Revenue Refunding and Improvement Bonds (University Town Centre Economic Opportunity Development District) Series 2017 A*

In 2017, 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 2017 A Bonds were issued in the aggregate principle amount of \$76,360,000 all of which was advanced and is outstanding. According to the Bond Indenture the 2017 Excise Tax Bonds shall evidence indebtedness only to the extent that such principle has been advanced and is outstanding as reflected on such Record of Advances. The principle and interest on the Series 2017 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. Estimated annual debt service requirements to maturity for the bonds that are outstanding are as follows:

Year Ended	Special District Excise 2017 A	
	Principal	Interest
2019	\$ 300,000	\$ 4,169,712
2020	750,000	4,156,212
2021	1,015,000	4,122,462
2022	1,160,000	4,076,788
2023	1,320,000	4,024,588
2024 - 2028	9,275,000	19,076,687
2029 - 2033	14,010,000	16,171,512
2034 - 2038	18,335,000	11,865,288
2039 - 2043	30,195,000	6,058,776
<b>Totals</b>	<b>\$ 76,360,000</b>	<b>\$ 73,722,025</b>



**MONONGALIA COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Changes in Long-term Liabilities**

	<b>Governmental Activities</b>				
	(Restated) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease revenue					
bonds payable	\$ 15,990,000	\$ -	\$ (710,000)	\$ 15,280,000	\$ 730,000
Plus: unamortized					
bond premium	203,467	-	(12,269)	191,198	-
Less: unamortized					
bond discount	(142,932)	8,619	-	(134,313)	-
Net lease revenue bonds payable	16,050,535	8,619	(722,269)	15,336,885	730,000
TIF bonds payable	18,345,468	4,336,708	(2,888,188)	19,793,988	594,000
Excise tax bonds payable	45,188,587	83,113,513	(45,188,587)	83,113,513	300,000
Less: Discount on Bond Issuance	-	(1,572,451)	52,415	(1,520,036)	-
Total bonds payable	79,584,590	85,886,389	(48,746,629)	116,724,350	1,624,000
Net pension obligation	6,768,962	-	(3,965,881)	2,803,081	-
Net OPEB obligation	3,567,062	-	(902,318)	2,664,744	-
Notes	779,130	-	(259,710)	519,420	259,710
Compensated absences	651,300	115,360	-	766,660	-
Governmental activities					
Long-term liabilities	\$ 91,351,044	\$ 86,001,749	\$ (53,874,538)	\$ 123,478,255	\$ 1,883,710

*Conduit Debt Obligations*

The Monongalia County Building Commission has issued Series 2010 Revenue Bonds to provide financial assistance to Sundale Nursing Home for the design, acquisition, construction, and equipping of a palliative care wing to the existing facility deemed to be in the public interest. The notes are secured by Sundale Nursing Home and are payable solely from charges for services. Upon repayment of the notes, ownership of the acquired equipment and facilities transfers to Sundale Nursing Home. Neither the Building Commission, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the notes. Accordingly, the notes are not reported as liabilities in the accompanying financial statements.

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**H. Restricted Assets**

The balances of the restricted asset accounts for the primary government are as follows:

	<u>Governmental Activities</u>
Revenue bond debt service accounts	\$ 536,065
TIF bond debt service accounts	<u>9,557,782</u>
Total restricted assets	<u><u>\$ 10,093,847</u></u>

**I. Prior Period Adjustment**

Net Position required restatement at the beginning of the year as follows:

	<u>Governmental Activities</u>
Net Position (government-wide balance), as previously stated	\$ (11,858,318)
Add:	
Adjustment to TIF bond balances	413,116
Adjustment to compensated absences	1,032,719
Deferred Outflow related to OPEB	222,585
Deduct:	
OPEB liability	(3,567,062)
Bonds payable not included in PY	<u>(23,124,775)</u>
Net Position (government-wide balance), restated	<u><u>\$ (36,881,735)</u></u>

**IV. OTHER INFORMATION**

**A. Risk Management**

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance for these various risks.

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010. Workers compensation coverage is provided for this entity by Brick Street.

