

**AUDIT REPORT OF  
MONROE COUNTY, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**AUDIT REPORT OF  
MONROE COUNTY, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax  
Emergency 911  
Ambulance Fee  
Fire Levy

**NONMAJOR FUNDS**

*Special Revenue Funds*

General School  
Magistrate Court  
Home Confinement  
Monroe Tourism  
Confederate Monument  
K-9  
Concealed Weapons  
Assessor's Valuation  
Voters Registration  
Office of Emergency Management

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**FIDUCIARY FUND TYPE**

*Agency Funds*

State  
School  
Municipal  
Other Agency

**DISCRETELY PRESENTED COMPONENT UNITS**

Monroe County Farmland Protection Board  
Monroe County Building Commission  
Monroe County Board of Health  
Monroe County Health Center  
Monroe County 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, 2018**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Michael Shane Ashley	01-01-13 / 12-31-18
	William "Bill" Miller	01-01-15 / 12-31-20
	Kevin Galford	01-01-17 / 12-31-22
Clerk of the County Commission:	Donnie Evans	01-01-17 / 12-31-22
Clerk of the Circuit Court:	Leta Comer	01-01-17 / 12-31-22
Sheriff:	Sean Crosier	01-01-17 / 09-30-17
	Kenneth Hedrick	10-01-17 / 12-31-18
Prosecuting Attorney:	Justin R. St. Clair	01-01-17 / 12-31-20
Assessor:	Norbert A. Netzel	01-01-17 / 12-31-20



***FINANCIAL SECTION***



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Chief Inspector Division  
State Capitol, Building 1, Suite W-100  
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Charleston, West Virginia 25305

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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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for 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 Board of Health, the Monroe County Health Center, or the Monroe County Public Library, which represent 69 percent, 61 percent and 96 percent, respectively, of the assets, net position and revenues 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 Board of Health, the Monroe County Health Center, and the Monroe County Public Library, is based solely on the report of the 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 audit opinions.

### ***Basis for Qualified Opinion***

Management has not adopted a methodology for ensuring all revenues, receivables, expenditures, and accounts payable, 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, which would impact the assets, revenues, liabilities, expenditures/expenses, and fund balance/net position of the General Fund and governmental activities. The amount by which this departure would affect the assets, revenues, liabilities, expenditures, expenses, and fund balance/net position of the General Fund and Governmental Activities is not reasonably determinable.

Management did not account for the County's postemployment benefits in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. Accounting principles generally accepted in the United States of America require the deferred outflows of resources, liabilities, deferred inflows of resources and expenses related to other postemployment benefits be recognized during the period in which the liability is incurred, thereby increasing the deferred outflows of resources, liabilities, deferred inflows of resources, and expenses and reducing the net position of the governmental activities. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, expenses, and net position of the governmental activities is not reasonably determinable.

Additionally, there was no response from the Municipality's legal counsel regarding any pending litigation.

### ***Qualified Opinion***

In our opinion, based on our report and the report of other auditors, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, West Virginia, as of June 30, 2018, and the 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.

*Emphasis of a Matter*

As discussed Note I.D.10, the County partially implemented the provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

As discussed in Note III-I, the prior year financial statements have been restated due to the partial implementation of the provisions of Governmental Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is 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 40-43 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.

The County 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 opinion on the basic financial statements is 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.

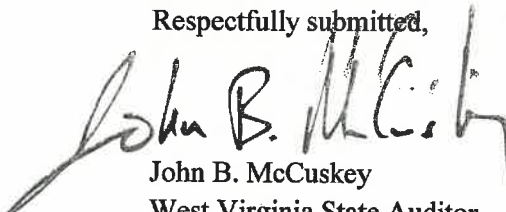
The budgetary comparison for the Assessor's Valuation Fund and the discretely presented component unit fund financial statements for the Monroe County Farmland Protection Board, and the Monroe County Building Commission are the responsibility of management and were derived from and relates directly to 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, except for the possible effect on the supplementary information of the matters described in the "Basis for Qualified Opinion" paragraphs, 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 February 19, 2020, 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

February 19, 2020

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	Primary					
	Governmental	Component Units				
	Governmental	Farmland	Building	Board	Health	Public
	Activities	Protection Board	Commission	of Health	Center	Library
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,428,275	\$ 223,498	\$ --	\$ 510,075	\$ 4,750,600	\$ 51,994
Investments	--	--	--	--	253,219	31,922
Receivables:						
Taxes	154,212	--	--	--	--	--
Accounts	--	--	--	--	544,733	--
Grants	--	--	--	--	27,277	--
Inventory, at cost	--	--	--	--	36,000	--
Prepaid expenses	--	--	--	--	68,923	--
Noncurrent assets:						
Capital assets:						
Nondepreciable:						
Land	31,400	--	--	--	--	6,780
Intangibles:						
Land Easements	--	2,488,795	--	--	--	--
Goodwill	--	--	--	--	111,317	--
Depreciable:						
Buildings	140,000	--	1,330,236	--	--	364,942
Structures and improvements	162,854	--	--	--	--	--
Machinery and equipment	1,588,579	--	--	--	1,801,376	114,384
Leasehold improvements	--	--	--	--	1,833,447	--
Less: accumulated depreciation	( 1,464,358)	--	( 487,821)	--	( 2,902,986)	( 384,030)
Total assets	<u>2,040,962</u>	<u>2,712,293</u>	<u>842,415</u>	<u>510,075</u>	<u>6,523,906</u>	<u>185,992</u>
<b>DEFERRED OUTFLOWS</b>						
Changes in proportion and differences between employer contributions and proportionate share of contributions						
	41,134	--	--	--	264,667	34
Employer contributions subsequent to measurement period						
	157,288	--	--	--	480,893	3,072
Difference between expected and actual experience						
	<u>39,695</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>100,585</u>	<u>716</u>
Total deferred outflows of resources	<u>238,117</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>846,145</u>	<u>3,822</u>

