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**JEFFERSON COUNTY, WEST VIRGINIA  
Single Audit  
For the Fiscal Year Ended June 30, 2015**

**RFP #15-123  
Jefferson County**

[www.perrycpas.com](http://www.perrycpas.com)

***...“bringing more to the table”***

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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- Association of Certified Anti - Money Laundering Specialists •

JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax  
County Capital Outlay  
Impact Fees

**NONMAJOR FUNDS**

*Special Revenue Funds*

Dog and Kennel  
General School  
Magistrate Court  
Worthless Check  
Home Confinement  
Federal Grant  
State Grant  
Flood Hazard Mitigation  
Waste Coal  
Assessor's Valuation  
Farmland Protection  
Concealed Weapons  
Voters Registration  
Jury & Witness  
Law Enforcement Forfeiture  
Pros. Attny Forfeiture  
Sub-Division Bond Forfeiture  
Teen Court  
Bardane Public Health Center

*Capital Project Funds*

Parks & Recreation Land Development

**FIDUCIARY FUND TYPE**

*Agency Funds*

State  
School  
Municipal  
Other Agency

JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**DISCRETELY PRESENTED COMPONENT UNITS**

Jefferson County Board of Health  
Jefferson County Economic Development Authority  
Jefferson County Historic Landmarks Commission  
Jefferson County Farmland Protection Board  
Jefferson County Emergency Services Agency  
Jefferson County Parks and Recreation Commission

# JEFFERSON COUNTY, WEST VIRGINIA

## TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
County Officials .....	1
Independent Auditor's Report .....	2
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	5
Statement of Activities .....	6
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds .....	7
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position .....	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	11
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Coal Severance Tax Fund .....	12
Statement of Fiduciary Net Position– Fiduciary Funds .....	13
Notes to the Financial Statements .....	14
<b>Required Supplementary Information:</b>	
Schedule of Funding Progress/Schedule of Employer Contributions .....	34
Schedules of the County's Proportionate Share of the Net Pension Liability .....	35
Schedules of County Contributions .....	36
<b>Supplementary Information:</b>	
Budgetary Comparison Schedule – Assessor's Valuation Fund .....	37
Schedule of Expenditures of Federal Awards .....	38
Notes to the Schedule of Expenditures of Federal Awards .....	39
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	40

JEFFERSON COUNTY, WEST VIRGINA

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	42
Schedule of Audit Findings .....	44
Schedule of Prior Audit Findings.....	46

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

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Jane M. Tabb	01-01-13 / 12-31-18
	Patsy Noland	01-01-15 / 12-31-20
	Carolyn Widmyer	01-01-09 / 12-31-14
	C. Dale Manuel	01-01-11 / 12-31-16
	Walt Pellish	01-01-11 / 12-31-16
	Eric Bell	01-01-15 / 12-31-20
Clerk of the County Commission:	Jennifer S. Maghan	01-01-11 / 12-31-16
Clerk of the Circuit Court:	Laura Storm	01-01-11 / 12-31-16
Sheriff:	Peter Dougherty	01-01-15 / 12-31-16
Prosecuting Attorney:	Ralph Lorenzetti	01-01-13 / 12-31-16
Assessor:	Angela Banks	01-01-13 / 12-31-16



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## INDEPENDENT AUDITOR'S REPORT

March 31, 2016

Jefferson County Commission  
124 East Washington Street  
Charles Town, WV 25414

To the Board of Commissioners:

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

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

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

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

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

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Development Authority, Jefferson County Board of Health and Jefferson County Emergency Services Agency, which represent 75 percent, 55 percent and 48 percent of the assets, net position and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jefferson County Development Authority, Jefferson County Board of Health and Jefferson County Emergency Services Agency, is based solely on the reports of the other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.



***...“bringing more to the table”***

Tax—Accounting—Audit—Review—Compilation—Agreed Upon Procedure—Consultation—Bookkeeping—Payroll  
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### ***Auditor's Responsibility (Continued)***

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County, West Virginia as of June 30, 2015, and the changes in financial position and the budgetary comparisons for the General Fund and Coal Severance Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require this presentation to include the schedules of funding progress, employer contributions, net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### ***Supplementary and Other Information***

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



***Other Matters (Continued)***

*Supplementary and Other Information (Continued)*

The budgetary comparison for the Assessor's Valuation Fund is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

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

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

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



**Perry and Associates**

Certified Public Accountants, A.C.

