

**Monroe County**

**RFP# 21-071**

# **Monroe County, West Virginia**

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**Financial Statements and Independent Auditor's Report**

**For the Fiscal Year Ended June 30, 2019**

**MONROE COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
For the Fiscal Year Ended June 30, 2019**

**GOVERNMENTAL FUND TYPES**

MAJOR FUNDS

General  
Coal Severance Tax  
Emergency 911  
Ambulance Fee  
Fire Levy

NONMAJOR FUNDS

*Special Revenue Funds*

Magistrate Court  
Monroe Tourism  
Confederate Monument  
Concealed Weapons  
Assessor's Valuation  
Voters Registration  
Office of Emergency Management

**FIDUCIARY FUNDS**

*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, 2019**

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OFFICE	NAME	TERM ENDS
<b><u>Elected</u></b>		
County Commission:	Kevin Galford	12/31/2022
	William "Bill" Miller	12/31/2020
	Kevin Mann	12/31/2024
Clerk – Commission:	Donnie Evans	12/31/2022
Clerk – Circuit Court:	Leta Comer	12/31/2022
Sheriff:	Kenneth Hedrick	12/31/2020
Prosecuting Attorney:	Justin R. St. Clair	12/31/2020
Assessor:	Norbert A Netzel	12/31/2020

## **Financial Section**

# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

## 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, 2019 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 an opinion 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, 62 percent and 99 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.

# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

## **Basis for Qualified Opinion**

Management has not adopted a methodology for ensuring all revenues, receivables, expenditures, and accounts payable are properly recognized and recorded for the individual governmental funds and the overall governmental activities. Accounting principles generally accepted in the United States of America require that governmental 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 individual governmental funds and overall governmental activities. The amount by which this departure would affect the assets, revenues, liabilities, expenditures/expenses, and fund balance/net position of the individual governmental funds and overall governmental activities is not reasonably determinable.

## **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” paragraph, the financial statements referred to above present fairly, in all material respects, the respective 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

The County has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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.

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The introductory section, the Budgetary Comparison Schedule – Assessor’s Valuation Fund, and the Component Unit Statements present additional analysis and are not a required part of the basic financial statements.



# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

The Budgetary Comparison Schedule – Assessor’s Valuation Fund and the Component Unit Statements are the responsibility of management and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Assessor’s Valuation Fund and the Component Unit Statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section 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 March 24, 2022, 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, and 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.

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia  
March 24, 2022**

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Primary Government	Component Units				
	Governmental Activities	Farmland Protection Board	Building Commission	Board of Health	Health Center	Public Library
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,253,406	\$ 187,643	\$ -	\$ 523,984	\$ 5,627,293	\$ 44,473
Investments	-	-	-	-	251,210	31,921
Receivables, net:						
Taxes	113,740	-	-	-	-	-
Accounts	-	-	-	-	470,345	-
Grants	-	-	-	-	15,257	-
Other	-	-	-	-	98,168	-
Inventory	-	-	-	-	28,472	-
Prepaid expenses	-	-	-	-	80,989	-
Total current assets	<u>1,367,146</u>	<u>187,643</u>	<u>-</u>	<u>523,984</u>	<u>6,571,734</u>	<u>76,394</u>
Capital assets:						
Nondepreciable:						
Land	35,400	-	-	-	-	6,780
Intangibles:						
Land easements	-	2,987,472	-	-	-	-
Depreciable:						
Buildings	140,000	-	1,330,236	-	-	364,942
Structures and improvements	162,854	-	-	-	-	-
Machinery and equipment	1,439,450	-	-	-	1,879,383	118,013
Leasehold improvements	-	-	-	-	1,849,896	-
Less: accumulated depreciation	(1,394,363)	-	(521,077)	-	(3,016,406)	(393,893)
Total capital assets	<u>383,341</u>	<u>2,987,472</u>	<u>809,159</u>	<u>-</u>	<u>712,873</u>	<u>95,842</u>
Noncurrent assets:						
Net pension asset	<u>35,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,785,927</u>	<u>3,175,115</u>	<u>809,159</u>	<u>523,984</u>	<u>7,284,607</u>	<u>172,236</u>
<b>DEFERRED OUTFLOWS</b>						
Pension items	196,272	-	-	-	645,528	3,166
OPEB items	-	-	-	-	208,094	22,171
Total deferred outflows of resources	<u>196,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,622</u>	<u>25,337</u>
<b>Total assets and deferred outflows</b>	<u><b>\$ 1,982,199</b></u>	<u><b>\$ 3,175,115</b></u>	<u><b>\$ 809,159</b></u>	<u><b>\$ 523,984</b></u>	<u><b>\$ 8,138,229</b></u>	<u><b>\$ 197,573</b></u>

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Primary Government		Component Units			
	Governmental Activities	Farmland Protection Board	Building Commission	Board of Health	Health Center	Public Library
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 253,472	\$ 989
Payroll liabilities	-	-	-	-	168,862	2,909
Compensated absences payable	-	-	-	-	-	15,638
Notes payable - due within one year	53,000	-	143,961	-	-	-
Total current liabilities	53,000	-	143,961	-	422,334	19,536
Noncurrent liabilities:						
Notes payable - due in more than one year	106,000	-	-	-	-	-
Net pension liability	195,692	-	-	-	704,654	4,849
Net OPEB liability	-	-	-	-	695,004	22,300
Compensated absences payable	49,344	-	-	-	277,779	-
Total noncurrent liabilities	351,036	-	-	-	1,677,437	27,149
Total liabilities	404,036	-	143,961	-	2,099,771	46,685
<b>DEFERRED INFLOWS</b>						
Pension items	232,254	-	-	-	416,402	3,088
OPEB items	-	-	-	-	135,651	2,970
Total deferred inflows of resources	232,254	-	-	-	552,053	6,058
<b>NET POSITION</b>						
Net investment in capital assets	224,341	2,987,472	665,198	-	712,873	95,842
Unrestricted	1,121,568	187,643	-	523,984	4,773,532	48,988
Total net position	1,345,909	3,175,115	665,198	523,984	5,486,405	144,830
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 1,982,199</b>	<b>\$ 3,175,115</b>	<b>\$ 809,159</b>	<b>\$ 523,984</b>	<b>\$ 8,138,229</b>	<b>\$ 197,573</b>