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

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	Primary Government					
	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	\$ --	\$ --	\$ --	\$ --	\$ 117,630	\$ 989
Refunds payable	--	--	--	--	157,780	4,282
Compensated absences payable	--	--	--	--	--	14,213
Noncurrent liabilities:						
Notes payable - due within one year	--	--	10,840	--	--	--
Notes payable - due in more than one year	--	--	143,961	--	--	--
Leases payable - due within one year	4,172	--	--	--	--	--
Leases payable - due in more than one year	411	--	--	--	--	--
Net pension liability	349,415	--	--	--	1,130,271	8,049
Net OPEB liability	--	--	--	--	631,106	--
Compensated absences payable	49,344	--	--	--	257,286	--
<b>Total liabilities</b>	<b>403,342</b>	<b>--</b>	<b>154,801</b>	<b>--</b>	<b>2,294,073</b>	<b>27,533</b>
<b>DEFERRED INFLOWS</b>						
Net difference between projected and actual investment earnings on plan investments	105,156	--	--	--	284,861	1,957
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,833	--	--	--	59,431	1,057
Deferred difference in assumptions	35,138	--	--	--	58,626	417
Difference between expected and actual experience	59,753	--	--	--	4,614	18
<b>Total deferred inflows of resources</b>	<b>211,880</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>407,532</b>	<b>3,449</b>
<b>NET POSITION</b>						
Net investment in capital assets	453,892	2,488,795	687,614	--	843,154	102,076
Unrestricted	1,209,965	223,498	--	510,075	3,825,292	56,756
<b>Total net position</b>	<b>\$ 1,663,857</b>	<b>\$ 2,712,293</b>	<b>\$ 687,614</b>	<b>\$ 510,075</b>	<b>\$ 4,668,446</b>	<b>\$ 158,832</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, 2018**

	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	\$ 2,388,607	\$ 76,136	\$ --	\$ --	(2,312,471)	--	--	--	--	--
Public safety	1,564,136	686,919	98,154	--	(779,063)	--	(19,334)	--	--	--
Health and sanitation	264,113	--	--	--	(264,113)	--	--	--	--	--
Administrative and general	--	53,741	--	--	53,741	--	--	--	--	--
Culture and recreation	4,855	--	--	--	(4,855)	--	--	--	--	--
Social services	14,400	--	--	--	(14,400)	--	--	--	--	--
Total governmental activities	4,236,111	816,796	98,154	--	(3,321,161)	--	(19,334)	2,622	354,849	(35,205)
<b>Component units:</b>										
Farmland Protection Board	22,706	--	--	260,417	--	237,711	--	--	--	--
Building Commission	36,134	16,800	--	--	--	--	--	--	--	--
Board of Health	186,176	27,076	161,722	--	--	--	2,622	--	--	--
Health Center	6,796,958	4,729,269	2,422,538	--	--	--	--	--	354,849	--
Public Library	111,618	12,447	63,966	--	--	--	--	--	--	(35,205)
<b>Total component units</b>	<b>\$ 7,153,592</b>	<b>\$ 4,785,592</b>	<b>\$ 2,648,226</b>	<b>\$ 260,417</b>	<b>--</b>	<b>\$ 237,711</b>	<b>(19,334)</b>	<b>2,622</b>	<b>354,849</b>	<b>(35,205)</b>
<b>General revenues:</b>										
Ad valorem property taxes					\$ 2,527,473	--	--	--	--	--
Hotel occupancy tax					843	--	--	--	--	--
Animal tax					4,038	--	--	--	--	--
Gas and oil severance tax					24,578	--	--	--	--	--
Other taxes					553,761	65,369	--	--	--	--
Coal severance tax					32,730	--	--	--	--	--
Licenses and permits					36,445	--	--	--	--	--
Unrestricted investment earnings					3,509	199	--	522	7,722	31
Refunds					101,048	--	--	--	--	--
Contributions from other entities					2,833	--	--	--	67,064	16,794
Gain on sale of capital assets					4,113	--	--	--	--	--
Miscellaneous					199,011	--	--	--	12,408	16,035
<b>Total general revenues</b>					<b>3,490,382</b>	<b>65,568</b>	<b>--</b>	<b>522</b>	<b>87,194</b>	<b>32,860</b>
<b>Change in net position</b>					<b>169,221</b>	<b>303,279</b>	<b>(19,334)</b>	<b>3,144</b>	<b>442,043</b>	<b>(2,345)</b>
<b>Net position - beginning, restated (Note III.I)</b>					<b>1,494,636</b>	<b>2,409,014</b>	<b>706,948</b>	<b>506,931</b>	<b>4,226,403</b>	<b>161,177</b>
<b>Net position - ending</b>					<b>\$ 1,663,857</b>	<b>\$ 2,712,293</b>	<b>\$ 687,614</b>	<b>\$ 510,075</b>	<b>\$ 4,668,446</b>	<b>\$ 158,832</b>

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



**MONROE COUNTY, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2018**

	General Fund	Coal Severance	Emergency 911	Ambulance Fee	Fire Levy	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>							
<b>Assets:</b>							
Current:							
Cash and cash equivalents	\$ 15,460	\$ 62,216	\$ 893,507	\$ 170,466	\$ 79,738	\$ 206,888	\$ 1,428,275
Receivables:							
Taxes	<u>135,220</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>18,992</u>	<u>--</u>	<u>154,212</u>
Total assets	<u>\$ 150,680</u>	<u>\$ 62,216</u>	<u>\$ 893,507</u>	<u>\$ 170,466</u>	<u>\$ 98,730</u>	<u>\$ 206,888</u>	<u>\$ 1,582,487</u>
<b>Deferred Inflows:</b>							
Unavailable revenue - taxes	<u>84,896</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,793</u>	<u>--</u>	<u>96,689</u>
Total deferred inflows of resources	<u>84,896</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,793</u>	<u>--</u>	<u>96,689</u>
<b>Fund balances:</b>							
Restricted	--	--	893,507	170,466	86,937	206,888	1,357,798
Assigned	--	62,216	--	--	--	--	62,216
Unassigned	<u>65,784</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>65,784</u>
Total fund balances	<u>65,784</u>	<u>62,216</u>	<u>893,507</u>	<u>170,466</u>	<u>86,937</u>	<u>206,888</u>	<u>1,485,798</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 150,680</u>	<u>\$ 62,216</u>	<u>\$ 893,507</u>	<u>\$ 170,466</u>	<u>\$ 98,730</u>	<u>\$ 206,888</u>	<u>\$ 1,582,487</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, 2018**