Settled claims have not exceeded commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year. Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

**MONONGALIA COUNTY, WEST VIRGINIA**  
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**B. Contingent Liabilities**

Amounts received or receivable from grantor 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 grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

**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.

**V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

***General Information about the Pension Plans***

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

All of the County's cost-sharing multiple-employer plans are administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at [www.wvretirement.com](http://www.wvretirement.com). The following is a summary of eligibility factors, contribution methods, and benefit provisions:

**MONONGALIA COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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**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	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.
Plan member's contribution rate hired before 7/1/2015	4.50%
County's contribution rate hired before 7/1/2015	11.00%
Plan member's contribution rate hired after 7/1/2015	6.00%
County's contribution rate hired after 7/1/2015	11.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	<p><u>Tier 1</u> 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 15) times the years of service times 2% equals the annual retirement benefit.</p> <p><u>Tier 2</u> Qualification for normal retirement is age 62 with 10 years of services or at least age 55 with and service equal to 80 or greater. The average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings) times the years of service times 2% equals the retirement benefit.</p>
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

**West Virginia Deputy Sheriff Retirement System (WVDSRS)**

Eligibility to participate	West Virginia deputy sheriffs first employed after the effective date and any deputy sheriffs hired prior to the effective date who elect to become members.
Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia. The WVDSRS is also discussed in West Virginia State Code §7-14d.
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. WVDSRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 12.0%. The contribution requirements of WVDSRS members are established and may be amended only by the State of West Virginia Legislature.
Period required to vest	Five years
Benefits and eligibility for distribution	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. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.

**MONONGALIA COUNTY, WEST VIRGINIA**  
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Deferred retirement option

No deferred retirement option is available.

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.

*Trend Information*

<u>Fiscal Year</u>	<u>Public Employees Retirement System (PERS)</u>		<u>West Virginia Deputy Sheriff Retirement System (WVDSRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
	2018	\$ 1,412,858	100%	\$ 401,444
2017	\$ 1,497,555	100%	\$ 384,003	100%
2016	\$ 1,453,160	100%	\$ 347,984	100%

PERS and WVDSRS 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, 2017, 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, 2017, the government's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2016:

	<u>PERS</u>	<u>WVDSRS</u>
Amount for proportionate share of net pension liability	\$ 2,656,443	\$ 146,638
Percentage for proportionate share of net pension liability	0.615423%	3.913477%
Increase/decrease % from prior proportion measured	0.01281%	0.11474%

For this fiscal year, the government recognized the following pension expenses.

	<u>PERS</u>	<u>WVDSRS</u>
Pension expense	\$ (246,248)	\$ 177,811

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

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**Public Employees Retirement System**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 191,157	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(645,704)
Difference between expected and actual experience	236,402	(5,881)
Deferred difference in assumptions	-	(137,785)
Government contributions subsequent to the measurement date	969,414	-
	\$ 1,396,973	\$ (789,370)

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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$	(133,534)
2020		309,004
2021		15,637
2022		(552,924)
	\$	(361,817)

**MONONGALIA COUNTY, WEST VIRGINIA**  
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**West Virginia Deputy Sheriff Retirement System**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 74,923	\$ (85,994)
Net difference between projected and actual investment earnings on pension plan investments	-	(155,166)
Difference between expected and actual experience	63,825	(340,794)
Deferred difference in assumptions	-	(106,444)
Government contributions subsequent to the measurement date	245,476	-
	\$ 384,224	\$ (688,398)

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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$	(144,548)
2020		(34,486)
2021		(80,256)
2022		(167,473)
2023		(52,468)
Thereafter		(70,419)
Total		(549,650)

**MONONGALIA COUNTY, WEST VIRGINIA**  
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Summary of Deferred Outflow/Inflow Balances

	<u>Total</u>	<u>PERS</u>	<u>DSRS</u>
Difference between expected and actual experience	\$ (46,448)	\$ 230,521	\$ (276,969)
Changes of assumptions	(244,229)	(137,785)	(106,444)
Net difference between projected and actual earnings on pension plan investments	(800,989)	(645,823)	(155,166)
Changes in proportion and differences between government contributions and proportionate share of contributions	180,199	191,270	(11,071)
Government contributions subsequent to the measurement date	1,214,890	969,414	245,476

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2016 for all plans and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

**Public Employees Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	3.35% - 6.0%
Investment Rate of Return	7.50%

Mortality Rates

Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational, Retired health males 110% of RP-2000 Healthy Annuitant, Scale AA fully generational, Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational, Disabled Males-96% of RP-2000 Disabled Annuitant, Scale AA fully generational, Disabled Females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational.

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

**West Virginia Deputy Sheriff Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	5.0% for 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 were based on the RP-2014 Non-annuitant mortality table, scale MP; Retired and disabled RP2014 healthy annuitant mortality table, scale MP.

The actuarial assumptions used in the July 1, 2016 DSRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.