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units				
						Farmland Protection Board	Building Commission	Board of Health	Health Center	Public Library
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 2,106,821	\$ 180,876	\$ 258,189	\$ -	\$ (1,667,756)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	1,590,725	700,444	-	-	(890,281)	-	-	-	-	-
Health and sanitation	531,705	-	-	-	(531,705)	-	-	-	-	-
Administrative and general	-	-	-	-	-	-	-	-	-	-
Culture and recreation	5,428	-	-	-	(5,428)	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>4,234,679</b>	<b>881,320</b>	<b>258,189</b>	<b>-</b>	<b>(3,095,170)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Component units:</b>										
Farmland Protection Board	39,760	-	-	87,126	-	47,366	-	-	-	-
Building Commission	39,079	16,663	-	-	-	-	(22,416)	-	-	-
Board of Health	172,340	31,403	154,587	-	-	-	-	13,650	-	-
Health Center	7,326,061	5,332,847	2,714,007	-	-	-	-	-	720,793	-
Public Library	108,648	21,363	63,466	-	-	-	-	-	-	(23,819)
<b>Total component units</b>	<b>\$ 7,685,888</b>	<b>\$ 5,402,276</b>	<b>\$ 2,932,060</b>	<b>\$ 87,126</b>	<b>-</b>	<b>47,366</b>	<b>(22,416)</b>	<b>13,650</b>	<b>720,793</b>	<b>(23,819)</b>
General revenues:										
Taxes:										
Ad valorem property taxes					2,192,944	-	-	-	-	-
Hotel occupancy tax					3,110	-	-	-	-	-
Animal tax					4,686	-	-	-	-	-
Oil and gas severance tax					25,380	-	-	-	-	-
Other taxes					467,912	90,805	-	-	-	-
Coal severance tax					35,123	-	-	-	-	-
Licenses and permits					31,566	-	-	-	-	-
Unrestricted investment earnings					2,233	226	-	259	14,733	34
Refunds					225,802	-	-	-	-	-
Contributions from other entities					15,189	-	-	-	70,025	9,968
Miscellaneous					196,082	-	-	-	12,408	2,697
<b>Total general revenues</b>					<b>3,200,027</b>	<b>91,031</b>	<b>-</b>	<b>259</b>	<b>97,166</b>	<b>12,699</b>
Changes in net position					104,857	138,397	(22,416)	13,909	817,959	(11,120)
Net position - beginning, restated					1,241,052	3,036,718	687,614	510,075	4,668,446	155,950
Net position - ending					<b>\$ 1,345,909</b>	<b>\$ 3,175,115</b>	<b>\$ 665,198</b>	<b>\$ 523,984</b>	<b>\$ 5,486,405</b>	<b>\$ 144,830</b>

**MONROE COUNTY, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2019

	General	Coal Severance Tax	Emergency 911	Ambulance Fee	Fire Levy	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 311,551	\$ 9,964	\$ 714,513	\$ 111,767	\$ -	\$ 105,611	\$ 1,253,406
Taxes receivable	98,192	-	-	-	15,548	-	113,740
Total assets	<u>\$ 409,743</u>	<u>\$ 9,964</u>	<u>\$ 714,513</u>	<u>\$ 111,767</u>	<u>\$ 15,548</u>	<u>\$ 105,611</u>	<u>\$ 1,367,146</u>
<b>DEFERRED INFLOWS</b>							
Unavailable revenue-taxes	\$ 65,395	\$ -	\$ -	\$ -	\$ 9,660	\$ -	\$ 75,055
Total deferred inflows of resources	<u>65,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,660</u>	<u>-</u>	<u>75,055</u>
<b>FUND BALANCES</b>							
Restricted	-	-	714,513	111,767	5,888	105,611	937,779
Assigned	-	9,964	-	-	-	-	9,964
Unassigned	344,348	-	-	-	-	-	344,348
Total fund balances	<u>344,348</u>	<u>9,964</u>	<u>714,513</u>	<u>111,767</u>	<u>5,888</u>	<u>105,611</u>	<u>1,292,091</u>
Total deferred inflows and fund balances	<u>\$ 409,743</u>	<u>\$ 9,964</u>	<u>\$ 714,513</u>	<u>\$ 111,767</u>	<u>\$ 15,548</u>	<u>\$ 105,611</u>	<u>\$ 1,367,146</u>

**MONROE COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

Total fund balance, governmental funds	\$	1,292,091
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		383,341
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds.		75,055
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(208,344)
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:		
Pension deferred outflows	196,272	
Pension deferred inflows	<u>(232,254)</u>	(35,982)
Long-term net pension liabilities are not due and payable in the current period and not reported in the funds.		<u>(160,252)</u>
Net position of governmental activities in the Statement of Net Position	\$	<u><u>1,345,909</u></u>