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Total fund balances on the governmental fund's balance sheet	\$ 1,485,798
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)	458,475
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note III.B)	96,689
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III.H)	( 403,342)
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 (inflow) - Changes in employer portion and differences between contributions and proportionate share of contributions. (Note V)	29,301
Deferred outflow (inflow) - Employer contributions after measurement date. (Note V)	157,288
Deferred outflow (inflow) - Differences between projected and actual investment earnings. (Note V)	( 105,156)
Deferred outflow (inflow) - Differences between expected and actual experience. (Note V)	( 20,058)
Deferred outflow (inflow) - Difference in assumptions. (Note V)	( 35,138)
Net position of governmental activities	\$ 1,663,857

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, 2018**

	General Fund	Coal Severance	Emergency 911	Ambulance Fee	Fire Levy	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes:							
Ad valorem property taxes	\$ 2,287,869	\$ --	\$ --	\$ --	\$ 210,925	\$ --	\$ 2,498,794
Hotel occupancy tax	843	--	--	--	--	--	843
Animal tax	4,038	--	--	--	--	--	4,038
Gas and oil severance tax	24,578	--	--	--	--	--	24,578
Other taxes	37,732	--	--	423,256	--	92,773	553,761
Coal severance tax	--	32,730	--	--	--	--	32,730
Licenses and permits	--	--	--	--	--	36,445	36,445
Intergovernmental:							
State	97,149	--	--	--	--	1,005	98,154
Charges for services	93,089	--	677,651	--	--	23,724	794,464
Fines and forfeits	18,310	--	--	--	--	4,022	22,332
Interest and investment earnings	1,729	40	1,688	--	--	52	3,509
Refunds	101,048	--	--	--	--	--	101,048
Contributions and donations	2,833	--	--	--	--	--	2,833
Miscellaneous	199,011	--	--	--	--	--	199,011
<b>Total revenues</b>	<b>2,868,229</b>	<b>32,770</b>	<b>679,339</b>	<b>423,256</b>	<b>210,925</b>	<b>158,021</b>	<b>4,372,540</b>
<b>EXPENDITURES</b>							
Current:							
General government	2,321,911	32,911	--	--	--	83,352	2,438,174
Public safety	936,849	--	322,035	--	257,706	45,296	1,561,886
Health and sanitation	784	--	--	252,790	--	--	253,574
Culture and recreation	4,855	--	--	--	--	--	4,855
Social services	14,400	--	--	--	--	--	14,400
<b>Total expenditures</b>	<b>3,278,799</b>	<b>32,911</b>	<b>322,035</b>	<b>252,790</b>	<b>257,706</b>	<b>128,648</b>	<b>4,272,889</b>
Excess (deficiency) of revenues over expenditures	( 410,570)	( 141)	357,304	170,466	( 46,781)	29,373	99,651
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	286,910	--	--	--	--	--	286,910
Transfers (out)	--	--	( 261,222)	--	--	( 25,688)	( 286,910)
Proceeds from the sale of assets	8,000	--	--	--	--	--	8,000
<b>Total other financing sources (uses)</b>	<b>294,910</b>	<b>--</b>	<b>( 261,222)</b>	<b>--</b>	<b>--</b>	<b>( 25,688)</b>	<b>8,000</b>
<b>Net change in fund balances</b>	<b>( 115,660)</b>	<b>( 141)</b>	<b>96,082</b>	<b>170,466</b>	<b>( 46,781)</b>	<b>3,685</b>	<b>107,651</b>
Fund balances - beginning, restated (Note III.I.)	181,444	62,357	797,425	--	133,718	203,203	1,378,147
<b>Fund balances - ending</b>	<b>\$ 65,784</b>	<b>\$ 62,216</b>	<b>\$ 893,507</b>	<b>\$ 170,466</b>	<b>\$ 86,937</b>	<b>\$ 206,888</b>	<b>\$ 1,485,798</b>

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, 2018**

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

Net change in fund balances - total governmental funds	\$ 107,651
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)	59,905
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).	( 77,996)
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)	( 3,887)
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 revenues. (Note III.B)	28,679
Prior year unavailable revenues: _____	68,010
Current year unavailable revenues: _____	96,689
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)	3,485
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting.	
Amount of pension expenditures at fund level. (Note V)	157,288
PERS: _____	
DSRS: _____	
Amount of pension expenses recognized at government-wide level. (Note V)	( 99,129)
PERS: _____	
DSRS: _____	
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)	( 6,775)
Change in net position of governmental activities	<u>\$ 169,221</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, 2018**