Marietta, Ohio

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

	Primary Government		Component Units				
	Governmental Activities	Board of Health	Development Authority	Historic Landmarks	Farmland Protection Board	Emergency Services	Parks and Recreation
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 9,308,261	\$ 1,350,585	\$ 673,640	\$ 17,707	\$ 1,800,499	\$ 804,663	\$ 723,994
Receivables, net:							
Taxes	679,106	-	-	-	61,267	-	-
Accounts	-	71,915	26,670	-	-	22,323	-
Other receivables	111,485	-	-	-	-	-	-
Inventory, at cost	14,269	-	-	-	-	-	-
Prepaid expenses	39,172	3,763	10,407	-	3,000	84,839	-
Total current assets	<u>10,152,293</u>	<u>1,426,263</u>	<u>710,717</u>	<u>17,707</u>	<u>1,864,766</u>	<u>911,825</u>	<u>723,994</u>
Noncurrent assets:							
Restricted assets:							
Other assets	-	-	7,824	-	-	-	-
Restricted cash	1,944,699	-	15,421	-	-	-	-
Capital assets:							
Nondepreciable:							
Land	866,554	-	7,085,222	752,333	-	550,000	688,335
Construction in progress	-	-	-	-	-	-	188,437
Depreciable:							
Buildings	19,024,780	-	-	80,499	-	1,366,998	-
Structures and improvements	2,152,891	-	-	-	-	-	-
Vehicles	1,936,482	-	-	-	-	-	-
Machinery and equipment	7,063,940	30,719	34,417	-	-	539,462	288,269
Less: accumulated depreciation	(12,344,453)	(23,041)	(15,682)	(12,723)	-	(689,317)	(110,586)
Total noncurrent assets	<u>20,644,893</u>	<u>7,678</u>	<u>7,127,202</u>	<u>820,109</u>	<u>-</u>	<u>1,767,143</u>	<u>1,054,455</u>
Total assets	<u>30,797,186</u>	<u>1,433,941</u>	<u>7,837,919</u>	<u>837,816</u>	<u>1,864,766</u>	<u>2,678,968</u>	<u>1,778,449</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Related to pension plans	1,384,881	72,689	-	-	-	-	-
Total deferred outflows of resources	<u>1,384,881</u>	<u>72,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>							
Current liabilities payable:							
Accounts payable	474,786	26,987	17,205	-	512	7,879	15,272
Payroll payable	417,622	3,190	-	-	-	31,126	-
Other accrued expenses	61,382	-	-	-	-	-	13,840
Benefits payable-HRA	83,334	-	-	-	-	-	-
OPEB obligation	25,790	181,362	-	-	-	-	86,844
Accrued interest payable	-	-	113,587	-	-	1,161	-
Noncurrent liabilities:							
Notes payable - due within one year	-	-	147,663	-	-	28,576	-
Notes payable - due in more than one year	-	-	5,166,845	-	-	1,148,612	-
Net pension liability	2,689,052	77,704	-	-	-	-	-
Compensated absences payable	656,813	26,687	-	-	-	45,493	-
Total liabilities	<u>4,408,779</u>	<u>315,930</u>	<u>5,445,300</u>	<u>-</u>	<u>512</u>	<u>1,262,847</u>	<u>115,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Related to pension plans	2,590,938	82,200	-	-	-	-	-
Total deferred inflows of resources	<u>2,590,938</u>	<u>82,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	18,700,194	7,678	18,735	820,109	-	589,955	1,054,455
Restricted for:							
Culture and recreation	3,440	-	-	-	-	-	-
Public safety	116,682	-	-	-	-	-	-
Other purposes	1,711,335	-	23,245	-	-	81,000	-
Unrestricted	4,650,499	1,100,822	2,350,639	17,707	1,864,254	745,166	608,038
Total net position	<u>\$ 25,182,150</u>	<u>\$ 1,108,500</u>	<u>\$ 2,392,619</u>	<u>\$ 837,816</u>	<u>\$ 1,864,254</u>	<u>\$ 1,416,121</u>	<u>\$ 1,662,493</u>