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	General	Coal Severance Tax	Emergency 911	Ambulance Fee	Fire Levy	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes:							
Ad valorem property taxes	\$ 1,962,603	\$ -	\$ -	\$ -	\$ 230,341	\$ -	\$ 2,192,944
Hotel occupancy tax	3,110	-	-	-	-	-	3,110
Animal tax	4,686	-	-	-	-	-	4,686
Oil and gas severance tax	25,380	-	-	-	-	-	25,380
Other taxes	1,550	-	-	466,362	-	-	467,912
Coal severance tax	-	35,123	-	-	-	-	35,123
Licenses and permits	1,886	-	-	-	-	29,680	31,566
Intergovernmental:							
State	258,189	-	-	-	-	-	258,189
Charges for services	131,365	-	700,444	-	-	-	831,809
Fines and forfeitures	49,511	-	-	-	-	-	49,511
Interest and investment earnings	722	46	1,413	-	-	52	2,233
Refunds	225,802	-	-	-	-	-	225,802
Contributions and donations	15,189	-	-	-	-	-	15,189
Miscellaneous	196,052	-	-	-	-	30	196,082
<b>Total revenues</b>	<b>2,876,045</b>	<b>35,169</b>	<b>701,857</b>	<b>466,362</b>	<b>230,341</b>	<b>29,762</b>	<b>4,339,536</b>
<b>Expenditures</b>							
Current:							
General government	2,278,458	44,789	-	-	-	100,402	2,423,649
Public safety	814,871	-	421,687	-	311,390	24,513	1,572,461
Health and sanitation	6,644	-	-	525,061	-	-	531,705
Culture and recreation	2,000	-	-	-	-	3,428	5,428
<b>Total expenditures</b>	<b>3,101,973</b>	<b>44,789</b>	<b>421,687</b>	<b>525,061</b>	<b>311,390</b>	<b>128,343</b>	<b>4,533,243</b>
Excess (deficiency) of revenues over expenditures	(225,928)	(9,620)	280,170	(58,699)	(81,049)	(98,581)	(193,707)
<b>Other Financing Sources (Uses)</b>							
Transfers in	603,872	-	-	-	-	99,380	703,252
Transfers out	(99,380)	(42,632)	(459,164)	-	-	(102,076)	(703,252)
Net other financing sources (uses)	504,492	(42,632)	(459,164)	-	-	(2,696)	-
Net changes in fund balances	278,564	(52,252)	(178,994)	(58,699)	(81,049)	(101,277)	(193,707)
Fund balances - beginning	65,784	62,216	893,507	170,466	86,937	206,888	1,485,798
Fund balances - ending	<b>\$ 344,348</b>	<b>\$ 9,964</b>	<b>\$ 714,513</b>	<b>\$ 111,767</b>	<b>\$ 5,888</b>	<b>\$ 105,611</b>	<b>\$ 1,292,091</b>

**MONROE COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

Net change in fund balances - total governmental funds:	\$	(193,707)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
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.		117,500
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.		(82,055)
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.		
Prior year unavailable revenues	(96,689)	
Current year unavailable revenues	75,055	(21,634)
The issuance of long-term debt (i.e. 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.		159,000
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68:		
Amount of pension expenditures at fund modified accrual level	151,158	
Amount of pension expenses recognized at government - wide level	(25,405)	125,753
Change in net position of governmental activities	\$	104,857



**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2019**

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	Agency Funds
<b>ASSETS</b>	
Non-pooled cash	\$ 119,775
Taxes receivable	<u>292,586</u>
Total assets	<u><u>\$ 412,361</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 412,361</u>
Total liabilities	<u><u>\$ 412,361</u></u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**NOTE 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 and are discussed in subsequent sections of this Note. The following is a summary of significant accounting policies:

**A. Reporting Entity**

The 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 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 that 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 the 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. 61. The discretely presented component units are presented on the government-wide statements.

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 on 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 citizen's acute short-term care.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

The *Monroe County Building Commission* serves Monroe County, West Virginia, and is governed by a board comprised of three members appointed by the County Commission for a term of 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.

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes, intergovernmental revenues and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. 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 revenue sources not properly included with program revenues are reported 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. Basis of Presentation, Measurement Focus, and Basis of Accounting**

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.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

The County reports the following major governmental fund types and funds:

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

*Coal Severance Fund* - This special revenue fund accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

*Emergency 911 Fund* - This special revenue fund accounts for the emergency dispatch system in the County.

*Ambulance Fee Fund* - This special revenue fund accounts for revenues and expenditures from an Ambulance Fee Ordinance.

*Fire Levy Fund* - This special revenue fund accounts for revenues and expenditures from a fire levy passed by the County.

The County reports the following fiduciary funds types and funds:

*Agency Fund* – 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**1. Deposits and Investments**

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

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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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, 2019.

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. 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 14<sup>th</sup> and November 23<sup>rd</sup> 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 (14.3 cents); On Class II property, twenty-eight and six-tenths cents (28.6 cents); On Class III property, fifty-seven and two-tenths cents (57.2 cents); On Class IV property, fifty-seven and two-tenths cents (57.2 cents). In addition, counties may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2019 were as follows:

<u>Class of Property</u>	<u>Assessed Valuation for Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ -	14.3 cents
Class II	\$ 322,166,034	28.6 cents
Class III	\$ 137,070,880	57.2 cents
Class IV	\$ 19,985,550	57.2 cents

The County 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 instructional programs and the operation of school services in Monroe County.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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The County 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.

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

Asset	Straight-line Years	Inventory Purposes	Capitalize/Depreciate
Land	N/A	1	Capitalize
Land improvement	20-30 years	1	12,500
Building	40 years	1	25,000
Building improvements	20-25 years	1	25,000
Construction in progress	N/A	1	Capitalize
Equipment	5-10 years	1,000	7,500
Vehicles	5-10 years	1,000	15,000
Infrastructure	40-50 years	50,000	100,000

**5. Compensated Absences**

No liability is reported for unpaid accumulated sick leave.

It is the County's policy to permit employees to accumulate earned by 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 fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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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.

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

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

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

**8. Fund Balance**

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

Nonspendable	The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.
Restricted	A fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.
Committed	The committed fund balance classification is the portion of fund balance whose use is constrained by limitations that 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.
Assigned	The assigned fund balance classification is the portion of the fund balance that has been approved by formal action of the County Commission for any amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. 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 County 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 first, followed in order by committed, assigned, and lastly unassigned. The County 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, 2019**

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**9. Net Position**

Net position presents the difference between assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments. Net position is reported as invested in capital assets for the portion of net position related to the historical cost of capital assets less any accumulated depreciation and less any debt that remains outstanding that was used to finance those capital assets. All other net position is reported as unrestricted. When an expense is incurred that can be paid using either restricted or unrestricted resources, the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**10. Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

**11. Pension**

For purposes of measuring the net pension asset and liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net positions of the West Virginia Public Employee Retirement System (PERS) and the Deputy Sheriff's Retirement System (DSRS) and additions to/deductions from the plan's 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.

**NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The County 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 Fund. All annual appropriations lapse at fiscal year-end.

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

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made no material supplementary budgetary appropriations throughout the year.

**B. Excess of Expenditures Over Appropriations**

For this fiscal year, expenditures exceeded appropriations in the Coal Severance Tax Fund by \$11,189. This over expenditure was funded by available fund balance.



**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year-end, the County had no investments.

*Custodial Credit Risk*

For deposits, the County could be exposed to risk in the event of a bank failure where the County's deposits may not be returned. The County's policy for custodial risk is to comply with statutory provisions for depository bond coverage, which provides that not 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 \$1,373,181. 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 County's name.

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

Cash and cash equivalents	\$ 1,373,181
Total	\$ 1,373,181
Cash and cash equivalents	\$ 1,253,406
Cash and cash equivalents - restricted	119,775
Total	\$ 1,373,181

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 \$187,643 and were fully collateralized by federal depository insurance.

**B. Receivables**

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

	General	Fire Levy	Total	Fiduciary
Taxes Receivable	\$ 109,102	\$ 17,276	\$ 126,378	\$ 325,096
Less: allowance	(10,910)	(1,728)	(12,638)	(32,510)
Total taxes receivable	\$ 98,192	\$ 15,548	\$ 113,740	\$ 292,586

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

	Deferred Inflows - Unavailable
Delinquent property taxes receivable (General)	\$ 65,395
Delinquent property taxes receivable (Fire Levy)	9,660
Total unavailable revenue	\$ 75,055

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 31,400	\$ 4,000	\$ -	\$ 35,400
Total assets not being depreciated	31,400	4,000	-	35,400
Capital assets being depreciated:				
Buildings	140,000	-	-	140,000
Structures and improvements	162,854	-	-	162,854
Machinery and equipment	1,588,579	113,500	(262,629)	1,439,450
Less: accumulated depreciation	(1,464,358)	(82,055)	152,050	(1,394,363)
Total assets being depreciated, net	427,075	31,445	(110,579)	347,941
Total capital assets, net	\$ 458,475	\$ 35,445	\$ (110,579)	\$ 383,341

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

General government	\$ 63,791
Public safety	18,264
Total depreciation expense	\$ 82,055

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

*Discretely Presented Component Units*

Activity related to capital assets for the Monroe County Farmland Protection Board for the fiscal year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land easements	\$ 2,813,220	\$ 174,252	\$ -	\$ 2,987,472
Total capital assets	<u>\$ 2,813,220</u>	<u>\$ 174,252</u>	<u>\$ -</u>	<u>\$ 2,987,472</u>

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

Activity related to capital assets for the Monroe County Building Commission for the fiscal year ended June 20, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 1,330,236	\$ -	\$ -	\$ 1,330,236
Less: accumulated depreciation	(487,821)	(33,256)	-	(521,077)
Total capital assets	<u>\$ 842,415</u>	<u>\$ (33,256)</u>	<u>\$ -</u>	<u>\$ 809,159</u>

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

Transferred from:	Transferred to:	Purpose:	Amount
Office of Emergency Management	General	Reimbursement	\$ 95,240
Magistrate Court	General	Reimbursement	6,306
Monroe Tourism	General	Reimbursement	530
Emergency 911	General	Reimbursement	459,164
Coal Severance Tax	General	Reimbursement	42,632
General	Magistrate Court	Reimbursement	3,907
General	Assessor's Valuation	Reimbursement	90,463
General	Assessor's Valuation	Reimbursement	5,010
			<u>\$ 703,252</u>

**E. Fund Balance Detail**

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

	General Fund	Coal Severance Fund	Emergency 911	Ambulance Fee	Fire Levy	Non-major Funds	Total
Restricted:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,954	\$ 51,954
Public safety	-	-	714,513	-	5,888	53,657	774,058
Health and sanitation	-	-	-	111,767	-	-	111,767
Assigned:							
Budget carryover	-	9,964	-	-	-	-	9,964
Unassigned	<u>344,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,348</u>
Total fund balances	<u>\$ 344,348</u>	<u>\$ 9,964</u>	<u>\$ 714,513</u>	<u>\$ 111,767</u>	<u>\$ 5,888</u>	<u>\$ 105,611</u>	<u>\$ 1,292,091</u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**F. Notes Payable**

The County entered into a loan agreement with Nationwide Capital, LLC, on June 14, 2018 for the amount of \$265,000 for the purchase of voting machines. Interest will accrue at an annual rate of 0.00%. Repayment was to be made in 5 yearly installments of \$53,000 including one due upon execution.

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

Year Ending June 30	Principal	Interest
2020	\$ 53,000	\$ -
2021	\$ 53,000	\$ -
2022	\$ 53,000	\$ -
Total	<u>\$ 159,000</u>	<u>\$ -</u>

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:

Year Ending June 30	Principal	Interest
2020	\$ 143,961	\$ 3,200
Total	<u>\$ 143,961</u>	<u>\$ 3,200</u>

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

	<b>Governmental Activities</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 4,583	\$ -	\$ (4,583)	\$ -	\$ -
Notes payable	-	265,000	(106,000)	159,000	53,000
Net pension liability	349,415	-	(153,723)	195,692	-
Compensated absences	49,344	-	-	49,344	-
Total long-term liabilities	<u>\$ 403,342</u>	<u>\$ 265,000</u>	<u>\$ (264,306)</u>	<u>\$ 404,036</u>	<u>\$ 53,000</u>

	<b>Discretely Presented Component Unit - Building Commission</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 154,801	\$ -	\$ (10,840)	\$ 143,961	\$ 143,961
Total long-term liabilities	<u>\$ 154,801</u>	<u>\$ -</u>	<u>\$ (10,840)</u>	<u>\$ 143,961</u>	<u>\$ 143,961</u>

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**H. Prior Period Adjustment**

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

	Governmental Activities	Farmland Protection Board
Fund balances (Net Position) as previously stated	\$ 1,663,857	\$ 2,712,293
Restatement of cash for governmental activities and capital assets for Farmland Protection Board	(422,805)	324,425
Fund balances (Net Position), restated	\$ 1,241,052	\$ 3,036,718

**NOTE IV – OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts, theft, or 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 County expects such amounts, if any, to be immaterial.

