

**AUDIT REPORT OF  
MONROE COUNTY, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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MONROE COUNTY, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax  
Emergency 911  
Office of Emergency Management

**NONMAJOR FUNDS**

*Special Revenue Funds*

General School  
Magistrate Court  
Home Confinement  
Monroe Tourism  
Confederate Monument  
K-9  
Concealed Weapons  
Assessor's Valuation  
Voters Registration  
Fire Excess Levy

**FIDUCIARY FUND TYPE**

*Agency Funds*

State  
School  
Municipal  
Other Agency

**DISCRETELY PRESENTED COMPONENT UNITS**

Farmland Protection Board  
Building Commission  
Board of Health  
Health Center  
Public Library

**MONROE COUNTY, WEST VIRGINIA  
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***INTRODUCTORY SECTION***

**MONROE COUNTY, WEST VIRGINIA  
COUNTY OFFICIALS  
For the Fiscal Year Ended June 30, 2016**

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<b>OFFICE</b>	<b>NAME</b>	<b>TERM</b>
	<u>Elective</u>	
County Commission:	Clyde Gum, Jr.	01-01-11 / 12-31-16
	Michael Shane Ashley	01-01-13 / 12-31-18
	William "Bill" Miller	01-01-15 / 12-31-20
Clerk of the County Commission:	Donald Evans	01-01-11 / 12-31-16
Clerk of the Circuit Court:	Leta Comer	01-01-11 / 12-31-16
Sheriff:	Michael Gravely	01-01-13 / 12-31-16
Prosecuting Attorney:	Justin St. Clair	01-01-13 / 12-31-16
Assessor:	Norbert Netzel	01-01-13 / 12-31-16

***FINANCIAL SECTION***





# State of West Virginia

**John B. McCuskey**

**State Auditor and  
Chief Inspector**

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Chief Inspector Division  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the  
Monroe County Commission  
Union, West Virginia 24983

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, West Virginia (the County), as of and for the year ended June 30, 2016, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe County Health Center, the Monroe County Board of Health, or the Monroe County Public Library which represents 73 percent, 65 percent, and 99 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Health Center, the Monroe County Board of Health, and the Monroe County Public Library, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Basis for Qualified Opinion on the General Fund, Emergency 911 Fund, Coal Severance Tax Fund, and Governmental Activities***

Management has not adopted a methodology for ensuring all revenues, account receivables, expenditures, and accounts payables, are properly recorded for the General Fund and Governmental Activities. Accounting principles generally accepted in the United States of America require that the General Fund financial statements be reported on the modified accrual basis of accounting, and the Governmental Activities financial statements be reported on the accrual basis of accounting. By not adhering to the proper basis of accounting, revenues and expenditures will not accurately reflect the activities of the County in accordance with generally accepted accounting principles. The amount by which this departure would affect the revenues, account receivables, expenditures, liabilities and fund balance/net position of the General Fund and Governmental Activities is not reasonably determinable.

Management did not apply Governmental Accounting Standards Board (GASB) statement number forty-five. Accounting principles generally accepted in the United States of America require the expenses and liability related to other postemployment benefits (OPEB) be recognized during the period in which the liability is incurred, thereby increasing the expenses and liabilities and reducing the net position for the governmental activities. The amount by which this departure would affect the expenses, liabilities and net position of the governmental activities, and the notes to the financial statements is not reasonably determinable.

Management has not enforced internal control policies to ensure that all source documentation related to expenditures is maintained for the General Fund, Coal Severance Tax Fund, and Emergency 911 Fund. Proper internal controls require that management maintain source documentation related to expenditures. Because source documentation was not maintained, we were unable to obtain sufficient appropriate audit evidence related to expenditures for the General Fund, Coal Severance Tax Fund, and Emergency 911 Fund and expenses for governmental activities. Consequently, we were unable to determine the amount, if any, by which this departure would affect the expenditures for the General Fund, Coal Severance Tax Fund, and Emergency 911 Fund and expenses for the Governmental Activities.

***Qualified Opinion***

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on the General Fund, Emergency 911 Fund, Coal Severance Tax Fund, and Governmental Activities" paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund, Emergency 911 Fund, Coal Severance Tax Fund, and Governmental Activities of Monroe County, West Virginia, as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units, the Office of Emergency Management Fund, and the aggregate remaining fund information of Monroe County, West Virginia, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As discussed in Note III.I., the prior year financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedules of the Government's Proportionate Share of the Net Pension Liability and the Schedules of Government Contributions on pages 39-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The budgetary comparison for the Assessor's Valuation Fund, the discretely presented component unit fund financial statements for the Monroe County Farmland Protection Board and the Monroe County Building Commission, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison for the Assessor's Valuation Fund and the discretely presented component unit fund financial statements for the Monroe County Farmland Protection Board and the Monroe County Building Commission are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the Assessor's Valuation Fund and the discretely presented component unit fund financial statements for the Monroe County Farmland Protection Board and the Monroe County Building Commission are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Respectfully submitted,



John B. McCuskey  
West Virginia State Auditor  
Charleston, West Virginia

December 18, 2018

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Primary Government	Component Units				
	Governmental Activities	Farmland Protection Board	Building Commission	Board of Health	Health Center	Public Library
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,061,245	\$ 167,836	\$ --	\$ 469,407	\$ 4,181,535	\$ 67,215
Investments	--	--	--	--	250,073	31,826
Receivables:						
Taxes	113,249	--	--	--	--	--
Accounts	--	--	--	--	591,900	--
Grants	--	--	--	--	37,698	--
Inventory, at cost	--	--	--	--	46,175	--
Prepaid expenses	--	--	--	--	72,716	178
Noncurrent assets:						
Capital assets:						
Nondepreciable:						
Land	31,400	--	--	--	--	6,780
Land Easements	--	1,411,091	--	--	--	--
Depreciable:						
Buildings and improvements	140,000	--	1,330,236	--	--	364,942
Structures and improvements	162,854	--	--	--	--	--
Machinery and equipment	1,478,573	--	--	--	1,561,302	105,552
Leasehold improvements	--	--	--	--	1,721,919	--
Less: accumulated depreciation	( 1,300,584)	--	( 427,960)	--	( 2,616,380)	( 350,852)
Other debits:						
Goodwill	--	--	--	--	111,317	--
<b>Total assets</b>	<b>1,686,737</b>	<b>1,578,927</b>	<b>902,276</b>	<b>469,407</b>	<b>5,958,255</b>	<b>225,641</b>
<b>DEFERRED OUTFLOWS</b>						
Changes in proportion and differences between employer contributions and proportionate share of contributions						
Employer contributions subsequent to measurement period	64,231	--	--	--	57,633	24
Difference between expected and actual experience	177,451	--	--	--	423,808	3,456
	91,060	--	--	--	227,779	2,270
<b>Total deferred outflows of resources</b>	<b>332,742</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>709,220</b>	<b>5,750</b>