	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	\$ 1,769,844	\$ 1,769,844	\$ 2,287,869	\$ (114,437)	\$ 2,173,432	\$ 403,588
Alcoholic beverages tax	1,000	1,000	--	--	--	(1,000)
Hotel occupancy tax	1,000	1,000	843	--	843	(157)
Animal tax	5,000	5,000	4,038	--	4,038	(962)
Gas and oil severance tax	30,000	30,000	24,578	--	24,578	(5,422)
Other taxes	45,000	45,000	37,732	--	37,732	(7,268)
Intergovernmental:						
Federal	54,000	54,000	--	--	--	(54,000)
State	35,000	35,000	97,149	--	97,149	62,149
Charges for services	161,900	161,900	86,792	--	86,792	(75,108)
Fines and forfeits	40,000	40,000	18,310	--	18,310	(21,690)
Interest and investment earnings	1,500	1,500	1,729	--	1,729	229
Refunds	165,954	165,954	101,048	--	101,048	(64,906)
Contributions and donations	78,700	78,700	2,833	--	2,833	(75,867)
Miscellaneous	157,000	157,000	205,308	--	205,308	48,308
<b>Total revenues</b>	<b>2,545,898</b>	<b>2,545,898</b>	<b>2,868,229</b>	<b>(114,437)</b>	<b>2,753,792</b>	<b>207,894</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,818,569	1,818,569	2,321,911	--	2,321,911	(503,342)
Public safety	1,157,908	1,157,908	936,849	--	936,849	221,059
Health and sanitation	3,500	3,500	784	--	784	2,716
Culture and recreation	6,000	6,000	4,855	--	4,855	1,145
Social services	19,200	19,200	14,400	--	14,400	4,800
<b>Total expenditures</b>	<b>3,005,177</b>	<b>3,005,177</b>	<b>3,278,799</b>	<b>--</b>	<b>3,278,799</b>	<b>(273,622)</b>
Excess (deficiency) of revenues over expenditures	(459,279)	(459,279)	(410,570)	(114,437)	(525,007)	(65,728)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	459,279	459,279	286,910	--	286,910	(172,369)
Proceeds from the sale of assets	--	--	8,000	--	8,000	8,000
<b>Total other financing sources (uses)</b>	<b>459,279</b>	<b>459,279</b>	<b>294,910</b>	<b>--</b>	<b>294,910</b>	<b>(164,369)</b>
Net change in fund balance	--	--	(115,660)	(114,437)	(230,097)	(230,097)
Fund balance - beginning, restated (Note III.I.)	--	--	181,444	64,113	245,557	245,557
<b>Fund balance - ending</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 65,784</b>	<b>\$ (50,324)</b>	<b>\$ 15,460</b>	<b>\$ 15,460</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Coal severance tax	\$ 28,800	\$ 28,800	\$ 32,730	\$ 3,930
Interest and investment earnings	100	100	40	( 60)
Total revenues	<u>28,900</u>	<u>28,900</u>	<u>32,770</u>	<u>3,870</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>28,900</u>	<u>28,900</u>	<u>32,911</u>	<u>( 4,011)</u>
Total expenditures	<u>28,900</u>	<u>28,900</u>	<u>32,911</u>	<u>( 4,011)</u>
Net change in fund balance	--	--	( 141)	( 141)
Fund balance - beginning	<u>--</u>	<u>--</u>	<u>62,357</u>	<u>62,357</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 62,216</u>	<u>\$ 62,216</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, 2018**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Non-pooled cash	\$ <u>589,160</u>
Total cash	<u>589,160</u>
Receivables:	
Taxes	<u>365,343</u>
Total receivables	<u>365,343</u>
Total assets	<u><u>\$ 954,503</u></u>
<b>LIABILITIES</b>	
Due to: other governments	<u>954,503</u>
Total liabilities	<u><u>\$ 954,503</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, 2018**

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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 government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued, and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority, and (2) the ability to impose will, or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the County.

*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, 2018**

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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 3 members appointed by the County Commission for a term of 3 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 are normally 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.

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

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The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

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 government reports the following major governmental funds:

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

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

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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 emergency dispatch system in the County.

The *Ambulance Fee fund*, a special revenue service fund, accounts for revenues and expenditures from an Ambulance Fee Ordinance that went into effect July 1, 2017.

The *Fire Levy fund*, a special revenue fund, accounts for revenues and expenditure from a fire levy passed by the County.

Additionally, the government reports the following fund types:

The agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the full accrual basis of accounting. These funds are used to account for assets that 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 and Investments**

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.

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

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**2. Receivables and Payables**

*Interfund Transactions*

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

*Property Tax Receivable*

The property tax receivable allowance is equal to 10 percent of the property taxes outstanding at June 30, 2018.

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

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.

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

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	\$ - -	14.27 cents	17.21 cents	2.04 cents
Class II	317,068,492	28.54 cents	34.42 cents	4.08 cents
Class III	140,085,642	57.08 cents	68.84 cents	8.16 cents
Class IV	19,682,538	57.08 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 and Prepaid Items**

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

### **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 County 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.

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

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

<u>Asset</u>	<u>Straight-line Years</u>	<u>Inventory Purposes</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	\$ 1	\$ Capitalize only
Land improvement	20 to 30 years	1	12,500.00
Building	40 years	1	25,000.00
Building improvements	20 to 25 years	1	25,000.00
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	7,500.00
Vehicles	5 to 10 years	1,000	15,000.00
Infrastructure	40 to 50 years	50,000	100,000.00

**5. Compensated Absences**

No liability is reported for unpaid accumulated sick leave.

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements as applicable. 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.

**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.

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

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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.

### *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 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.

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.

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

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**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's Public Employees Retirement System (PERS) and Deputy Sheriffs Retirement System (DSRS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS and DSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. Change in Accounting Principle**

Effective July 1, 2017, the County partially adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of the requirements of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The effect on beginning net position and fund balance is disclosed in Note III.I.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Monroe County, West Virginia prepares its 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 both the General Fund and Coal Severance Tax Special Revenue 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.



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

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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.

**B. Excess of Expenditures Over Appropriations**

For this fiscal year, expenditures exceeded appropriations in the General Fund by \$273,622. This over expenditure was funded by available fund balance.

For this fiscal year, expenditures exceeded appropriations in the Coal Severance Tax Fund by \$4,011. This over expenditure was funded by available fund balance.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year-end, the government had no investments.

*Custodial Credit Risk*

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

At year end, the County's bank balances were \$2,017,435. 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.

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>2,017,435</u>
Total	\$ <u><u>2,017,435</u></u>
Cash and cash equivalents	\$ 1,428,275
Cash and cash equivalents-restricted	<u>589,160</u>
Total	\$ <u><u>2,017,435</u></u>

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

For deposits, the Monroe County Farmland Protection Board could be exposed to risk in the event of a bank failure where the Board's deposits may not be returned. The Board does not have a deposit policy for custodial credit risk. At year end, the Board's bank balances were \$223,498 and were fully collateralized by federal depository insurance.