The County is the defendant in lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

**C. Deferred Compensation Plan**

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

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

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**NOTE V – EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

Plan Description, Contribution Information, and Funding Policies:

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

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

**Public Employee’s Retirement System (PERS)**

Eligibility to participate	All County full-time employees, except those covered by other pension plans.	
Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.	
Plan member’s contribution rate	<u>Tier I (hired before 7/1/2015)</u>	<u>Tier II (hired after 7/1/2015)</u>
County’s contribution rate	4.50%	6.00%
Period required to vest	Five years	Ten years
Benefits and eligibility for distribution	<p><u>Tier I</u>  A member who has attained age 60 and had earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.</p> <p><u>Tier II</u>  A member who has attained age 62 and has earned 10 years or more of contributing service, between ages 60 and 62, with credited service of 10 years, between ages 57 and 62, with credited service of 20 years, or between ages 55 and 62, with credited service of 30 years . The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.</p>	
Deferred retirement portion	No	
Provisions for:		
Cost of living	No	
Death benefits	Yes	

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

Eligibility to participate	West Virginia deputy sheriff's first employed after the effective date and any deputy sheriff's hired prior to the effective date who elect to become members.
Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia. The WVDSRS is also discussed in West Virginia State Code §7-14d.
Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDSRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 12%. 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 time 2.25% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information:

Fiscal Year	Annual Pension Cost - PERS	Annual Pension Cost - DSRS	Percentage Contributed
2019	\$ 107,627	\$ 43,531	100%
2018	\$ 115,323	\$ 41,965	100%
2017	\$ 123,151	\$ 40,715	100%

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

At fiscal year-end, the County reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 using the actuarial assumptions and methods described in the appropriate section of this note.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the County reported the following proportion and increases/decreases from its proportion measured as of June 30, 2018:

	PERS	WVDSRS
Amount for proportionate share of net pension liability (asset)	\$ 195,692	\$ (35,440)
Percentage for proportionate share of net pension liability	0.075776%	0.660201%
Increase / (decrease) % from prior proportion measured	1.573684%	(2.62623)%

For the year ended June 30, 2019, the government recognized the following pension expense:

	PERS	WVDSRS
Pension expense	\$ 33,294	\$ 7,889

The County reported deferred outflows of resources and deferred inflows of resources related to the Public Employees Retirement System pension plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 115,156
Net changes in proportion and differences between employer contributions and proportionate share of contributions	9,735	3,800
Differences between expected and actual experience with regard to economic or demographic factors	9,708	484
Employer contributions to pension plan subsequent to the measurement date	107,627	-
	<u>\$ 127,070</u>	<u>\$ 119,440</u>

The amount reported as deferred outflows of resources related to the pension plan 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, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year ended June 30	Pension expense - PERS
2020	\$ (23,736)
2021	(23,736)
2022	(23,736)
2023	(28,789)
Total	<u>\$ (99,997)</u>



**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

The County reported deferred outflows of resources and deferred inflows of resources related to the WV Deputy Sheriff's Retirement System pension plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 35,776
Net changes in proportion and differences between employer contributions and proportionate share of contributions	17,273	6,495
Changes in assumptions	-	14,947
Differences between expected and actual experience with regard to economic or demographic factors	8,398	55,596
Employer contributions to pension plan subsequent to the measurement date	43,531	-
	\$ 69,202	\$ 112,814

The amount reported as deferred outflows of resources related to the pension plan 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, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year ended June 30	Pension expense - WVDSRS
2020	\$ (26,066)
2021	(26,066)
2022	(26,066)
2023	(8,945)
Total	\$ (87,143)

**Actuarial Assumptions:**

The total pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Public Employees Retirement System</u>	
Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value
Amortization method	Level dollar, fixed period
Amortization period	Through fiscal year 2035

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Inflation rate	3.00%
Discount rate	7.50%
Salary increases	State - 3.0% - 4.6% Nonstate – 3.35% - 6.00%
Investment rate of return	7.50%, net of pension plan investment expense
Mortality rates	Active – 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males – 110% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy females – 101% of RP-2000 Non-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
Withdrawal rates	State 1.75% - 35.10% Nonstate 2.00% - 35.88%
Disability rates	0.007% - 0.675%
Retirement rates	12.00% - 100%

The actuarial assumptions used in the July 1, 2018 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

WV Deputy Sheriff's Retirement System

Inflation rate	3.00%
Salary increases	5% for first 2 years of service 4.5% for next 3 years of service 4.0% for next 5 years of service, and 3.5% thereafter
Investment rate of return	7.50%, net of pension plan investment expense
Mortality rates	Active – 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males – 103% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy females – 100% of RP-2000 Non-Annuitant, Scale AA fully generational Disabled males – 100% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 100% of RP-2000 Disabled Annuitant, Scale AA fully generational

The actuarial assumptions used in the July 1, 2018 DSRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.