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

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Primary Government	Component Units				
	Governmental Activities	Farmland Protection Board	Building Commission	Board of Health	Health Center	Public Library
<b>LIABILITIES</b>						
Current liabilities payable						
from current assets:						
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 96,741	\$ 989
Payroll payable	--	--	--	--	68,169	--
Other postemployment benefits payable	109,005	--	--	--	1,189,716	68,996
Noncurrent liabilities:						
Notes payable - due within one year	--	--	10,140	--	--	--
Notes payable - due in more than one year	--	--	165,398	--	--	--
Leases payable - due within one year	3,668	--	--	--	--	--
Leases payable - due in more than one year	8,068	--	--	--	--	--
Net pension liability	553,406	--	--	--	1,113,703	11,101
Compensated absences payable	33,407	--	--	--	251,657	--
<b>Total liabilities</b>	<b>707,554</b>	<b>--</b>	<b>175,538</b>	<b>--</b>	<b>2,719,986</b>	<b>81,086</b>
<b>DEFERRED INFLOWS</b>						
Net difference between projected and actual investment earnings on pension plan investments						
	116,489	--	--	--	244,213	2,434
Changes in proportion and differences between employer contributions and proportionate share of contributions						
	--	--	--	--	3,644	1,902
Deferred difference in assumptions	50,446	--	--	--	133,961	1,335
<b>Total deferred inflows of resources</b>	<b>166,935</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>381,818</b>	<b>5,671</b>
<b>NET POSITION</b>						
Net investment in capital assets	500,507	1,411,091	726,738	--	666,841	126,422
Unrestricted	644,483	167,836	--	469,407	2,898,830	18,212
<b>Total net position</b>	<b>\$ 1,144,990</b>	<b>\$ 1,578,927</b>	<b>\$ 726,738</b>	<b>\$ 469,407</b>	<b>\$ 3,565,671</b>	<b>\$ 144,634</b>

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

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

	Program Revenues				Net (Expense) Revenues and Changes in Net Position														
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary														
					Governmental Activities	Farmland Protection Board	Building Commission	Component Units Board of Health	Health Center	Public Library									
<b>Functions / Programs</b>																			
<b>Primary government:</b>																			
Governmental activities:																			
General government	\$ 1,833,473	\$ 290,309	\$ 88,379	\$ 100,000	\$ (1,354,785)														
Public safety	1,517,533	20,121	40,000	--	(1,457,412)														
Administrative and general	--	37,849	--	--	37,849														
Culture and recreation	1,600	--	--	--	(1,600)														
Social services	17,600	--	--	--	(17,600)														
Total governmental activities	3,370,206	348,279	128,379	100,000	(2,793,548)														
<b>Component units:</b>																			
Farmland Protection Board	33,879	--	--	--	--														
Building Commission	36,960	16,800	--	--	--														
Board of Health	160,692	28,416	209,512	--	--														
Health Center	5,670,813	6,567,230	--	--	--														
Public Library	98,238	4,595	64,661	--	--														
Total component units	\$ 6,000,582	\$ 6,617,041	\$ 274,173	\$ --	\$ --														
General revenues:																			
Ad valorem property taxes					2,062,039														
Other taxes					666,496														
Coal severance tax					32,546														
Licenses and permits					59,553														
Unrestricted investment earnings					1,762														
Contributions and donations					--														
Miscellaneous					516,742														
Total general revenues					3,339,138														
Change in net position					545,590														
Net position - beginning (Restated Note III. I.)					599,400														
Net position - ending					\$ 1,144,990														

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

**MONROE COUNTY, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<u>General</u>	<u>Coal Severance</u>	<u>Emergency 911</u>	<u>Office of Emergency Management</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
<b>Assets:</b>						
Current:						
Cash and cash equivalents	\$ 46,209	\$ 34,805	\$ 704,369	\$ 132,199	\$ 143,663	\$ 1,061,245
Receivables:						
Taxes	<u>99,665</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,584</u>	<u>113,249</u>
Total assets	<u>\$ 145,874</u>	<u>\$ 34,805</u>	<u>\$ 704,369</u>	<u>\$ 132,199</u>	<u>\$ 157,247</u>	<u>\$ 1,174,494</u>
<b>LIABILITIES DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Other postemployment benefits payable	<u>109,005</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>109,005</u>
Total liabilities	<u>109,005</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>109,005</u>
<b>Deferred Inflows:</b>						
Unavailable revenue - taxes	<u>57,278</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>57,278</u>
Total deferred inflows of resources	<u>57,278</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>57,278</u>
<b>Fund balances:</b>						
Restricted	--	--	704,369	132,199	157,247	993,815
Assigned	--	34,805	--	--	--	34,805
Unassigned	<u>( 20,409)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 20,409)</u>
Total fund balances	<u>( 20,409)</u>	<u>34,805</u>	<u>704,369</u>	<u>132,199</u>	<u>157,247</u>	<u>1,008,211</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 145,874</u>	<u>\$ 34,805</u>	<u>\$ 704,369</u>	<u>\$ 132,199</u>	<u>\$ 157,247</u>	<u>\$ 1,174,494</u>

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



**MONROE COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2016**

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Total fund balances on the governmental fund's balance sheet	\$ 1,008,211
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)	512,243
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note III.B)	57,278
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III.H)	( 598,549)
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:	
Deferred outflow - Changes in employer portion and differences between contributions and proportionate share of pension expense. (Note V)	64,231
Deferred outflow - Employer contributions to pension plan after measurement date. (Note V)	177,451
Deferred inflow - Differences between projected and actual investment earnings. (Note V)	( 116,489)
Deferred outflow - Differences between expected and actual experience. (Note V)	91,060
Deferred inflow - Difference in assumptions. (Note V)	<u>( 50,446)</u>
Net position of governmental activities	<u><u>\$ 1,144,990</u></u>

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

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	General	Coal Severance	Emergency 911	Office of Emergency Management	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 1,841,997	\$ --	\$ --	\$ --	\$ 233,744	\$ 2,075,741
Other taxes	--	--	666,496	--	--	666,496
Coal severance tax	--	32,546	--	--	--	32,546
Licenses and permits	25,276	--	--	--	34,277	59,553
Intergovernmental:						
State	202,904	--	--	25,475	--	228,379
Charges for services	166,511	--	--	--	123,783	290,294
Fines and forfeits	57,985	--	--	--	--	57,985
Interest and investment earnings	361	10	1,350	--	41	1,762
Miscellaneous	516,742	--	--	--	--	516,742
<b>Total revenues</b>	<b>2,811,776</b>	<b>32,556</b>	<b>667,846</b>	<b>25,475</b>	<b>391,845</b>	<b>3,929,498</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,766,308	22,834	--	--	86,955	1,876,097
Public safety	1,210,949	--	162,862	--	191,447	1,565,258
Culture and recreation	1,600	--	--	--	--	1,600
Social services	17,600	--	--	--	--	17,600
<b>Total expenditures</b>	<b>2,996,457</b>	<b>22,834</b>	<b>162,862</b>	<b>--</b>	<b>278,402</b>	<b>3,460,555</b>
Excess (deficiency) of revenues over expenditures	( 184,681)	9,722	504,984	25,475	113,443	468,943
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	335,886	--	--	--	--	335,886
Transfers (out)	--	--	( 313,135)	--	( 22,751)	( 335,886)
Capital leases	15,000	--	--	--	--	15,000
<b>Total other financing sources (uses)</b>	<b>350,886</b>	<b>--</b>	<b>( 313,135)</b>	<b>--</b>	<b>( 22,751)</b>	<b>15,000</b>
Net change in fund balances	166,205	9,722	191,849	25,475	90,692	483,943
Fund balances - beginning (Restated Note III.I.)	( 186,614)	25,083	512,520	106,724	66,555	524,268
Fund balances - ending	\$ ( 20,409)	\$ 34,805	\$ 704,369	\$ 132,199	\$ 157,247	\$ 1,008,211