**B. Receivables**

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

	<u>General</u>	<u>Fire Levy</u>	<u>Total</u>	<u>Fiduciary</u>
Receivables:				
Taxes	\$ 150,244	\$ 21,102	\$ 171,346	\$ 404,206
Less: Allowance for uncollectible	<u>( 15,024)</u>	<u>( 2,110)</u>	<u>( 17,134)</u>	<u>( 38,863)</u>
Net total receivables	<u>\$ 135,220</u>	<u>\$ 18,992</u>	<u>\$ 154,212</u>	<u>\$ 365,343</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)	\$ 84,896
Delinquent property taxes receivable (Fire Levy)	<u>11,793</u>
Total unavailable revenue for governmental funds	<u>\$ 96,689</u>

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

**C. Capital Assets**

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

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 31,400	\$ --	\$ --	\$ 31,400
Total capital assets not being depreciated	<u>31,400</u>	<u>--</u>	<u>--</u>	<u>31,400</u>
Capital assets being depreciated:				
Buildings	140,000	--	--	140,000
Structures and improvements	162,854	--	--	162,854
Machinery and equipment	1,537,124	59,905	( 8,450)	1,588,579
Less: Total accumulated depreciation	<u>( 1,390,925)</u>	<u>( 77,996)</u>	<u>4,563</u>	<u>( 1,464,358)</u>
Total capital assets being depreciated, net	<u>449,053</u>	<u>( 18,091)</u>	<u>( 3,887)</u>	<u>427,075</u>
Governmental activities capital assets, net	<u>\$ 480,453</u>	<u>\$ ( 18,091)</u>	<u>\$ ( 3,887)</u>	<u>\$ 458,475</u>

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

<b>Governmental activities:</b>	
General government	\$ 9,012
Public safety	58,445
Health and sanitation	<u>10,539</u>
Total depreciation expense-governmental activities	<u>\$ 77,996</u>

**Discretely Presented Component Units**

Activity related to capital assets for the Monroe County Farmland Protection Board for the fiscal year ended June 30, 2018 was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, not being depreciated:				
Intangibles: Land Easements	\$ 2,234,891	\$ 253,904	\$ --	\$ 2,488,795
Total capital assets	<u>\$ 2,234,891</u>	<u>\$ 253,904</u>	<u>\$ --</u>	<u>\$ 2,488,795</u>

The capital asset category of intangibles - land easements consists of permanent land easements with an indefinite useful life and is therefore not amortized.

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

Activity related to capital assets for the Monroe County Building Commission for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 1,330,236	\$ -	\$ -	\$ 1,330,236
Less: accumulated depreciation	(457,891)	(29,930)	-	(487,821)
Total capital assets	\$ 872,345	\$ (29,930)	\$ -	\$ 842,415

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

*Interfund Transfers:*

Transferred from:	Transferred to:	Purpose	Amount
Emergency 911	General	Reimbursement	\$ 261,222
Assessor's Valuation	General	Reimbursement	25,688
Total			\$ 286,910

**E. Fund Balance Detail**

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

	General Fund	Coal Severance Fund	Emergency 911	Ambulance Fee	Fire Levy
Restricted:					
Public safety	\$ --	\$ --	\$ 893,507	\$ --	\$ 86,937
Health and sanitation	--	--	--	170,466	--
Assigned:					
Budget Carryover	--	62,216	--	--	--
Unassigned	65,784	--	--	--	--
Total fund balances	\$ 65,784	\$ 62,216	\$ 893,507	\$ 170,466	\$ 86,937

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

	Non-major Funds	Total
Restricted:		
General government	\$ 84,614	\$ 84,614
Public safety	122,274	1,102,718
Health and sanitation	--	170,466
Assigned:		
Budget Carryover	--	62,216
Unassigned	--	65,784
 Total fund balances	 \$ 206,888	 \$ 1,485,798

**F. Leases**

*Capital Leases*

The government 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.

The assets acquired through capital leases are as follows:

<u>Assets:</u>	Governmental Activities
Tax Server	\$ 15,000
Less: accumulated depreciation	( 7,875)
 Total	 \$ 7,125

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

<u>Year Ending June 30,</u>	Governmental Activities
2019	\$ 4,338
2020	412
 Total minimum lease payments	 4,750
 Less: amount representing interest	 ( 167)
 Present value of minimum lease payments	 \$ 4,583

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**G. Notes**

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

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

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2019	\$ 10,840	\$ 5,823
2020	143,961	3,200
Total	<u>\$ 154,801</u>	<u>\$ 9,023</u>

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

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 8,068	\$ --	\$ (3,485)	\$ 4,583	\$ 4,172
Net pension liability	895,642	--	(546,227)	349,415	--
Compensated absences	42,569	6,775	--	49,344	--
Governmental activities Long-term liabilities	<u>\$ 946,279</u>	<u>\$ 6,775</u>	<u>\$ (549,712)</u>	<u>\$ 403,342</u>	<u>\$ 4,172</u>
	<b>Discretely Presented Component Unit - Building Commission</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes	<u>\$ 165,397</u>	<u>\$ --</u>	<u>\$ (10,596)</u>	<u>\$ 154,801</u>	<u>\$ 10,840</u>

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

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**I. Prior Period Adjustment**

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

	General Fund	Governmental Activities
Fund balances (Net position), as previously stated	\$ 72,439	\$ 1,385,631
Add:		
OPEB payable balance reported in prior years in accordance with GASB 45.	109,005	109,005
Fund balances (Net position), restated	\$ 181,444	\$ 1,494,636

**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 County's legal counsel failed to respond regarding pending litigation.

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

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**C. Deferred Compensation Plan**

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

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

**V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

*General Information about the Pension Plans*

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.

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.	
	<u>Tier I</u>	<u>Tier II</u>
Plan member's contribution rate	4.50%	6.00%
County's contribution rate	11.00%	11.00%
Period required to vest	Five Years	
Benefits and eligibility for distribution	<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.	



**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Tier II

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

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.

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

Annual pension cost and amount contributed: For the current fiscal year ended, the annual cost was \$41,965 for all covered employees with a contributed percentage of 100%.

*Trend Information*

<u>Fiscal Year</u>	<u>Public Employees Retirement System (PERS)</u>		<u>West Virginia Deputy Sheriff Retirement System (WVDSRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2018	\$ 115,323	100%	\$ 41,965	100%
2017	\$ 123,151	100%	\$ 40,712	100%
2016	\$ 135,586	100%	\$ 41,599	100%

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

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

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. 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. At June 30, 2017, the government's reported the following proportions, per the actuarial valuation, and increase/decreases from its proportion measured as of June 30, 2016:

	<u>PERS</u>	<u>WVDSRS</u>
Amount for proportionate share of net pension liability	\$ 322,015	\$ 25,405
Percentage for proportionate share of net pension liability	0.074602%	0.678007%
Increase/decrease % from prior proportion measured	2.35577%	-3.55643%

For the year ended June 30, 2018, the government recognized the following pension expenses.