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

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

	Program Revenues						Net (Expense) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Board of Health	Development Authority	Component Units			
					Governmental Activities	Total			Historic Landmark	Farmland Protection	Emergency Services	Parks and Recreation
<b>Functions / Programs</b>												
<b>Primary government:</b>												
Governmental activities:												
General government	\$ 14,420,067	\$ 3,764,598	\$ 358,638	\$ -	\$ (10,296,831)	\$ (10,296,831)						
Public safety	10,198,071	-	346,003	3,181	(9,848,887)	(9,848,887)						
Health and sanitation	16,015	-	30,000	-	13,985	13,985						
Culture and recreation	1,217,776	-	74,250	-	(1,143,526)	(1,143,526)						
Social services	22,525	-	52,496	-	29,971	29,971						
Capital projects	506,633	-	-	-	(506,633)	(506,633)						
Education	-	-	45,147	-	45,147	45,147						
Total governmental activities	<u>26,381,087</u>	<u>3,764,598</u>	<u>906,534</u>	<u>3,181</u>	<u>(21,706,774)</u>	<u>(21,706,774)</u>						
<b>Component units:</b>												
Board of Health	1,051,213	235,721	617,729	-	-	-	\$ (197,763)	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Development	620,194	-	-	-	-	-	-	(620,194)	-	-	-	-
Historic Landmark	1,361,707	-	6,601	-	-	-	-	-	(1,355,106)	-	-	-
Farmland Protection	382,952	-	151,908	-	-	-	-	-	-	(231,044)	-	-
Emergency Services Agency	1,681,190	65,749	-	-	-	-	-	-	-	-	(1,615,441)	-
Parks and Recreation	1,572,345	494,063	-	-	-	-	-	-	-	-	-	(1,078,282)
Total component units	<u>\$ 6,669,601</u>	<u>\$ 795,533</u>	<u>\$ 776,238</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(197,763)</u>	<u>(620,194)</u>	<u>(1,355,106)</u>	<u>(231,044)</u>	<u>(1,615,441)</u>	<u>(1,078,282)</u>
General revenues:												
Ad valorem property taxes					12,141,652	12,141,652	-	-	-	-	-	-
Alcoholic beverages tax					32,965	32,965	-	-	-	-	-	-
Hotel occupancy tax					600,591	600,591	-	-	-	-	-	-
Gas and oil severance tax					81,957	81,957	-	-	-	-	-	-
Other taxes					623,507	623,507	-	-	-	593,582	-	-
Coal severance tax					147,727	147,727	-	-	-	-	-	-
Licenses and permits					2,769,450	2,769,450	-	-	-	-	-	-
Intergovernmental:												
Federal					-	-	-	-	1,513,080	-	-	-
State					-	-	-	72,258	17,925	-	-	3,994
Local					-	-	-	423,299	-	-	2,203,230	1,391,798
Interest and investment earnings					53,357	53,357	7,338	2,908	-	9,451	1,941	4,059
Refunds					228,635	228,635	-	-	-	-	-	-
Reimbursement					5,695	5,695	-	-	-	-	-	-
Miscellaneous					5,354,405	5,354,405	7,100	158	11,369	3,284	17,248	14,459
Total general revenues					<u>22,039,941</u>	<u>22,039,941</u>	<u>14,438</u>	<u>498,623</u>	<u>1,542,374</u>	<u>606,317</u>	<u>2,222,419</u>	<u>1,414,310</u>
Change in net position					333,167	333,167	(183,325)	(121,571)	187,268	375,273	606,978	336,028
Net position - beginning (restated, see Note III. I)					<u>24,848,983</u>	<u>24,848,983</u>	<u>1,291,825</u>	<u>2,514,190</u>	<u>650,548</u>	<u>1,488,981</u>	<u>809,143</u>	<u>1,326,465</u>
Net position - ending					<u>\$ 25,182,150</u>	<u>\$ 25,182,150</u>	<u>\$ 1,108,500</u>	<u>\$ 2,392,619</u>	<u>\$ 837,816</u>	<u>\$ 1,864,254</u>	<u>\$ 1,416,121</u>	<u>1,662,493</u>