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

**MONROE 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, 2016**

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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	\$ 483,943
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)	106,320
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)	( 88,370)
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)	( 18,332)
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. (Note III.B)	( 13,702)
Prior year unavailable/unearned revenues:	70,980
Current year unavailable/unearned revenues:	57,278
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.H)	( 11,736)
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68. (Note V)	
Amount of pension expenditures at fund level.	177,451
PERS: <u>135,852</u>	
DSRS: <u>41,599</u>	
Amount of pension expenses recognized at government-wide level.	( 75,291)
PERS: <u>( 64,046)</u>	
DSRS: <u>( 11,245)</u>	
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. (Note III.H)	<u>( 14,693)</u>
Change in net position of governmental activities	<u>\$ 545,590</u>

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

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 1,628,615	\$ 1,628,615	\$ 1,841,997	\$ 32,845	\$ 1,874,842	\$ 246,227
Alcoholic beverages tax	4,000	4,000	--	--	--	(4,000)
Hotel occupancy tax	15,000	15,000	--	--	--	(15,000)
Animal tax	3,000	3,000	--	--	--	(3,000)
Gas and oil severance tax	30,000	30,000	--	--	--	(30,000)
Other taxes	50,000	50,000	--	--	--	(50,000)
Licenses and permits	--	--	25,276	--	25,276	25,276
Intergovernmental:						
Federal	54,203	54,203	--	--	--	(54,203)
State	30,000	30,000	202,904	--	202,904	172,904
Charges for services	178,520	178,520	155,613	--	155,613	(22,907)
Fines and forfeits	56,000	56,000	57,985	--	57,985	1,985
Interest and investment earnings	1,500	1,500	361	--	361	(1,139)
Refunds	353,664	353,664	--	--	--	(353,664)
Contributions and donations	78,700	78,700	--	--	--	(78,700)
Miscellaneous	264,000	264,000	527,640	--	527,640	263,640
Total revenues	<u>2,747,202</u>	<u>2,747,202</u>	<u>2,811,776</u>	<u>32,845</u>	<u>2,844,621</u>	<u>97,419</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,719,394	1,719,394	1,766,308	233,537	1,999,845	(280,451)
Public safety	1,416,842	1,416,842	1,210,949	--	1,210,949	205,893
Health and sanitation	3,500	3,500	--	--	--	3,500
Culture and recreation	17,000	17,000	1,600	--	1,600	15,400
Social services	19,200	19,200	17,600	--	17,600	1,600
Total expenditures	<u>3,175,936</u>	<u>3,175,936</u>	<u>2,996,457</u>	<u>233,537</u>	<u>3,229,994</u>	<u>(54,058)</u>
Excess (deficiency) of revenues over expenditures	<u>(428,734)</u>	<u>(428,734)</u>	<u>(184,681)</u>	<u>(200,692)</u>	<u>(385,373)</u>	<u>43,361</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	428,734	428,734	335,886	--	335,886	(92,848)
Capital leases	--	--	15,000	--	15,000	15,000
Total other financing sources (uses)	<u>428,734</u>	<u>428,734</u>	<u>350,886</u>	<u>--</u>	<u>350,886</u>	<u>(77,848)</u>
Net change in fund balance	--	--	166,205	(200,692)	(34,487)	(34,487)
Fund balance - beginning (Restated Note III. I.)	--	--	(186,614)	267,310	80,696	80,696
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (20,409)</u>	<u>\$ 66,618</u>	<u>\$ 46,209</u>	<u>\$ 46,209</u>

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

**MONROE 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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budget</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Coal severance tax	\$ 39,731	\$ 39,731	\$ 32,546	\$ ( 7,185)
Interest and investment earnings	150	150	10	( 140)
Total revenues	<u>39,881</u>	<u>39,881</u>	<u>32,556</u>	<u>( 7,325)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>64,612</u>	<u>64,612</u>	<u>22,834</u>	<u>41,778</u>
Total expenditures	<u>64,612</u>	<u>64,612</u>	<u>22,834</u>	<u>41,778</u>
Net change in fund balance	( 24,731)	( 24,731)	9,722	34,453
Fund balance - beginning	<u>24,731</u>	<u>24,731</u>	<u>25,083</u>	<u>352</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 34,805</u>	<u>\$ 34,805</u>

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

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2016**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Non-pooled cash	\$ <u>637,130</u>
Total cash	<u>637,130</u>
Receivables:	
Taxes	<u>271,356</u>
Total receivables	<u>271,356</u>
Total assets	<u><u>\$ 908,486</u></u>
 <b>LIABILITIES</b>	
Due to: other governments	<u>908,486</u>
Total liabilities	<u><u>\$ 908,486</u></u>

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

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

Monroe 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 County 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.

*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 No. 39 and GASB Statement No. 61). The discretely presented component units are presented on the government-wide statements.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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The Monroe County Board of Health serves citizens of Monroe 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 Monroe County Farmland Protection Board serves Monroe County, West Virginia, and is governed by a board comprised of seven members appointed by the County Commission. The Monroe County Farmland Protection Board protects property on behalf of the County.

The Monroe County Health Center serves all citizens of Monroe County and is governed by a thirteen-member board appointed by the County Commission. The Monroe County Health Center provides citizens acute short term care.

The Monroe County Public Library serves all citizens of Monroe County and is governed by a five member board appointed by the County Commission. The County provides financial support to the library annually.

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

*Joint Ventures*

The County has entered into an agreement with Summers County to operate the Monroe-Summers Day Report Center. The County is required to fund the Day Report Center based on the number of its citizens participating in the program.

**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 normally are supported by taxes and intergovernmental revenues. 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.



**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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Separate 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 County 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 *Emergency 911 fund*, a special revenue fund, accounts for the dispatch system in the County.

The *Office of Emergency Management fund*, a special revenue fund, accounts for a federal grant received by the county for emergency management.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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Additionally, the County 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 Monroe County, West Virginia holds for others in an agency capacity.

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**

Monroe 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.