	<u>PERS</u>	<u>WVDSRS</u>
Pension expense	\$ 81,298	\$ 17,831

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

The government 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	\$ 18,299	\$ ( 7,225)
Net difference between projected and actual investment earnings on pension plan investments	--	( 78,287)
Difference between expected and actual experience	28,657	( 712)
Deferred difference in assumptions	--	( 16,703)
Government contributions subsequent to the measurement date	115,323	--
	<u>\$ 162,279</u>	<u>\$ ( 102,927)</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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$	( 20,402)
2020		30,139
2021		1,305
2022		<u>( 67,013)</u>
 Total	 \$	 <u>( 55,971)</u>

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

**West Virginia Deputy Sheriff Retirement System**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 22,835	\$ (4,608)
Net difference between projected and actual investment earnings on pension plan investments	--	(26,869)
Difference between expected and actual experience	11,038	(59,041)
Deferred difference in assumptions	--	(18,435)
Government contributions subsequent to the measurement date	41,965	--
	\$ 75,838	\$ (108,953)

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

Year Ended June 30:

2019	\$	(18,347)
2020		691
2021		(7,228)
2022		(26,018)
2023		(10,654)
Thereafter		(13,524)
Total	\$	(75,080)

Summary of Deferred Outflow/Inflow Balances

	Total	PERS	DSRS
Difference between expected and actual experience	\$ (20,058)	\$ 27,945	\$ (48,003)
Changes in assumptions	(35,138)	(16,703)	(18,435)
Net difference between projected and actual earnings on pension plan investments	(105,156)	(78,287)	(26,869)
Changes in proportion and differences between government contributions and proportionate share of contributions	29,301	11,074	18,227
Government contributions subsequent to the measurement date	157,288	115,323	41,965

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

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Actuarial assumptions. Net pension liability was determined by actuarial valuations as of June 30, 2016 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

**Public Employees Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	State 3.0-4.6%, Nonstate 3.35-6.0%
Investment Rate of Return	7.50%
Mortality Rates	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational

The date range of the most recent experience study was from 2009-2014.

**West Virginia Deputy Sheriff Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	5.0% for first 2 years of service 4.5% for next 3 years of service 4.0% for the next 5 years of service, and 3.5% thereafter
Investment Rate of Return	7.50%
Mortality Rates	Active - 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational Healthy male retirees - 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational Healthy female retirees - 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational Disabled males - 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational Disabled females - 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational

The date range of the most recent experience study was from 2011-2016.

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

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%	15.0%	15.0%
High Yield Fixed Income	5.5%	0.0%	0.0%
TIPS	2.7%	0.0%	0.0%
Real Estate	7.0%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%
		<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.

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	\$ 891,481	\$ 322,015	\$ (159,463)
Government's proportionate share of WVDSRS's net pension liability	\$ 220,474	\$ 25,405	\$ (135,181)

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

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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, 2018**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.074602%	0.072885%	0.075105%	0.070547%	0.067213%
Government's proportionate share of the net pension liability (asset)	\$ 322,015	\$ 669,897	\$ 419,389	\$ 260,366	\$ 612,734
Government's covered payroll	\$ 1,026,261	\$ 1,004,341	\$ 1,018,530	\$ 944,705	\$ 899,600
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.38%	66.70%	41.18%	27.56%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	93.98%	84.58%

\* - The amounts presented for each fiscal year were determined as of June 30.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.678007%	0.703009%	0.652500%	0.589641%	0.561302%
Government's proportionate share of the net pension liability (asset)	\$ 25,405	\$ 223,810	\$ 133,841	\$ 100,540	\$ 188,059
Government's covered payroll	\$ 339,263	\$ 346,659	\$ 310,962	\$ 273,149	\$ 245,912
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	7.49%	64.56%	43.04%	36.81%	76.47%
Plan fiduciary net position as a percentage of the total pension liability	98.17%	84.48%	89.31%	90.52%	80.20%

\* - The amounts presented for each fiscal year were determined as of June 30.

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULES OF GOVERNMENT CONTRIBUTIONS - RETIREMENT SYSTEMS**  
**For the Fiscal Year Ended June 30, 2018**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 115,323	\$ 123,151	\$ 135,586	\$ 142,594	\$ 136,982	\$ 125,944	\$ 125,711	\$ 104,191	\$ 85,736	\$ 85,293
Contributions in relation to the contractually required contribution	<u>(115,323)</u>	<u>(123,151)</u>	<u>(135,586)</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>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Government's covered payroll	\$ 1,048,391	\$ 1,026,261	\$ 1,004,341	\$ 1,018,530	\$ 944,705	\$ 899,600	\$ 866,974	\$ 833,529	\$ 779,419	\$ 812,313
Contributions as a percentage of covered payroll	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULES OF GOVERNMENT CONTRIBUTIONS - RETIREMENT SYSTEMS**  
**For the Fiscal Year Ended June 30, 2018**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 41,965	\$ 40,712	\$ 41,599	\$ 38,870	\$ 35,509	\$ 31,969	\$ 34,596	\$ 25,712	\$ 17,082	\$ 13,157
Contributions in relation to the contractually required contribution	<u>(41,965)</u>	<u>(40,712)</u>	<u>(41,599)</u>	<u>(38,870)</u>	<u>(35,509)</u>	<u>(31,969)</u>	<u>(34,596)</u>	<u>(25,712)</u>	<u>(17,082)</u>	<u>(13,157)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Government's covered payroll	\$ 349,705	\$ 339,263	\$ 346,659	\$ 310,962	\$ 273,149	\$ 245,912	\$ 266,126	\$ 244,879	\$ 162,684	\$ 125,305
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	12.50%	13.00%	13.00%	13.00%	10.50%	10.50%	10.50%

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2018**

**Public Employees Retirement System (PERS)**

*Changes of benefit terms* . Legislation passed during the 2015 Legislative session created a second tier of retirement benefits for those hired for the first time and first become a member of PERS on or after July 1, 2015 (Tier II). For tier II employees, 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.