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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 long-term geometric rates of return for each major asset class included are summarized in the following chart:

<u>Investment</u>	Long-term Expected	PERS	DSRS
	Real Rate of Return	Target Asset Allocation	Target Asset Allocation
US Equity	7.0%	27.5%	27.5%
International Equity	7.7%	27.5%	27.5%
Core Fixed Income	2.7%	7.5%	15.0%
High Yield Fixed Income	5.5%	7.5%	0.0%
Real Estate	7.0%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%
		100.0%	100.0%

*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 that 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 PERS's net pension liability	\$ 7,354,200	\$ 2,656,443	\$ (1,315,473)
Government's proportionate share of WVDSRS's net pension liability	\$ 1,272,584	\$ 146,638	\$ (780,269)

*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 at [www.wvretirement.com](http://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**  
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**VI. OTHER POST-EMPLOYMENT BENEFIT PLAN**

**West Virginia Retiree Health Benefit Trust Fund (RHBT)**

Plan description:

The Commission participates in the West Virginia Other Postemployment Benefit Plan (the Plan) a cost-sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as the Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

RHBT issues publicly available reports that include a full description of the other post-employment benefit plan regarding benefit provisions, assumptions and membership information that can be obtained by contacting Public Employees Insurance Agency, 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, by calling (888) 680-7342 or can be found on the PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov).

Benefits Provided:

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

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

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

Contribution Requirements:

Employer contributions consist of pay as you go premiums, commonly referred to as paygo, and retiree leave conversion billings. Employees are not required to contribute to the OPEB plan.

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Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The paygo rates for fiscal year 2018 was \$177.

The Commission's contributions to the West Virginia Retiree Health Benefit Trust Fund for the year ended June 30, 2018 was \$212,109. No amount was payable at year-end.

The State of West Virginia (the State) is a nonemployer contributing entity that provides funding through Senate Bill 419, effective July 1, 2012 and amended by West Virginia Code §11-21-96. For fiscal years beginning on and after July 1, 2016, this Senate Bill and corresponding State Code section requires that an annual amount of \$30 million from the State shall be dedicated for payment of the unfunded liability of the RHBT fund. The \$30 million annual contribution is to continue through July 1, 2037, or until the unfunded liability has been eliminated, whichever comes first.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 Million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020.

The State is a nonemployer contributing entity that provides funding through Senate Bill 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. This special funding under the school aid formula subsidizes employer contributions of the county boards of education and contributes to the overall unfunded OPEB liability.

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***OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB***

At fiscal year-end, the Commission reported the following liability for its proportionate share of the net OPEB liability. The net pension liability was measured as of June 30, 2017 for the Commission's fiscal year ended June 30, 2018, using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liability 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, 2018, the Commission reported the following proportions and increase/decreases from its proportion as of June 30, 2017:

	2018
Amount of proportionate share of net OPEB liability	\$ 2,664,744
Percentage of proportionate share of the net OPEB liability	0.108367474%
Increase/(decrease) in % from prior proportion measured	-0.035273080%
	2018
Commission's proportionate share of the net OPEB liability	\$ 2,664,744
State's porportional share of the net OPEB liability associated with the Commission	806,845
Total portion of the net OPEB liability associated with the Commission	\$ 3,471,589

For the year ended June 30, 2018, the Commission recognized the following OPEB expense and support provided by the State:

	2018
OPEB expense Commission	\$ 61,849
OPEB expense State support	247,682
Total OPEB expense	\$ 309,531
State support revenue	\$ 247,682

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The Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the year ended June 30, 2018:

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 42,531
Differences between expected and actual experience	-	8,923
Changes in proportion and differences between contributions and proportionate share of contributions	-	690,127
Contributions subsequent to the measurement date	212,109	
	\$ 212,109	\$ 741,581
Total		

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability on June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	
Ending June 30:	Amount
2019	\$ (198,851)
2020	(198,852)
2021	(198,852)
2022	(145,026)
Total	\$ (741,581)

**MONONGALIA COUNTY, WEST VIRGINIA  
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*Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

<u>OPEB</u>	<u>June 30, 2017</u>
Actuarial Cost Method	Entry age normal cost method
Asset Valuation Method	Fair value
Amortization Method	Level percentage of payroll over a 21 year closed period
Amortization Period	21 years closed as of June 30, 2016
Actuarial Assumptions:	
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation
Projected Salary Increases	Dependent upon pension system. Ranging from 3.0% to 6.5% including inflation
Inflation Rate	2.75%
Discount Rate	7.15%
Healthcare Cost Trends	Actual trend used for 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an
Mortality Rates	Post-Retirement: RP-2000 Health Annuitant Mortality Table projected with Scale AA on a fully generational basis
Date Range in Most Recent Experience Study	July 1, 2010 to June 30, 2015

The long term expected rate of return of 7.15% on the OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% for assets invested with the West Virginia Board of Treasury Investments.