**2. Receivables and Payables**

*Interfund Transactions*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

*Property Tax Receivable*

The property tax receivable allowance is equal to 10 percent of the property taxes outstanding at June 30, 2016.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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

All counties within the State are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class 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:

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>	<u>School Levy</u>	<u>Fire Levy</u>
Class I	\$ --	14.09 cents	17.21 cents	2.04 cents
Class II	261,878,853	28.18 cents	34.42 cents	4.08 cents
Class III	145,624,711	56.36 cents	68.84 cents	8.16 cents
Class IV	18,666,058	56.36 cents	68.84 cents	8.16 cents

Monroe County, West Virginia held a special election on November 4, 2014. The County was authorized to lay an excess levy to provide approximately \$1,859,904 annually during the five fiscal years ended June 30, 2016 through June 30, 2020, for the purpose of maintaining and improving the instructional programs and the operation of school services in Monroe County.

Monroe County, West Virginia held a special election on May 13, 2014. The County was authorized to lay an excess levy to provide approximately \$203,094 annually during the five fiscal years ended June 30, 2015 through June 30, 2019, for the purpose of assisting local fire departments in meeting their legal and civil expense obligations.

**3. Inventories**

The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

**4. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable line items in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$7,500 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 estimated fair market 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 County 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	12,500
Building	40 years	1	25,000
Building improvements	20 to 25 years	1	25,000
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	7,500
Vehicles	5 to 10 years	1,000	15,000
Infrastructure	40 to 50 years	50,000	100,000

**5. Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

**6. Long-term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

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.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net 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(s) 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. The County does not have any nonspendable fund balance this fiscal year.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors, 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 County 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/other official authorized to assign amounts 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.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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.

**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 Monroe County 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.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

Monroe County, West Virginia prepares its General Fund budget on the cash basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund. All annual appropriations lapse at fiscal year end.

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 28th 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 no material supplementary budgetary appropriations throughout the year.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**B. Excess of Expenditures Over Appropriations**

For this fiscal year, expenditures exceeded appropriations in the General Fund by \$54,058. This over expenditure was funded by available fund balance.

**C. Deficit Fund Equity**

The General fund had a deficit fund balance of (\$20,409) as of June 30, 2016. The fund accounts for the other postemployment benefits liability, which causes this deficit.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Custodial Credit Risk*

For deposits, the County could be exposed to risk in the event of a bank failure where the County's deposits may not be returned. The County'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 \$1,698,375. 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. The bank balance of the Monroe County Farmland Protection Board, a discretely presented component unit, was \$167,836 and was collateralized by the federal depository insurance.

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	\$ <u>1,698,375</u>
Total	\$ <u><u>1,698,375</u></u>
Cash and cash equivalents	\$ 1,061,245
Cash and cash equivalents-restricted	<u>637,130</u>
Total	\$ <u><u>1,698,375</u></u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

**B. Receivables**

Receivables at year end for the County's General and Fire Levy funds, and aggregate fiduciary funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Fire Levy</u>	<u>Total</u>	<u>Fiduciary</u>
Receivables:				
Taxes	\$ 110,739	\$ 15,093	\$ 125,832	\$ 300,417
Gross receivables	<u>110,739</u>	<u>15,093</u>	<u>125,832</u>	<u>300,417</u>
Less: Allowance for uncollectible	<u>( 11,074)</u>	<u>( 1,509)</u>	<u>( 12,583)</u>	<u>( 29,061)</u>
Net total receivables	<u>\$ 99,665</u>	<u>\$ 13,584</u>	<u>\$ 113,249</u>	<u>\$ 271,356</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:

	<u>Deferred Inflows - Unavailable</u>
Delinquent property taxes receivable (General Fund)	<u>\$ 57,278</u>

**C. Capital Assets**

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

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 35,400	\$ --	\$ ( 4,000)	\$ 31,400
Total capital assets not being depreciated	<u>35,400</u>	<u>--</u>	<u>( 4,000)</u>	<u>31,400</u>
Capital assets being depreciated:				
Buildings and improvements	140,000	--	--	140,000
Structures and improvements	162,854	--	--	162,854
Machinery and equipment	1,486,235	106,320	( 113,982)	1,478,573
Less: Total accumulated depreciation	<u>( 1,311,864)</u>	<u>( 88,370)</u>	<u>99,650</u>	<u>( 1,300,584)</u>
Total capital assets being depreciated, net	<u>477,225</u>	<u>17,950</u>	<u>( 14,332)</u>	<u>480,843</u>
Governmental activities capital assets, net	<u>\$ 512,625</u>	<u>\$ 17,950</u>	<u>\$ ( 18,332)</u>	<u>\$ 512,243</u>



**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	\$	11,324
Public safety		<u>77,046</u>
 Total depreciation expense-governmental activities	 \$	 <u><u>88,370</u></u>

Activity related to capital assets for the Monroe County Farmland Protection Board for the fiscal year ended June 30, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Land Easements	\$ <u>1,370,230</u>	\$ <u>40,861</u>	\$ <u>--</u>	\$ <u>1,411,091</u>

Activity related to capital assets for the Monroe County Building Commission for the fiscal year ended June 30, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Buildings	\$ 1,330,236	\$ --	\$ --	\$ 1,330,236
Less: accumulated depreciation	<u>(398,029)</u>	<u>(29,931)</u>	<u>--</u>	<u>(427,960)</u>
 Total capital assets, net	 \$ <u>932,207</u>	 \$ <u>(29,931)</u>	 \$ <u>--</u>	 \$ <u>902,276</u>

**D. Interfund Transfers**

*Interfund Transfers:*

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
Emergency 911	General County	Reimbursement	\$ 313,135
Assessor's Valuation	General County	Reimbursement	<u>22,751</u>
 Total			 \$ <u><u>335,886</u></u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

**E. Fund Balance Detail**

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

	General	Coal Severance	Emergency 911	Office of Emergency Management
Restricted:				
General government	\$       --	\$       --	\$       --	\$       --
Public safety	--	--	704,369	132,199
Culture and recreation	--	--	--	--
Assigned:				
Budget Carryover	--	34,805	--	--
Unassigned	( 20,409)	--	--	--
<b>Total fund balances</b>	<b>\$   ( 20,409)</b>	<b>\$    34,805</b>	<b>\$   704,369</b>	<b>\$   132,199</b>

	Non-major Funds	Total
Restricted:		
General government	\$    31,361	\$    31,361
Public safety	121,722	958,290
Culture and recreation	4,164	4,164
Assigned:		
Budget carryover	--	34,805
Unassigned	--	( 20,409)
<b>Total fund balances</b>	<b>\$   157,247</b>	<b>\$   1,008,211</b>

At year end, the detail of the discretely presented component unit, Monroe County Farmland Protection Board, fund balance is as follows:

Restricted:	
General government	\$ <u>167,836</u>
<b>Total fund balance</b>	\$ <u><u>167,836</u></u>

**F. Leases**

*Capital Leases*

The County has entered into lease agreements as lessee for financing the acquisition of office equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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The assets acquired through capital leases are as follows:

<u>Assets:</u>	<u>Governmental Activities</u>
Machinery, equipment and vehicles	\$ 15,000
Less: accumulated depreciation	<u>( 2,475)</u>
Total	<u>\$ 12,525</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of the fiscal year ended June 30, 2016 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2017	\$ 4,004
2018	4,004
2019	4,004
2020	<u>347</u>
Total minimum lease payments	12,359
Less: amount representing interest	<u>( 623)</u>
Present value of minimum lease payments	<u>\$ 11,736</u>