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

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

	General	Coal Severance Tax	County Capital Outlay	Impact Fees	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>Assets:</b>						
Cash and cash equivalents	\$ 4,545,093	\$ 6,229	\$ 4,336,768	\$ -	\$ 419,971	\$ 9,308,061
Receivables (net of allowance for uncollectibles):						
Taxes	679,106	-	-	-	-	679,106
Other receivables	-	-	-	-	111,485	111,485
Due from:						
Other funds	34,187	-	-	-	-	34,187
Inventory, at cost	14,269	-	-	-	-	14,269
Prepaid expenses	39,172	-	-	-	-	39,172
Restricted cash	-	-	-	1,944,699	-	1,944,699
Total assets	<u>5,311,827</u>	<u>6,229</u>	<u>4,336,768</u>	<u>1,944,699</u>	<u>531,456</u>	<u>12,130,979</u>
<b>Deferred Outflows:</b>						
Deferred outflows of resources	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 5,311,827</u>	<u>\$ 6,229</u>	<u>\$ 4,336,768</u>	<u>\$ 1,944,699</u>	<u>\$ 531,456</u>	<u>\$ 12,130,979</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	357,070	-	-	113,242	4,474	474,786
Payroll payable	417,622	-	-	-	-	417,622
Other accrued expenses	61,382	-	-	-	-	61,382
Benefits payable- HRA	83,334	-	-	-	-	83,334
Due to:						
Other funds	-	-	-	-	34,187	34,187
Total liabilities	<u>919,408</u>	<u>-</u>	<u>-</u>	<u>113,242</u>	<u>38,661</u>	<u>1,071,311</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - taxes	<u>501,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,024</u>
Total deferred inflows of resources	<u>501,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,024</u>
Total liabilities and deferred inflows of resources	<u>1,420,432</u>	<u>-</u>	<u>-</u>	<u>113,242</u>	<u>38,661</u>	<u>1,572,335</u>
<b>Fund balances:</b>						
Nonspendable	53,441	-	-	-	-	53,441
Restricted	-	1,229	-	1,831,457	428,313	2,260,999
Committed	-	-	4,336,768	-	-	4,336,768
Assigned	3,400,000	5,000	-	-	64,482	3,469,482
Unassigned	<u>437,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,954</u>
Total fund balances	<u>3,891,395</u>	<u>6,229</u>	<u>4,336,768</u>	<u>1,831,457</u>	<u>492,795</u>	<u>10,558,644</u>
Total liabilities, deferred inflows or resources and fund balances	<u>\$ 5,311,827</u>	<u>\$ 6,229</u>	<u>\$ 4,336,768</u>	<u>\$ 1,944,699</u>	<u>\$ 531,456</u>	<u>\$ 12,130,979</u>

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

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

---

Total fund balances on the governmental fund's balance sheet		\$	10,558,644
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note III - C )			18,700,194
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note III - C )			501,024
Deferred outflows and inflows of resources related to pensions are applicable to future periods and are therefore not reported in the funds:			
Deferred outflow - Changes in employer portion and differences between contributions and proportionate share of pension expense	\$	153,803	
Deferred outflow - Employer contributions to pension plan after measurement date		1,231,078	
Deferred inflow - Differences between projected and actual investment earnings		<u>(2,590,938)</u>	( 1,206,057)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III - G.)			<u>( 3,371,655)</u>
Net position of governmental activities		\$	<u><u>25,182,150</u></u>

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

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

	General	Coal Severance Tax	County Capital Outlay	Impact Fees	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 12,190,515	\$ -	\$ -	\$ -	\$ -	\$ 12,190,515
Alcoholic beverages tax	32,965	-	-	-	-	32,965
Hotel occupancy tax	600,591	-	-	-	-	600,591
Gas and oil severance tax	81,957	-	-	-	-	81,957
Other taxes	594,847	-	-	-	-	594,847
Coal severance tax	-	147,727	-	-	-	147,727
Licenses and permits	303,833	-	-	2,386,578	79,039	2,769,450
Intergovernmental:						
Federal	160,021	-	-	-	551,077	711,098
State	-	-	-	-	198,617	198,617
Charges for services	3,237,400	-	-	-	96,772	3,334,172
Fines and forfeits	96,912	-	-	-	333,514	430,426
Interest and investment earnings	25,435	348	17,998	8,131	1,445	53,357
Refunds	228,635	-	-	-	-	228,635
Reimbursements	-	-	529	-	5,166	5,695
Payments in lieu of taxes	28,660	-	-	-	-	28,660
Contributions and donations	-	-	-	-	100	100
Miscellaneous	4,144,376	-	-	-	1,209,929	5,354,305
Total revenues	<u>21,726,147</u>	<u>148,075</u>	<u>18,527</u>	<u>2,394,709</u>	<u>2,475,659</u>	<u>26,763,117</u>
<b>EXPENDITURES</b>						
Current:						
General government	10,794,619	10,652	-	2,499,261	1,556,914	14,861,446
Public safety	9,465,356	125,000	-	-	92,827	9,683,183
Health and sanitation	1,500	14,515	-	-	-	16,015
Culture and recreation	1,115,082	-	-	-	-	1,115,082
Social services	10,275	-	-	-	12,250	22,525
Capital outlay	-	-	339,171	-	436,285	775,456
Total expenditures	<u>21,386,832</u>	<u>150,167</u>	<u>339,171</u>	<u>2,499,261</u>	<u>2,098,276</u>	<u>26,473,707</u>
Excess (deficiency) of revenues over expenditures	<u>339,315</u>	<u>(2,092)</u>	<u>(320,644)</u>	<u>(104,552)</u>	<u>377,383</u>	<u>289,410</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	761,875	-	-	-	12,936	774,811
Transfers (out)	(12,936)	-	-	-	(761,875)	(774,811)
Total other financing sources (uses)	<u>748,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(748,939)</u>	<u>-</u>
Net change in fund balances	1,088,254	(2,092)	(320,644)	(104,552)	(371,556)	289,410
Fund balances - beginning	<u>2,803,141</u>	<u>8,321</u>	<u>4,657,412</u>	<u>1,936,009</u>	<u>864,351</u>	<u>10,269,234</u>
Fund balances - ending	<u>\$ 3,891,395</u>	<u>\$ 6,229</u>	<u>\$ 4,336,768</u>	<u>\$ 1,831,457</u>	<u>\$ 492,795</u>	<u>\$ 10,558,644</u>