Long-term pre-funding assets are invested the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTL.

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The long-term expected rate of return on OPEB plan investments were determined using a building-block method in which estimates of expected future real rates of returns (expected returns, net of OPEB 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 best estimates of geometric rates of return for each asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Rate of Return</u>
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

***Discount Rate***

The discount rate used to measure the OPEB liability was 7.15 percent. The projection of cash flows used to determine the discount rates assumed that 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 rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Proportionate share of net OPEB liability	\$ 3,102,789	\$ 2,664,744	\$ 2,300,607

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***Healthcare Cost Trend Rate***

The following table presents the Commission’s proportionate share of its net OPEB liability calculated using the healthcare cost trend rate of percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1% decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Proportionate share of net OPEB liability	\$ 2,238,423	\$ 2,664,744	\$ 3,186,159

**VII. CHANGE IN ACCOUNTING PRINCIPLES**

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of GASB Statement No. 75 has required a restatement of beginning net position for its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 85, Omnibus 2017, effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.



**MONONGALIA COUNTY, WEST VIRGINIA**  
**SCHEDULES OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2018**

**Public Employees Retirement System**  
Last 5 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's proportion of the net pension liability (asset) (percentage)	0.615423 %	0.602609 %	0.580496 %	0.560897 %	0.518484 %
County's proportionate share of the net pension liability (asset)	\$ 2,656,443	\$ 5,538,692	\$ 3,241,513	\$ 2,070,075	\$ 4,726,656
County's covered-employee payroll	\$ 8,463,408	\$ 8,282,748	\$ 10,379,714	\$ 9,841,538	\$ 9,174,064
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.39%	66.87%	31.23%	21.03%	51.52%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	93.98%	84.58%

\* - Applicable information was available for five years for this schedule.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**SCHEDULES OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2018**

**West Virginia Deputy Sheriff Retirement System**  
Last 5 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's proportion of the net pension liability (asset) (percentage)	3.913477 %	3.798734 %	3.477091 %	3.628928 %	4.040833 %
County's proportionate share of the net pension liability (asset)	\$ 146,638	\$ 1,209,365	\$ 713,221	\$ 618,768	\$ 1,353,841
County's covered-employee payroll	\$ 1,958,258	\$ 1,827,317	\$ 2,676,800	\$ 2,780,215	\$ 2,780,215
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.49%	66.18%	26.64%	22.26%	48.70%
Plan fiduciary net position as a percentage of the total pension liability	98.17%	84.48%	89.31%	90.52%	80.20%

\* - Applicable information was available for five years for this schedule.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF COUNTY PENSION CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2018**

**Public Employees Retirement System**  
 Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 969,414	\$ 1,015,609	\$ 1,118,171	\$ 1,453,160	\$ 1,427,023	\$ 1,284,369	\$ 1,056,069	\$ 1,016,428	\$ 1,016,428	\$ 908,326
Contributions in relation to the contractually required contribution	<u>(969,414)</u>	<u>(1,015,609)</u>	<u>(1,118,171)</u>	<u>(1,453,160)</u>	<u>(1,427,023)</u>	<u>(1,284,369)</u>	<u>(1,056,069)</u>	<u>(1,016,428)</u>	<u>(1,016,428)</u>	<u>(908,326)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$ 8,812,858	\$ 8,463,408	\$ 8,282,748	\$ 10,379,714	\$ 9,841,538	\$ 9,174,064	\$ 7,283,234	\$ 8,131,424	\$ 9,240,255	\$ 8,650,724
Plan fiduciary net position as a percentage of the total pension liability	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%

**MONONGALIA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF COUNTY PENSION CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2018**

**West Virginia Deputy Sheriff Retirement System**  
 Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 245,476	\$ 234,991	\$ 219,278	\$ 347,984	\$ 361,428	\$ 382,065	\$ 371,439	\$ 317,385	\$ 284,284	\$ 262,893
Contributions in relation to the contractually required contribution	<u>(245,476)</u>	<u>(234,991)</u>	<u>(219,278)</u>	<u>(347,984)</u>	<u>(361,428)</u>	<u>(382,065)</u>	<u>(371,439)</u>	<u>(317,385)</u>	<u>(284,284)</u>	<u>(262,893)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$ 2,045,630	\$ 1,958,258	\$ 1,827,317	\$ 2,676,800	\$ 2,780,215	\$ 2,938,962	\$ 2,857,223	\$ 3,022,714	\$ 2,707,467	\$ 2,503,743
Plan fiduciary net position as a percentage of the total pension liability	12.00%	12.00%	12.00%	13.00%	13.00%	13.00%	13.00%	10.50%	10.50%	10.50%