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 percentages and by adding the expected inflation.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

Investment	PERS and WVDSRS Target Asset Allocation	Long – term Expected Real Rate of Return
Fixed income	15.0%	3.3%
Domestic equity	27.5%	4.5%
International equity	27.5%	8.6%
Real Estate	10.0%	6.0%
Private Equity	10.0%	6.4%
Hedge Funds	10.0%	4.0%
Total	100%	

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50% for the pension plan. The projection of the cash flows used to determine the discount rate assumed that employer contributions will continue to follow in the current funding policies. Based on those assumptions, the fiduciary net position for the pension plan was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the plan.

The following table presents the sensitivity of the net pension liability (asset) to changes in the discount rate, calculated using the current discount rate 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%
County's proportionate share of PERS's net pension liability (asset)	\$ 788,095	\$ 195,692	\$ (305,471)
County's proportionate share of DSRS's net pension liability (asset)	\$ 162,112	\$ (35,440)	\$ (198,192)

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan's 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.

**MONROE COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**NOTE VI – SUBSEQUENT EVENTS**

The spread of the novel coronavirus (COVID-19) has severely impacted many local economies around the world. In many countries, businesses and organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and financial institutions have responded with monetary and fiscal interventions to try to stabilize economic conditions. The County has determined that these events are non-adjusting subsequent events. Accordingly, the fund balances and changes in fund balances as of and for the year ended June 30, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and financial responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on fund balances and results of the County for future periods.

The County's management has evaluated the effect that subsequent events would have on the County's financial statements through March 24, 2022, which is the date the financial statements were available to be released.

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## **Required Supplementary Information**

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2019**

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**Public Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportionate share of the net pension liability (asset) (%)	0.075776%	0.074602%	0.072885%	0.075105%	0.070547%	0.067213%
Government's proportionate share of the net pension liability (asset)	\$ 195,692	\$ 322,015	\$ 669,897	\$ 419,389	\$ 260,366	\$ 612,734
Government's covered payroll	\$ 1,076,270	\$ 1,048,391	\$ 1,026,258	\$ 1,004,341	\$ 1,018,529	\$ 944,703
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.18%	30.72%	65.28%	41.76%	25.56%	64.86%
Plan fiduciary net position as a percentage of the total pension liability	96.33%	93.67%	86.11%	91.29%	93.98%	79.70%

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2019**

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**West Virginia Deputy Sheriff Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportionate share of the net pension liability (asset) (%)	0.660201%	0.678007%	0.703009%	0.652500%	0.589641%	0.561302%
Government's proportionate share of the net pension liability (asset)	\$ (35,440)	\$ 25,405	\$ 223,810	\$ 133,841	\$ 100,540	\$ 188,059
Government's covered payroll	\$ 362,758	\$ 349,708	\$ 339,267	\$ 346,658	\$ 310,960	\$ 273,146
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-9.77%	7.26%	65.97%	38.61%	32.33%	68.85%
Plan fiduciary net position as a percentage of the total pension liability	102.50%	98.17%	84.48%	89.31%	90.52%	80.20%

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT CONTRIBUTIONS - RETIREMENT SYSTEMS**  
**For the Fiscal Year Ended June 30, 2019**

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**Public Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 107,627	\$ 115,323	\$ 123,151	\$ 135,586	\$ 142,594	\$ 136,982
Contributions in relation to the contractually required contribution	<u>(107,627)</u>	<u>(115,323)</u>	<u>(123,151)</u>	<u>(135,586)</u>	<u>(142,594)</u>	<u>(136,982)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Government's covered payroll	\$ 1,076,270	\$ 1,048,391	\$ 1,026,258	\$ 1,004,341	\$ 1,018,529	\$ 944,703
Contributions as a percentage of covered payroll	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT CONTRIBUTIONS - RETIREMENT SYSTEMS**  
**For the Fiscal Year Ended June 30, 2019**

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**West Virginia Deputy Sheriff Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 43,531	\$ 41,965	\$ 40,712	\$ 41,599	\$ 38,870	\$ 35,509
Contributions in relation to the contractually required contribution	<u>(43,531)</u>	<u>(41,965)</u>	<u>(40,712)</u>	<u>(41,599)</u>	<u>(38,870)</u>	<u>(35,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Government's covered payroll	\$ 362,758	\$ 349,708	\$ 339,267	\$ 346,658	\$ 310,960	\$ 273,146
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	12.00%	12.50%	13.00%

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 1,738,043	\$ 1,738,043	\$ 1,962,603	\$ 56,529	\$ 2,019,132	\$ 281,089
Alcoholic beverage tax	900	900	-	-	-	(900)
Hotel occupancy tax	1,000	1,000	3,110	-	3,110	2,110
Animal tax	6,000	6,000	4,686	-	4,686	(1,314)
Oil and gas severance tax	32,000	32,000	25,380	-	25,380	(6,620)
Other taxes	120,000	120,000	1,550	-	1,550	(118,450)
Licenses and permits	7,500	7,500	1,886	-	1,886	(5,614)
Intergovernmental:						
Federal	-	-	-	-	-	-
State	35,000	190,812	258,189	-	258,189	67,377
Federal payment in lieu of taxes	54,000	54,000	-	-	-	(54,000)
Charges for services	103,000	103,000	131,365	-	131,365	28,365
Fines and forfeitures	18,000	18,000	49,511	-	49,511	31,511
Interest and investment earnings	2,500	2,500	722	-	722	(1,778)
Refunds	175,000	175,000	225,802	-	225,802	50,802
Contributions and donations	70,700	70,700	15,189	-	15,189	(55,511)
Miscellaneous	137,000	137,000	196,052	-	196,052	59,052
<b>Total revenues</b>	<b>2,500,643</b>	<b>2,656,455</b>	<b>2,876,045</b>	<b>56,529</b>	<b>2,932,574</b>	<b>276,119</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,869,366	1,968,839	2,278,458	-	2,278,458	309,619
Public safety	1,190,775	1,247,114	814,871	-	814,871	(432,243)
Health and sanitation	3,500	3,500	6,644	-	6,644	3,144
Culture and recreation	6,000	6,000	2,000	-	2,000	(4,000)
Social services	19,200	19,200	-	-	-	(19,200)
<b>Total expenditures</b>	<b>3,088,841</b>	<b>3,244,653</b>	<b>3,101,973</b>	<b>-</b>	<b>3,101,973</b>	<b>(142,680)</b>
Excess of revenues over (under) expenditures	(588,198)	(588,198)	(225,928)	56,529	(169,399)	418,799
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	538,198	538,198	603,872	-	603,872	65,674
Transfers out	-	-	(99,380)	-	(99,380)	(99,380)
<b>Total other financing sources (uses)</b>	<b>538,198</b>	<b>538,198</b>	<b>504,492</b>	<b>-</b>	<b>504,492</b>	<b>(33,706)</b>
<b>Net change in fund balances</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>278,564</b>	<b>56,529</b>	<b>335,093</b>	<b>385,093</b>
Fund balances beginning of year	50,000	50,000	65,784	(50,324)	15,460	(34,540)
<b>Fund balances end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 344,348</b>	<b>\$ 6,205</b>	<b>\$ 350,553</b>	<b>\$ 350,553</b>