*Changes of assumptions:*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Inflation	3.0%	3.0%	3.0%	3.0%
Salary Increases	State: 3.00% - 4.60%; Nonstate: 3.35% - 6.00%	4.25% - 6.00%	4.25% - 6.00%	4.25% - 6.00%
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%
Mortality	Healthy males – 110% RP-2000 Non-Annuitant, scale AA fully generational; Healthy females – 101% RP-2000 Non-Annuitant, scale AA fully generational; Disabled males – 96% RP-2000 Disabled Annuitant, scale AA fully generational; Disabled females – 107% RP-2000 Disabled Annuitant, scale AA fully generational.	Healthy males - 1983 GAM; Healthy females - 1971 GAM, set back 1 year; Disabled males - 1971 GAM, set forward 8 years; Disabled females - revenue ruling 96-7.	Healthy males - 1983 GAM; Healthy females - 1971 GAM, set back 1 year; Disabled males - 1971 GAM, set forward 8 years; Disabled females - revenue ruling 96-7.	Healthy males - 1983 GAM; Healthy females - 1971 GAM, set back 1 year; Disabled males - 1971 GAM, set forward 8 years; Disabled females - revenue ruling 96-7.
Discount Rate	7.5%	7.5%	7.5%	7.5%

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2018**

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

*Changes of assumptions:*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Inflation	3.0%	3.0%	3.0%	3.0%
Salary Increases	5.00% for first 2 years; 4.50% next 3 years; 4.00% next 5 years and 3.50% thereafter.	5.00% for first 2 years; 4.50% next 3 years; 4.00% next 5 years and 3.50% thereafter.	5.00% for first 2 years; 4.50% next 3 years; 4.00% next 5 years and 3.50% thereafter.	5.00% for first 2 years; 4.50% next 3 years; 4.00% next 5 years and 3.50% thereafter.
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%
Mortality	Active - RP-2000 Annuitant, scale BB projected to 2020; Retired - RP-2000 Healthy Annuitant, scale BB projected to 2025; Disabled - RP-2000 Healthy Annuitant, scale BB projected to 2025, set forward 1 year.	Active - RP-2000 Annuitant, scale BB; Retired - RP-2000 Healthy Annuitant, scale BB; Disabled - RP-2000 Healthy Annuitant, scale BB, set forward 1 year.	Active - RP-2000 Annuitant, scale BB; Retired - RP-2000 Healthy Annuitant, scale BB; Disabled - RP-2000 Healthy Annuitant, scale BB, set forward 1 year.	Active - RP-2000 Annuitant, scale BB; Retired - RP-2000 Healthy Annuitant, scale BB; Disabled - RP-2000 Healthy Annuitant, scale BB, set forward 1 year.
Discount Rate	7.5%	7.5%	7.5%	7.5%

***SUPPLEMENTARY INFORMATION***

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

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 81,222	\$ 81,222	\$ 92,773	\$ 11,551
Map sales	200	200	425	225
Interest	35	35	35	--
<b>Total revenues</b>	<b>81,457</b>	<b>81,457</b>	<b>93,233</b>	<b>11,776</b>
<b>EXPENDITURES:</b>				
Current:				
General government	90,360	91,547	77,623	13,924
Capital outlay	27,669	27,669	--	27,669
<b>Total expenditures</b>	<b>118,029</b>	<b>119,216</b>	<b>77,623</b>	<b>41,593</b>
Excess (deficiency) of revenues over expenditures	( 36,572)	( 37,759)	15,610	53,369
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	--	--	( 25,688)	( 25,688)
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>--</b>	<b>( 25,688)</b>	<b>( 25,688)</b>
<b>Net change in fund balance</b>	<b>( 36,572)</b>	<b>( 37,759)</b>	<b>( 10,078)</b>	<b>27,681</b>
Fund balance at beginning of year	36,572	37,759	57,576	19,817
Fund balance at end of year	\$ --	\$ --	\$ 47,498	\$ 47,498



**MONROE COUNTY, WEST VIRGINIA  
GOVERNMENTAL FUND BALANCE SHEET  
MONROE COUNTY FARMLAND PROTECTION BOARD  
June 30, 2018**

	<u>Farmland Protection Board</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>Assets:</b>	
<i>Current:</i>	
Cash and cash equivalents	\$ <u>223,498</u>
Total assets	\$ <u><u>223,498</u></u>
<b>Fund balance:</b>	
Unassigned	<u>223,498</u>
Total fund balance	<u>223,498</u>
Total liabilities, deferred inflows and fund balance	\$ <u><u>223,498</u></u>
Amounts reported for the Monroe County Farmland Protection Board 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)	<u>2,488,795</u>
Net position of the Monroe County Farmland Protection Board	\$ <u><u>2,712,293</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, 2018**

	<u>Farmland Protection Board</u>
<b>REVENUES</b>	
<i>Taxes:</i>	
Other taxes	\$ 65,369
<i>Intergovernmental:</i>	
State	260,417
Interest and investment earnings	<u>199</u>
Total revenues	<u>325,985</u>
 <b>EXPENDITURES</b>	
<i>Current:</i>	
General government	<u>276,610</u>
Total expenditures	<u>276,610</u>
Net change in fund balance	49,375
Fund balance - beginning	<u>174,123</u>
Fund balance - ending	<u><u>\$ 223,498</u></u>
 Amounts reported for the Monroe County Farmland Protection Board in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 49,375
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)	253,904
Change in net position of the Monroe County Farmland Protection Board	<u><u>\$ 303,279</u></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, 2018**

	<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 Monroe County 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)	\$ 842,415
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III.G)	<u>( 154,801)</u>
Net position of the Monroe County Building Commission	\$ <u>    687,614</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, 2018**

	<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	10,596
Interest	<u>6,204</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 Monroe County Building Commission in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ --
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)	( 29,930)
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>10,596</u>
Change in net position of the Monroe County Building Commission	<u><u>\$ ( 19,334)</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 the Monroe County Commission, West Virginia (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 19, 2020. In that report, we issued a qualified opinion for not properly recording certain revenues, receivables, expenditures, and payables in the General Fund, for not having an actuarial study done to determine the County's liability with regard to certain defined benefits in accordance with GASB 75 and due to failure to receive a response regarding pending litigation. 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 and significant deficiencies.