**G. Notes**

The Monroe County Building Commission, a discretely presented component unit, entered into a bank loan agreement with the Bank of Monroe dated December 26, 2014 in the amount of \$189,000 for the purchase of a building to be used as drug court. Interest will accrue at an annual rate of 3.75%. From the date of the notes acceptance, there are 59 monthly payments scheduled, with a single balloon payment of the entire unpaid balance of principal and interest to be made January 10, 2020.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

Annual debt service requirements to maturity for the note payable is as follows:

<u>Year Ending June 30,</u>	<u>Building Commission</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 10,140	\$ 6,659
2018	10,566	6,234
2019	10,977	5,823
2020	143,855	3,200
Total	<u>\$ 175,538</u>	<u>\$ 21,916</u>

**H. Changes in Long-term Liabilities**

	<u>Governmental Activities</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ --	\$ 15,000	\$ (3,264)	\$ 11,736	\$ 3,668
Net pension liability	360,921	192,485	--	553,406	--
Compensated absences	18,714	14,693	--	33,407	--
Governmental activities Long-term liabilities	<u>\$ 379,635</u>	<u>\$ 222,178</u>	<u>\$ (3,264)</u>	<u>\$ 598,549</u>	<u>\$ 3,668</u>

	<u>Discretely Presented Component Unit - Building Commission</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	<u>\$ 185,309</u>	<u>\$ --</u>	<u>\$ (9,771)</u>	<u>\$ 175,538</u>	<u>\$ 10,140</u>

**I. Prior Period Adjustment**

The following balances required restatement at the beginning of the year as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>
Fund balance / Net position, as previously stated	\$ (77,609)	\$ 708,405
Less:		
Other postemployment benefits payable	<u>(109,005)</u>	<u>(109,005)</u>
Fund balance / Net position, restated	<u>\$ (186,614)</u>	<u>\$ 599,400</u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**IV. OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with West Virginia Counties Risk Pool for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): Workers compensation coverage is provided for this entity by West Virginia Counties Risk Pool.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

**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 County 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.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**D. Postemployment Healthcare Plan**

*Retirement Health Benefit Trust*

*Plan Description.* Upshur County, West Virginia contributed to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia, 25305-0710.

*Authority Establishing the Plan and Funding Policy (RHBT):*

Chapter 5, Article 16D of the West Virginia State Code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members are required to contribute \$429 per month per active health policy. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT board sets the employer contribution rate based on the annual required contributions of the plan (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

There are no active plan members employed by the County; therefore the County's annual required contribution and annual OPEB cost for the RHBT for the current year and each of the two previous years was zero.

*Monroe County Postretirement Health Plan*

Monroe County, a non-participating employer, has not obtained the required actuarial study necessary to record the Other Postemployment Benefits (OPEB) obligation associated with the Monroe County Postretirement Health Plan in accordance with the Governmental Accounting Standards Board (GASB) statement No. 45.

**V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

*General Information about the Pension Plans*

Monroe 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.

**MONROE COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016**

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The following is a summary of eligibility factors, contribution methods, and benefit provisions:

**Public Employees Retirement System (PERS)**

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	<u>Tier I</u>	<u>Tier II</u>
County's contribution rate	4.50%	6.00%
Period required to vest	13.50%      13.50%	
Benefits and eligibility for distribution	Five Years	
	<u>Tier I</u>	
	Normal retirement if 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.	
	<u>Tier II</u>	
	Normal retirement if member who has attained age 62 and has earned 10 years or more of contributing service. The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.	
Deferred retirement portion	No	
Provisions for:		
Cost of living	No	
Death benefits	Yes	

**MONROE COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016**

**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 WVDRS 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%. 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 (five highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.
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.
Annual pension cost and amount contributed:	For the current fiscal year ended, the annual cost was \$71,065 for all covered employees with a contributed percentage of 100%.

*Trend Information*

<u>Fiscal Year</u>	<b>Public Employees</b>		<b>West Virginia</b>	
	<b><u>Retirement System (PERS)</u></b>		<b>Deputy Sheriff Retirement</b>	
	<u>Annual Pension</u>	<u>Percentage</u>	<u>Annual Pension</u>	<u>Percentage</u>
	<u>Cost</u>	<u>Contributed</u>	<u>Cost</u>	<u>Contributed</u>
2016	\$ 181,645	100%	\$ 71,065	100%
2015	\$ 188,428	100%	\$ 65,302	100%
2014	\$ 179,494	100%	\$ 58,727	100%



**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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 County reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the County reported the following proportions and increase/decreases from its proportion measured as of June 30, 2014. Note: these amounts differ from the net pension liability reported on the statement of net position due to rounding and changes to the allocation schedules; however, the differences in these amounts are considered immaterial.

	<u>PERS</u>	<u>WVDSRS</u>
Amount for proportionate share of net pension liability	\$ 419,389	\$ 133,841
Percentage for proportionate share of net pension liability	0.075105%	0.652500%
Increase/decrease % from prior proportion measured	6.460941%	10.660554%

For the year ended June 30, 2016, the County recognized the following pension expenses.

	<u>PERS</u>	<u>WVDSRS</u>
Pension expense	<u>\$ 64,046</u>	<u>\$ 11,245</u>

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

**Public Employees Retirement System**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 42,123	\$ --
Net difference between projected and actual investment earnings on pension plan investments	--	( 91,964)
Difference between expected and actual experience	85,775	--
Deferred difference in assumptions	--	( 50,446)
County contributions subsequent to the measurement date	<u>135,852</u>	<u>--</u>
	<u>\$ 263,750</u>	<u>\$ ( 142,410)</u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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 20, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (13,766)
2018	(13,766)
2019	(18,967)
2020	<u>31,987</u>
Total	<u>\$ (14,512)</u>

**West Virginia Deputy Sheriff Retirement System**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 22,108	\$ --
Net difference between projected and actual investment earnings on pension plan investments	--	(24,525)
Difference between expected and actual experience	5,285	--
Deferred difference in assumptions	--	--
County contributions subsequent to the measurement date	<u>41,599</u>	<u>--</u>
	<u>\$ 68,992</u>	<u>\$ (24,525)</u>

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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (5,974)
2018	(5,974)
2019	(5,955)
2020	12,368
2021	4,746
Thereafter	<u>3,657</u>
Total	<u>\$ 2,868</u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

*Summary of Deferred Outflow / Inflow of Resources*

	PERS	WVDSRS	Total
Changes in employer portion and differences between contributions and proportionate share of pension expense.	\$ 42,123	\$ 22,108	\$ 64,231
Employer contributions subsequent to the measurement date.	135,852	41,599	177,451
Differences between projected and actual investment earnings.	( 91,964)	( 24,525)	( 116,489)
Difference between expected and actual experience	85,775	5,285	91,060
Difference in assumptions	( 50,446)	--	( 50,446)

Actuarial assumptions. Net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015, which is the measurement date, using the following actuarial assumptions.