**MONROE COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COAL SEVERANCE TAX FUND**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Over
				(Under)
<b>REVENUES</b>				
Taxes:				
Coal severance tax	\$ 33,600	\$ 33,600	\$ 35,123	\$ 1,523
Interest and investment earnings	-	-	46	46
	<u>33,600</u>	<u>33,600</u>	<u>35,169</u>	<u>1,569</u>
<b>EXPENDITURES</b>				
Current:				
General government	33,600	33,600	44,789	11,189
	<u>33,600</u>	<u>33,600</u>	<u>44,789</u>	<u>11,189</u>
Excess of revenues over (under) expenditures	-	-	(9,620)	(9,620)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(42,632)	(42,632)
	<u>-</u>	<u>-</u>	<u>(42,632)</u>	<u>(42,632)</u>
Net change in fund balances	-	-	(52,252)	(52,252)
Fund balances beginning of year	-	-	62,216	62,216
Fund balances end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,964</u>	<u>\$ 9,964</u>

## **Supplementary Information**

**MONROE COUNTY, WEST VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**ASSESSOR'S VALUATION FUND**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Over
				(Under)
<b>REVENUES</b>				
Other taxes	\$ 87,557	\$ 87,557	\$ 95,473	\$ 7,916
Map sales	108	108	-	(108)
Interest and investment earnings	35	35	36	1
	<u>87,700</u>	<u>87,700</u>	<u>95,509</u>	<u>7,809</u>
<b>EXPENDITURES</b>				
Current:				
General government	90,576	90,576	99,073	8,497
Capital Outlay	35,177	35,177	-	(35,177)
	<u>125,753</u>	<u>125,753</u>	<u>99,073</u>	<u>(26,680)</u>
Excess of revenues over (under) expenditures	<u>(38,053)</u>	<u>(38,053)</u>	<u>(3,564)</u>	<u>34,489</u>
Net change in fund balances	(38,053)	(38,053)	(3,564)	34,489
Fund balances beginning of year	<u>38,053</u>	<u>38,053</u>	<u>47,498</u>	<u>9,445</u>
Fund balances end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,934</u>	<u>\$ 43,934</u>

**MONROE COUNTY, WEST VIRGINIA**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MONROE COUNTY FARMLAND PROTECTION BOARD AND MONROE COUNTY BUILDING COMMISSION**  
**June 30, 2019**

	Farmland Protection Board	Building Commission
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$ 187,643	\$ -
Total assets	<u>\$ 187,643</u>	<u>\$ -</u>
<b>FUND BALANCES</b>		
Unassigned	\$ 187,643	\$ -
Total fund balances	<u>\$ 187,643</u>	<u>\$ -</u>
Amounts reported 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.	2,987,472	809,159
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	-	(143,961)
Net position	<u>\$ 3,175,115</u>	<u>\$ 665,198</u>

**MONROE COUNTY, WEST VIRGINIA**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**MONROE COUNTY FARMLAND PROTECTION BOARD AND MONROE COUNTY BUILDING COMMISSION**  
**For the Year Ended June 30, 2019**

	Farmland Protection Board	Building Commission
<b>Revenues</b>		
Other taxes	\$ 90,805	\$ -
Charges for services	-	16,663
Interest and investment earnings	226	-
	<u>91,031</u>	<u>16,663</u>
Total revenues		
<b>Expenditures</b>		
Current:		
General government	39,760	-
Debt service:		
Principal	-	10,840
Interest	-	5,823
	<u>39,760</u>	<u>16,663</u>
Total expenditures		
Capital contributions	<u>87,126</u>	<u>-</u>
Net changes in fund balances	138,397	-
Fund balances - beginning	<u>223,498</u>	<u>-</u>
Fund balances - ending	<u>\$ 361,895</u>	<u>\$ -</u>
Amounts reported in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$ 138,397	\$ -
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.	-	(33,256)
The issuance of long-term debt (i.e. 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.	-	10,840
Change in net position	<u>\$ 138,397</u>	<u>\$ (22,416)</u>

# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

## **Independent Auditor's 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***

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 information of Monroe County, West Virginia (the County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 24, 2022.

### **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 opinion 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.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. See findings 2019-01 & 2019-02 and 2019-06 & 2019-07.

### **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 is described in the accompanying Schedule of Findings and Responses as items 2019-03 through 2019-05.



# Ferrari & Associates, PLLC

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## **County's Response to Findings**

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's responses 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia**

**March 24, 2022**

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Fiscal Year Ended June 30, 2019**

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**2019-01 Preparation of Financial Statements**

Condition – The County does not have adequate staff to prepare the financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria – Reliable financial reporting requires that financial statements conform with GAAP, or the basis of accounting that is used by the County. Preparing financial statements is the culminating step of financial reporting.