*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 2018-001, 2018-003, and 2018-004 to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2018-005 and 2018-010 to be significant deficiencies.

### **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 2018-002, 2018-006, 2018-007, 2018-008, and 2018-009.

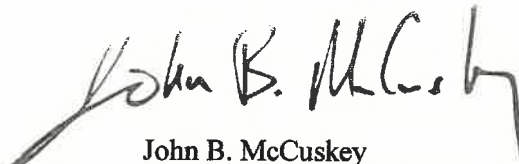
### **Entity's Response to Findings**

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

February 19, 2020



**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions  
2018-001**

**CONDITION:**

We determined during our audit that management did not account for postemployment benefits other than pensions in accordance with Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**CRITERIA:**

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017. This statement established standards of accounting and financial reporting for defined benefit other postemployment benefits and defined contribution other postemployment benefits that are provided to the employees of state and local governmental employers through other postemployment benefit plans that are administered through trusts or equivalent arrangements that meet certain criteria. GASB Statement No. 75 also established standards of accounting and financial reporting for defined benefit other postemployment benefits and defined contribution other postemployment benefits that are provided to the employees of state and local governmental employers through other postemployment benefit plans that are not administered through trusts that meet certain criteria.

**CAUSE:**

Management did not have controls in place to ensure that a GASB 75 actuarial valuation was conducted.

**EFFECT:**

The financial statements of the Monroe County Commission do not account for the County's postemployment benefits in accordance with the provisions of GASB Statement No. 75. This necessitated a qualification of opinion.

**RECOMMENDATION:**

Management should review the requirements set forth in GASB Statement No. 75. Further, management should acquire an actuarial valuation that presents a fair position of the funded status of the County's postemployment plans in accordance with GASB Statement No. 75.

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

The County Commission will obtain the necessary evaluation for future audits.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**Preparation and Publication of Financial Statements**

**2018-002**

**CONDITION:**

We noted during our audit that the Monroe County Commission failed to prepare and cause to be published the annual financial statements for the fiscal year ended June 30, 2018.

**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..."

**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 failed to prepare and publish financial statements in accordance with West Virginia Code §7-5-16.

**RECOMMENDATION:**

The Monroe County Commission 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, 2018**

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**Preparation of Financial Statement**

**2018-003**

**CONDITION:**

We noted during our audit that the Monroe County Commission 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:**

Inadequate policies and procedures were in place 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 about the complex requirements associated with governmental financial statements prepared in accordance with generally accepted accounting principles. The County officials 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, 2018**

---

**Reconciliation of Balances**

**2018-004**

**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:**

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, 2018**

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**Segregation of Duties  
2018-005**

**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.

**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, 2018**

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**Failure to Submit Budget Revision to Appropriate the  
Unexpended Fund Balance - General Fund  
2018-006**

**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, 2017 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, 2017 into the subsequent year's budget.

**EFFECT:**

The unexpended balance at June 30, 2017 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 indicated they will implement effective budgetary controls and submit budget revisions when necessary.

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Failure to Submit Budget Revision to Appropriate the  
Unexpended Fund Balance - Coal Severance Tax Fund  
2018-007**

**CONDITION:**

We noted during our audit that the Monroe County Commission failed to submit a budget revision for the Coal Severance Tax Fund to appropriate the actual unexpended fund balance at June 30, 2017 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, 2017 into the subsequent year's budget.

**EFFECT:**

The unexpended balance at June 30, 2017 for the Coal Severance Tax 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  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Expenditures in Excess of Amounts Allocated in the Levy Estimate - General Fund  
2018-008**

**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	\$ 239,864	\$ 764,436	\$ (524,572)
401	County Commission	346,548	529,906	(183,358)
700	Law Enforcement	362,069	426,505	(64,436)
415	Magistrate Court	12,000	16,067	(4,067)

**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 is 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 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, 2018**

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**Expenditures in Excess of Amounts Allocated in the Levy Estimate - Coal Severance Fund  
2018-009**

**CONDITION:**

We noted during our audit that the Monroe County Commission incurred expenditures in the Coal Severance 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>Line Item</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government	\$ 28,900	\$ 32,911	\$ (4,011)

**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 and Monroe County Clerk did not have a policy in place to monitor compliance with this statute.

**EFFECT:**

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

**RECOMMENDATION:**

The Monroe County Commission is 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 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, 2018**

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**Controls Over Ambulance Fee Fund  
2018-010**

**CONDITION:**

During our audit of the Monroe County Commission it was noted that there were multiple discrepancies between the check register and the bank statement for the Ambulance Fee fund.

**CRITERIA:**

Effective internal controls dictate that the check register maintain an accurate record of what date and to whom checks were written.

**CAUSE:**

The Monroe County Commission did not have effective internal controls in place for the Ambulance Fee fund for the fiscal year.

**EFFECT:**

The activity recorded in the ambulance fee check register did not reconcile to the bank account for the same fund.

**RECOMMENDATION:**

The Monroe County Commission is directed to implement controls that will ensure the Ambulance Fee check register is accurate and reconciles to the bank account.

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

Municipal officials stated they will implement a reconciliation procedure.

**MONROE COUNTY, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2018**

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<u>Status of Prior Year Audit Findings</u>		
<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2017-001	Preparation and Publication of Financial Statements	Not Resolved
2017-002	Preparation of Financial Statement	Not Resolved
2017-003	Other Postemployment Benefits Obligation	Not Repeated
2017-004	Reconciliation of Balances	Not Resolved
2017-005	Retention of Records - County Commission	Resolved
2017-006	Retention of Records - County Clerk's Office	Resolved
2017-007	Segregation of Duties	Not Resolved
2017-008	Failure to Submit Budget Revision to Appropriate the Unexpended Fund Balance - General Fund	Not Resolved
2017-009	Failure to Submit Budget Revision to Appropriate the Unexpended Fund Balance - Coal Severance Tax Fund	Not Resolved
2017-010	Expenditures in Excess of Amounts Allocated in the Levy Estimate - General Fund	Not Resolved