**Public Employees Retirement System**

Actuarial assumptions

Inflation rate	1.90%
Salary increases	3.0% - 6.0%
Investment Rate of Return	7.50%

Mortality Rates	Healthy males - 110% of RP-2000 Non-Annuitant Scale AA
	Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA
	Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA
	Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA

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%

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

Mortality rates: Active - RP2000 Non-annuitant tables, projected to 2020 scale BB; Retired - RP2000 healthy annuitant tables, projected to 2025 scale BB; Disabled - RP2000 Healthy annuitant table, projected to 2025, scale BB set forward one year.

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

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

<u>Investment</u>	Long-term Expected Real Rate of Return	PERS Target Asset Allocation	DSRS 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	5.6%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%
Cash	1.5%	0.0%	0.0%
		<u>100.0%</u>	<u>100.0%</u>

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.

**MONROE COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016**

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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	\$ 967,222	\$ 419,389	\$	( 43,447)
Government's proportionate share of WVDSRS's net pension liability	\$ 306,212	\$ 133,841	\$	( 8,587)

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.

***REQUIRED SUPPLEMENTARY INFORMATION***

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2016**

**Public Employees Retirement System**  
Last 3 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (percentage)	0.075105%	0.070547%	0.067213%
County's proportionate share of the net pension liability (asset)	\$ 419,389	\$ 260,366	\$ 612,734
County's covered-employee payroll	\$ 1,018,530	\$ 944,705	\$ 899,600
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.18%	27.56%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	91.29%	93.98%	84.58%

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2016**

**West Virginia Deputy Sheriff Retirement System**  
Last 3 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (percentage)	0.652500%	0.589641%	0.561302%
County's proportionate share of the net pension liability (asset)	\$ 133,841	\$ 100,540	\$ 188,059
County's covered-employee payroll	\$ 310,962	\$ 273,149	\$ 245,912
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.04%	36.81%	76.47%
Plan fiduciary net position as a percentage of the total pension liability	89.31%	90.52%	80.20%



**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULES OF GOVERNMENT CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2016**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 135,852	\$ 142,594	\$ 136,982	\$ 125,944	\$ 125,711	\$ 104,191	\$ 85,736	\$ 85,293	\$ 79,010	\$ 69,420
Contributions in relation to the contractually required contribution	<u>(135,852)</u>	<u>(142,594)</u>	<u>(136,982)</u>	<u>(125,944)</u>	<u>(125,711)</u>	<u>(104,191)</u>	<u>(85,736)</u>	<u>(85,293)</u>	<u>(79,010)</u>	<u>(69,420)</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	\$ 1,006,310	\$ 1,018,530	\$ 944,705	\$ 899,600	\$ 866,974	\$ 833,529	\$ 779,419	\$ 812,313	\$ 752,473	\$ 661,147
Contributions as a percentage of covered-employee payroll	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%	10.50%	10.50%

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULES OF GOVERNMENT CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2016**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 41,599	\$ 38,870	\$ 35,509	\$ 31,969	\$ 34,596	\$ 25,712	\$ 17,082	\$ 13,157	\$ 12,500	\$ 16,014
Contributions in relation to the contractually required contribution	(41,599)	(38,870)	(35,509)	(31,969)	(34,596)	(25,712)	(17,082)	(13,157)	(12,500)	(16,014)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's covered-employee payroll	\$ 346,659	\$ 310,962	\$ 273,149	\$ 245,912	\$ 266,126	\$ 244,879	\$ 162,684	\$ 125,305	\$ 119,047	\$ 152,511
Contributions as a percentage of covered-employee payroll	12.00%	12.50%	13.00%	13.00%	13.00%	10.50%	10.50%	10.50%	10.50%	10.50%

***SUPPLEMENTARY INFORMATION***

**MONROE COUNTY, WEST VIRGINIA  
BUDGETARY COMPARISON SCHEDULE -  
ASSESSOR'S VALUATION FUND  
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budget Basis	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Other taxes	\$ 70,210	\$ 70,210	\$ 71,896	\$ 1,686
Map sales	100	100	100	--
Interest	40	40	29	( 11)
<b>Total revenues</b>	<b>70,350</b>	<b>70,350</b>	<b>72,025</b>	<b>1,675</b>
<b>EXPENDITURES:</b>				
Current:				
General government	91,410	88,194	56,394	31,800
Capital outlay	15,000	15,000	--	15,000
<b>Total expenditures</b>	<b>106,410</b>	<b>103,194</b>	<b>56,394</b>	<b>46,800</b>
Excess (deficiency) of revenues over expenditures	( 36,060)	( 32,844)	15,631	48,475
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	--	--	( 22,751)	( 22,751)
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>--</b>	<b>( 22,751)</b>	<b>( 22,751)</b>
<b>Net change in fund balance</b>	<b>( 36,060)</b>	<b>( 32,844)</b>	<b>( 7,120)</b>	<b>25,724</b>
Fund balance at beginning of year	36,060	32,844	32,845	1
Fund balance at end of year	\$ --	\$ --	\$ 25,725	\$ 25,725

**MONROE COUNTY, WEST VIRGINIA  
GOVERNMENTAL FUND BALANCE SHEET  
MONROE COUNTY FARMLAND PROTECTION BOARD  
June 30, 2016**

	<u>Farmland Protection Board</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>Assets:</b>	
<i>Current:</i>	
Cash and cash equivalents	\$ <u>167,836</u>
Total assets	<u>167,836</u>
<b>Fund balance:</b>	
Restricted	<u>167,836</u>
Total fund balance	\$ <u><u>167,836</u></u>
 Amounts reported for the Farmland Protection Board in the statement of net position are different because:	
Capital assets recorded in the statement of net position are not financial resources and are therefore not reported in the funds. (Note III.C)	<u>1,411,091</u>
Net position of the Farmland Protection Board	\$ <u><u>1,578,927</u></u>

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

**MONROE COUNTY, WEST VIRGINIA**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**MONROE COUNTY FARMLAND PROTECTION BOARD**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Farmland Protection Board</u>
<b>REVENUES</b>	
<i>Taxes:</i>	
Other taxes	\$ 62,534
Interest and investment earnings	165
Total revenues	<u>62,699</u>
 <b>EXPENDITURES</b>	
<i>Current:</i>	
General government	<u>74,740</u>
Total expenditures	<u>74,740</u>
Net change in fund balance	( 12,041)
Fund balance - beginning	<u>179,877</u>
Fund balance - ending	<u>\$ 167,836</u>

Amounts reported for the Farmland Protection Board in the statement of activities are different because:

Net change in fund balance	\$ ( 12,041)
Capital outlays are reported as an expenditure in the fund financial statements 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)	<u>40,861</u>
Change in net position of the Farmland Protection Board	<u>\$ 28,820</u>

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

**MONROE COUNTY, WEST VIRGINIA  
GOVERNMENTAL FUND BALANCE SHEET  
MONROE COUNTY BUILDING COMMISSION  
June 30, 2016**

	<u>Building Commission</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
Total assets and deferred outflows of resources	\$ <u>    --</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	
<b>Fund balance:</b>	
Unassigned	\$ <u>    --</u>
Total fund balance	<u>    --</u>
Total liabilities, deferred inflows and fund balance	\$ <u>    --</u>
 Amounts reported for the Building Commission 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)	902,276
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III.H)	<u>( 175,538)</u>
Net position of the Building Commission	\$ <u>    726,738</u>