Cause – Limited staff and time decreases the ability to prepare financial statements in conformity with GAAP.

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 – The County Officials should develop policies and procedures to ensure financial statements are prepared in accordance with generally accepted accounting principles, or the basis of accounting that is used by the County.

County's Response – The County Officials will continue working towards implementing proper internal controls to ensure all financial statements are prepared in accordance with generally accepted accounting principles, or the basis of accounting used by the County in the future.

**2019-02 Segregation of Duties**

Condition – It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting asset arising from the transactions were not assigned to different individuals.

Criteria – Proper internal control dictates responsibility for approving, executing, and recording transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above areas. To the extent possible with limited personnel, different individuals should open bank statements, prepare checks, sign checks, approve bank reconciliations, prepare the daily cash reports, and make deposits.

Cause – Due to the size of the County's staff, the County does not have enough personnel to fully segregate duties.

Effect – Internal control structure elements do not reduce to a relatively low level the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner.

Recommendation – Responsibilities of approval, execution, recording and custody should be distributed among the County's officials to the best degree possible.

County's Response – County officials stated that they will segregate accounting duties to the extent feasible.

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Fiscal Year Ended June 30, 2019**

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**2019-03 Failure to Submit Budget Revision to Appropriate the Unexpended Balance – Coal Severance Tax Fund**

Condition – We determined during our audit that the officials of the County failed to submit a budget revision for the Coal Severance Tax Fund to appropriate the actual unexpended fund balance.

Criteria – West Virginia Code §6-9-3 states in part that:

“...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 County failed to revise the carryover balance for the Coal Severance Tax Fund.

Effect – The County did not appropriate all funds available.

Recommendation – The County should exercise proper budgetary practices.

County's Response – The County officials stated they will revise the unencumbered balance for the coal severance tax fund in the future.

**2019-04 Expenditures in Excess of Amounts Allocated in the Levy Estimated – General Fund**

Condition – It was noted the County incurred expenditures for certain items in the General Fund in excess of the amounts allocated for those items in the official levy estimate (budget) as last revised. Specifically, expenditures in the general government category exceeded the budgeted amount by \$309,619 and the health and sanitation category exceeded the budgeted amount by \$3,144.

Criteria – West Virginia Code Section 11-8-26 states, in part, that:

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

- 1) In an authorized 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 County failed to implement policies and procedures which should regulate expenditures and ensure that adequate revisions be made to the budget prior to actual disbursements being made.

Effect – The County was not in compliance with West Virginia Code Section 11-8-26.

Recommendation – We recommend the County implement budgetary controls to help ensure compliance with budgetary requirements.

County's Response – County officials stated that they will make every effort to comply with this requirement.

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Fiscal Year Ended June 30, 2019**

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**2019-05 Expenditures in Excess of Amounts Allocated in the Levy Estimated – Coal Severance Tax Fund**

Condition – It was noted the County incurred expenditures for certain items in the General Fund in excess of the amounts allocated for those items in the official levy estimate (budget) as last revised. Specifically, expenditures in the general government category exceeded the budgeted amount by \$11,189.

Criteria – West Virginia Code Section 11-8-26 states, in part, that:

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

- 1) In an authorized 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 County failed to implement policies and procedures which should regulate expenditures and ensure that adequate revisions be made to the budget prior to actual disbursements being made.

Effect – The County was not in compliance with West Virginia Code Section 11-8-26.

Recommendation – We recommend the County implement budgetary controls to help ensure compliance with budgetary requirements.

County’s Response – County officials stated that they will make every effort to comply with this requirement.

**2019-06 Payroll Controls**

Condition – It was noted that payroll was processed in advance which could lead to discrepancies with actual hours worked.

Criteria – In order to have adequate controls over payroll, timesheets should be used to determine the actual hours worked paid accordingly.

Cause – Payroll was calculated for the period before the actual hours worked could be determined.

Effect – The ineffective controls around payroll created an environment conducive to discrepancies in hours paid compared to the actual hours worked.

Recommendation – We recommend the County to pay employees for actual hours worked by reviewing approved time sheets and pay in arrears.

County’s Response – County officials stated that they will review their payroll process and make every effort in the future to pay employees for actual hours worked.

**MONROE COUNTY, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Fiscal Year Ended June 30, 2019**

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**2019-07 Retention of Records**

Condition – The County failed to maintain all supporting documents. Specifically, some receipts for receivables and some invoices for expenditures that were selected for audit testing were not properly maintained.

Criteria – Proper internal controls with regard to documentation of revenues and expenditures dictates that all supporting documents be maintained.

Cause – Inadequate policies and procedures related to controls over retention of records.

Effect – The County did not have all supporting documents readily available which did not allow some revenues and expenditures selected for audit testing to be verified.

Recommendation – The County should establish and maintain sufficient policies and procedures to ensure all supporting documents are maintained and readily available for audit testing.

County's Response – County officials stated that they will make every effort to retain adequate supporting documents in the future.

**MONROE COUNTY, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
For the Fiscal Year Ended June 30, 2019**

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**Status of Prior Findings**

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2018-001	Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	Resolved
2018-002	Preparation and Publication of Financial Statements	Resolved
2018-003	Preparation of Financial Statements	Not resolved
2018-004	Reconciliation of Balances	Resolved
2018-005	Segregation of Duties	Not resolved
2018-006	Failure to Submit Budget Revision to Appropriate the Unexpended Balance – General Fund	Resolved
2018-007	Failure to Submit Budget Revision to Appropriate the Unexpended Balance – Coal Severance Tax Fund	Not resolved
2018-008	Expenditures in Excess of Amounts Allocated in the Levy Estimate – General Fund	Not resolved
2018-009	Expenditures in Excess of Amounts Allocated in the Levy Estimate – Coal Severance Tax Fund	Not resolved
2018-010	Controls Over Ambulance Fee Fund	Resolved