**MONONGALIA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**For the Fiscal Year Ended June 30, 2018**

**Retiree Health Benefit Trust**  
Last 2 Fiscal Years\*

	<u>2017</u>	<u>2016</u>
County's proportion of the net pension liability (asset) (percentage)	0.108367474 %	0.143640554 %
County's proportionate share of the net pension liability (asset)	\$ 2,664,744	\$ 3,567,062
State's proportionate share of the net OPEB liability (asset) associated with the County	<u>806,845</u>	<u>0</u>
Total	<u>\$ 3,471,589</u>	<u>\$ 3,567,062</u>
County's covered-employee payroll	\$ 10,421,666	\$ 10,110,065
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.57%	35.28%
Plan fiduciary net position as a percentage of the total pension liability	25.10%	21.64%

\* - Applicable information was available for two years for this schedule.

**MONONGALIA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF COUNTY OPEB CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2018**

**Retiree Health Benefit Trust**  
Last 3 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 212,109	\$ 222,585	\$ 245,721
Contributions in relation to the contractually required contribution	<u>(212,109)</u>	<u>(222,585)</u>	<u>(245,721)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$ 10,858,488	\$ 10,421,666	\$ 10,110,065
Plan fiduciary net position as a percentage of the total pension liability	1.95%	2.14%	2.43%

**MONONGALIA COUNTY COMMISSION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

**Note 1 - Changes in Assumptions PERS**

Changes in the assumptions between the 2015 and 2014 valuations:

Projected salary increases went from 4.25-6% in 2014 to 3-6% in 2015; the inflation rate went from 2.2% in 2014 to 1.9% in 2015; mortality rates changed due to from the Gam model to RP-2000 model; withdrawal rates went from 1-31.2% in 2014 to 1.75-35.8% in 2015; disability rates went from 0-.8% in 2014 to 0-.675% in 2015;. The range of the experience study was 2004-2009 in 2014 and 2009-2014 in 2015. These changes in assumptions lead to deferred inflows of \$89,556,000 in 2015.

There have been no changes in assumptions since 2015.

**Note 2 – Changes in Assumptions OPEB**

Changes in the assumptions between the 2016 and 2015 valuations:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by the RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the \$30 million annual appropriations under Senate Bill 419, through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.

MONONGALIA COUNTY, WEST VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE -  
 ASSESSOR'S VALUATION FUND  
 For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Adjustments	Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	Modified <u>Accrual Basis</u>	Budget <u>Basis</u>	Budget <u>Basis</u>	Final Budget <u>Positive (Negative)</u>
<b>REVENUES:</b>						
Other taxes	\$ 1,125,592	\$ 1,150,592	\$ 1,198,399	\$ --	\$ 1,198,399	\$ 47,807
Map sales	1,200	1,200	431	--	431	( 769)
Interest	1,200	1,200	4,536	--	4,536	3,336
Reimbursements	--	--	1,945	--	1,945	1,945
Total revenues	<u>1,127,992</u>	<u>1,152,992</u>	<u>1,205,311</u>	<u>--</u>	<u>1,205,311</u>	<u>52,319</u>
<b>EXPENDITURES:</b>						
Current:						
General government	1,207,992	1,537,363	1,174,999	( 36,381)	1,138,618	398,745
Capital outlay	<u>120,000</u>	<u>130,000</u>	<u>35,833</u>	<u>--</u>	<u>35,833</u>	<u>94,167</u>
Total expenditures	<u>1,327,992</u>	<u>1,667,363</u>	<u>1,210,832</u>	<u>( 36,381)</u>	<u>1,174,451</u>	<u>492,912</u>
Excess (deficiency) of revenues over expenditures	<u>( 200,000)</u>	<u>( 514,371)</u>	<u>( 5,521)</u>	<u>36,381</u>	<u>30,860</u>	<u>545,231</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (out)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balance	( 200,000)	( 514,371)	( 5,521)	36,381	30,860	545,231
Fund balance at beginning of year	<u>200,000</u>	<u>514,371</u>	<u>514,371</u>	<u>--</u>	<u>514,371</u>	<u>--</u>
Fund balance at end of year	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>508,850</u></u>	\$ <u><u>36,381</u></u>	\$ <u><u>545,231</u></u>	\$ <u><u>545,231</u></u>





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

June 26, 2019

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 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 26, 2019 wherein we noted the County adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our report refers to other auditors who audited the financial statements of the Monongalia County Development Authority and Monongalia County Board of Health, 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.

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***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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 June 26, 2019.

***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

MONONGALIA COUNTY, WEST VIRGINIA

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-001	Presentation of OPEB Liability	Yes	Corrected