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

**MONROE COUNTY, WEST VIRGINIA**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**MONROE COUNTY BUILDING COMMISSION**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Building Commission</u>
<b>REVENUES</b>	
Charges for services	\$ <u>16,800</u>
Total revenues	<u>16,800</u>
<b>EXPENDITURES</b>	
<i>Debt service:</i>	
Principal	9,771
Interest	<u>7,029</u>
Total expenditures	<u>16,800</u>
Net change in fund balance	--
Fund balance - beginning	<u>--</u>
Fund balance - ending	<u><u>\$ --</u></u>
Amounts reported for the Building Commission in the statement of activities are different because:	
Net change in fund balance	\$ --
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)	( 29,931)
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.H)	<u>9,771</u>
Change in net position of the Building Commission	<u><u>\$ ( 20,160)</u></u>

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



***ACCOMPANYING INFORMATION***



## State of West Virginia

**John B. McCuskey**

**State Auditor and  
Chief Inspector**

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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

#### **Independent Auditor's Report**

Honorable Members of the  
Monroe County Commission  
Union, West Virginia 24983

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, West Virginia (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 18, 2018. In that report, our opinion was qualified for not properly recording revenues, account receivables, account payables, and expenditures in the General Fund and Governmental Activities, not recognizing the expenses and associated liabilities related to other postemployment benefits for the Monroe County Postretirement Health Plan, and not maintaining source documents related to expenditures for the General Fund, Coal Severance Tax Fund, and Emergency 911 Fund. Our report includes a reference to other auditors who audited the financial statements of the Monroe County Board of Health, the Monroe County Health Center, and the Monroe County Public Library, 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 are reported on separately by those auditors.

#### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2016-001, 2016-008, and 2016-009.

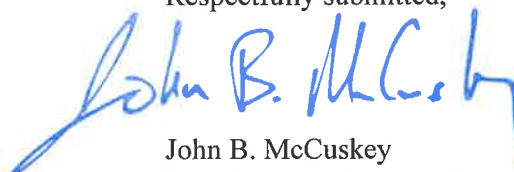
### **Entity's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



John B. McCuskey  
West Virginia State Auditor  
Charleston, West Virginia

December 18, 2018

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Preparation and Publication of Financial Statements**

**2016-001**

**CONDITION:**

We noted during our audit that management of Monroe County failed to prepare and cause to be published the annual financial statements for the fiscal year ended June 30, 2016.

**CRITERIA:**

West Virginia Code §7-5-16 states, in part, that:

"The County Commission of every county, by October 15 of each fiscal year, shall prepare on a form to be prescribed by the state tax commissioner, and cause to be published a statement revealing (1) the receipts and expenditures of the county during the previous fiscal year arranged under descriptive headings, (2) the name of each firm, corporation, and person who received more than fifty dollars from any fund during the previous fiscal year, together with the amount received and the purpose for which paid, and (3) all debts of the county, the purpose for which each debt was contracted, its due date, and to what date the interest thereon has been paid...

By October 15 of each fiscal year, each county commission shall publish the financial statement as a Class I-0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the county."

**CAUSE:**

Officials and management of the County did not have proper procedures in effect to ensure that a financial statement was prepared and published.

**EFFECT:**

The Monroe County Commission has violated West Virginia Code §7-5-16.

**RECOMMENDATION:**

Management is directed to review this statute and comply with the provisions set forth therein.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The County Commission will enlist the assistance of the Auditor's staff for assistance in preparing the annual financial statement and publish such statement as required by WV Code.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Preparation of Financial Statement**

**2016-002**

**CONDITION:**

We noted during our audit of the Monroe County Commission that management did not have controls in place to ensure that financial statements were prepared timely and accurately.

**CRITERIA:**

Indicators of material weaknesses in internal controls include:

- Identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control; and
- Ineffective oversight of the entity's financial reporting and internal control by those charged with governance.

**CAUSE:**

There were not adequate policies and procedures related to controls necessary to minimize the risk of a material misstatement of financial statements prepared in accordance with generally accepted accounting principles.

**EFFECT:**

A significant potential exists for misstatements to occur in the financial statements without being detected by employees or management in a timely manner.

**RECOMMENDATION:**

Management should develop policies and procedures to ensure financial statements are prepared in accordance with generally accepted accounting principles. This may be accomplished by employing qualified personnel that are knowledgeable with the complex requirements associated with governmental financial statements prepared in accordance with generally accepted accounting principles. The County may also consider contracting with an outside firm knowledgeable in this specialized area to facilitate this management function.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The County Commission and County Clerk will develop policies to ensure the financial statement is prepared in accordance with generally accepted principles. The Commission may consider contracting with an outside firm knowledgeable in preparing financial statements to assist us in preparing our statement.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Other Postemployment Benefits Obligation**

**2016-003**

**CONDITION:**

We noted during our audit that the Monroe County Commission failed to record the other postemployment benefits obligation payable in the county's financial statements in accordance with GASB Statement Number 45.

**CRITERIA:**

Governmental Accounting Standards Board (GASB) Statement Number 45 requires that state and local government employers report the costs and obligations associated with postemployment health care and other non-pension benefits known as other postemployment benefits. The requirements of this statement are effective in three phases based on a government's total annual revenue in the first fiscal year ending after June 15, 1999. Governments with annual revenues of \$100 million or more (Phase I Governments) are required to implement in the periods beginning after December 15, 2006. Governments with annual revenues between \$10 million and \$100 million (Phase II Governments) are required to implement in the periods beginning after December 15, 2007. Governments with annual revenues less than \$10 million (Phase III Governments) are required to implement in the periods beginning after December 15, 2008.

**CAUSE:**

Officials did not obtain the actuarial study to determine a correct calculation of the annual required contributions, which were necessary to reflect this liability in the financial statements, and failed to account for the other postemployment benefits obligation.

**EFFECT:**

The noncurrent liabilities related to the Monroe County Postretirement Health Plan are understated which necessitates a qualification of opinion on the financial statements.

**RECOMMENDATION:**

Management should review the requirements set forth in GASB Statement Number 45 and calculate the liability related to other postemployment benefits accordingly.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The Monroe County Commission was under the impression from our previous Auditor that we no longer had to calculate Other Postemployment Benefits. However, the County Commission will have an actuarial study completed to calculate these benefits.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Reconciliation of Balances**

**2016-004**

**CONDITION:**

We noted during our audit that the Monroe County Sheriff's Tax Office and the County Clerk's bookkeeping office failed to reconcile their cash balances on a monthly basis.

**CRITERIA:**

Proper internal control procedures require that the cash balance of each fund accounted for by the County Clerk's Office be reconciled monthly to the Sheriff's Tax Office balance. This reconciliation will make the likelihood of an improper use of monies less possible. In addition, errors are more likely to be discovered and corrected in a timely manner.

**CAUSE:**

Proper procedures have not been implemented between the Sheriff's Tax Office and the County Clerk's bookkeeping department to reconcile on a monthly basis.

**EFFECT:**

Not requiring the reconciliation between the two offices increases the likelihood of discrepancies occurring without being detected in a timely manner, and the risk of an improper use of funds is greatly increased.

**RECOMMENDATION:**

All funds accounted for by the County Clerk's Office should be reconciled to the Sheriff's Office on a monthly basis.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The County Clerk's Office has contacted CSSI, the vendor for both the Clerk's Office and Sheriff's Tax Office for the purpose of scheduling a meeting to discuss what software needs to be purchased or networking needs to be performed to enable the Clerk's Office and Tax Office to reconcile their cash balances on a monthly basis.



**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Retention of Records - County Commission  
2016-005**

**CONDITION:**

We noted during the audit of the Monroe County Commission that supporting documentation for certain expenditures, all 941 documentation, and certain account receivable balances for the fiscal year were not present.

**CRITERIA:**

Proper internal controls require that all backup documentation be adequately maintained.

**CAUSE:**

The County Commission has not established and enforced policies and procedures to ensure that these records were maintained.

**EFFECT:**

There is a greater risk of improper expenditures taking place as the internal control over the disbursement cycle is compromised. Also certain revenues, account receivables, expenditures, and account payables could not be verified. This necessitated a qualification of audit opinion.

**RECOMMENDATION:**

Management should enact and enforce procedures for the maintenance and retention of supporting documentation of expenditures.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The County Commission will establish and enforce policies and procedures to ensure 941 documentation is maintained as well as certain account receivable balances for the fiscal year. The County Clerk's Office went through a change in bookkeeper and some of these records could not be located. The County Clerk has implemented a policy that will ensure these documents are filed in the correct place and can be located quickly at any given time.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Retention of Records - County Clerk's Office  
2016-006**

**CONDITION:**

We noted during our audit of the Monroe County Clerk's Office that certain records, namely the County Clerk's monthly remittance reports and check stubs, for the fiscal year under audit were not present.

**CRITERIA:**

Proper internal controls require that all backup documentation be adequately maintained.

**CAUSE:**

The County Clerk has not established and enforced policies and procedures to ensure that these records were maintained.

**EFFECT:**

The County Clerk did not have adequate records to verify that revenues were properly deposited and that expenditures were properly disbursed.

**RECOMMENDATION:**

The County Clerk should establish and enforce procedures for the maintenance and retention of the monthly remittance reports and check stubs.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The County Clerk will establish and enforce procedures for the maintenance and retention of the monthly remittance reports and check stubs. Again, the Clerk's Office went through a change in personnel and we were unable to locate specific documents. This policy has been put in place and will be enforced.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Segregation of Duties**

**2016-007**

**CONDITION:**

We noted during our audit that there is an insufficient segregation of duties in the Monroe County courthouse. Specifically, we noted that the same employees can collect fees and other revenue, prepare and make deposits, prepare checks, reconcile bank accounts, and prepare monthly reports for the respective office.

**CRITERIA:**

Proper internal control procedures require that various duties be segregated among staff. The duties of collecting, recording, depositing revenues, reconciling bank accounts and disbursing monies should be separated.

**CAUSE:**

The entity has not implemented proper control procedures to sufficiently segregate duties.

**EFFECT:**

The likelihood of errors and/or irregularities occurring without being detected by employees while performing their assigned functions is greatly increased.

**RECOMMENDATION:**

The duties of collecting revenues and writing receipts, preparing and making deposits, issuing checks, reconciling bank accounts, and preparing the monthly statements should be segregated among different employees to the extent possible.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

While we certainly understand the segregation of duties is important, there is virtually no way to segregate duties when you have a staff consisting of three or four individuals. We will certainly do the best we can in segregating duties among different employees.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Expenditures in Excess of Amounts Allocated in the Levy Estimate - General Fund  
2016-008**

**CONDITION:**

We noted during our audit that the Monroe County Commission incurred expenditures in the General fund in excess of the amounts allocated for that item in the official estimate (budget) as last revised. Specifically expenditures in the following categories exceeded the approved amount.

<u>Account Number</u>	<u>Line Item</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
699	Contingencies	\$100,278	\$497,547	(\$397,269)
402	County Clerk	227,692	238,592	(10,900)
406	Assessor	159,055	166,765	(7,710)
412	Agricultural Agent	63,509	65,874	(2,365)

**CRITERIA:**

West Virginia Code §11-8-26 states in part that:

"... a local fiscal body shall not expend money or incur obligations:

- (1) In an unauthorized manner;
- (2) For an unauthorized purpose;
- (3) In excess of the amount allocated to the fund in the levy order;
- (4) In excess of the funds available for current expenses..."

**CAUSE:**

The Monroe County Commission, Monroe County Clerk, and Monroe County Assessor did not have a policy in place to monitor compliance with this statute.

**EFFECT:**

The Monroe County Commission, Monroe County Clerk, and Monroe County Assessor incurred expenditures that were in excess of the amount allocated in their various budget line items.

**RECOMMENDATION:**

The Monroe County Commission, Monroe County Clerk, and Monroe County Assessor are directed to implement effective budgetary controls to ensure that actual expenditures do not exceed the amounts allocated for those expenditures in the official levy estimate as approved by the State Auditor.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The Monroe County Commission, County Clerk and Assessor will implement effective budgetary controls to ensure that actual expenditures do not exceed the amounts allotted for those expenditures in the official levy estimate as approved by the State Auditor.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Failure to Submit Budget Revision to Appropriate the  
Unexpended Fund Balance - General Fund  
2016-009**

**CONDITION:**

We noted during our audit that the Monroe County Commission failed to submit a budget revision for the General Fund to appropriate the actual unexpended fund balance at June 30, 2015 into the subsequent year's budget.

**CRITERIA:**

West Virginia Code §6-9-3 states in part

"All unexpended balances or appropriations shall be transferred to the credit of the fund from which originally appropriated or levied whenever the account with an appropriation is closed."

**CAUSE:**

The Monroe County Commission did not have adequate control procedures in place to ensure that budget revisions were made to appropriate the actual unexpended fund balance at June 30, 2015 in to the subsequent year's budget.

**EFFECT:**

The unexpended balance at June 30, 2015 for the General Fund was not properly appropriated into the current year budget.

**RECOMMENDATION:**

Management is directed to implement effective budgetary controls and submit budget revisions when necessary to appropriate the actual unexpended fund balances at year end into the subsequent year's budget.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

Management will implement effective budgetary controls and submit budget revisions when necessary.

**MONROE COUNTY, WEST VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Fiscal Year Ended June 30, 2016**

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Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2015-001	Preparation and Publication of Financial Statement	Repeated
2015-002	Preparation of Financial Statement and Trial Balances	Repeated
2015-003	Other Postemployment Benefits Obligation	Repeated
2015-004	Segregation of Duties	Repeated
2015-005	Reconciliation of Balances	Repeated
2015-006	Monroe County Farmland Protection Board - Segregation of Duties	Not Repeated