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

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

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

Net change in fund balances - total governmental funds	\$ 289,410	
Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year. (Note III-C )		268,823
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note III-C ).		( 1,085,857)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year deferred revenues. (Notes III-B)		( 48,863)
Prior year deferred revenues: \$ 549,887		
Current year deferred revenues: \$ 501,024		
Governmental Funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense and are recognized on the accrual basis of accounting in accordance with GASB 68.		
Amount of pension expenditures at fund modified accrual level	\$ 1,231,078	
Amount of pension expenses recognized at government-wide level	<u>( 303,933)</u>	927,145
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Decrease in Compensated Absences plus OPEB		<u>( 17,491)</u>
Change in net position of governmental activities	\$ <u><u>333,167</u></u>	

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

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

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 12,360,786	12,360,786	\$ 12,190,515	\$ -	\$ 12,190,515	\$ (170,271)
Alcoholic beverages tax	25,433	25,433	32,965	-	32,965	7,532
Hotel occupancy tax	520,000	520,000	600,591	-	600,591	80,591
Gas and oil severance tax	30,000	81,957	81,957	-	81,957	-
Other taxes	482,219	482,219	594,847	-	594,847	112,628
Licenses and permits	170,225	170,325	303,833	-	303,833	133,508
Intergovernmental:						
Federal	80,000	161,000	160,021	-	160,021	(979)
Charges for services	2,671,681	3,346,681	3,237,400	-	3,237,400	(109,281)
Fines and forfeits	-	-	96,912	-	96,912	96,912
Interest and investment earnings	102,923	114,185	25,435	-	25,435	(88,750)
Refunds	299,000	345,621	228,635	-	228,635	(116,986)
Payments in lieu of taxes	9,949	11,676	28,660	-	28,660	16,984
Miscellaneous	4,380,343	4,180,287	4,144,376	-	4,144,376	(35,911)
Total revenues	<u>21,132,559</u>	<u>21,800,170</u>	<u>21,726,147</u>	<u>-</u>	<u>21,726,147</u>	<u>(74,023)</u>
<b>EXPENDITURES</b>						
Current:						
General government	14,032,055	14,335,521	10,794,619	-	10,794,619	3,540,902
Public safety	9,235,849	10,213,591	9,465,356	-	9,465,356	748,235
Health and sanitation	-	1,500	1,500	-	1,500	-
Culture and recreation	1,013,329	1,033,329	1,115,082	-	1,115,082	(81,753)
Social services	10,275	10,275	10,275	-	10,275	-
Total expenditures	<u>24,291,508</u>	<u>25,594,216</u>	<u>21,386,832</u>	<u>-</u>	<u>21,386,832</u>	<u>4,207,384</u>
Excess (deficiency) of revenues over expenditures	<u>(3,158,949)</u>	<u>(3,794,046)</u>	<u>339,315</u>	<u>-</u>	<u>339,315</u>	<u>4,133,361</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	758,949	768,949	761,875	-	761,875	(7,074)
Transfers (out)	-	-	(12,936)	-	(12,936)	(12,936)
Total other financing sources (uses)	<u>758,949</u>	<u>768,949</u>	<u>748,939</u>	<u>-</u>	<u>748,939</u>	<u>(20,010)</u>
Net change in fund balance	(2,400,000)	(3,025,097)	1,088,254	-	1,088,254	4,113,351
Fund balance - beginning	<u>2,803,141</u>	<u>2,803,141</u>	<u>2,803,141</u>	<u>-</u>	<u>2,803,141</u>	<u>-</u>
Fund balance - ending	<u>\$ 403,141</u>	<u>\$ (221,956)</u>	<u>\$ 3,891,395</u>	<u>\$ -</u>	<u>\$ 3,891,395</u>	<u>\$ 4,113,351</u>

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



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

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes:						
Coal severance tax	\$ 164,000	\$ 156,179	\$ 147,727	\$ -	\$ 147,727	\$ (8,452)
Interest and investment earnings	<u>1,500</u>	<u>1,500</u>	<u>348</u>	<u>-</u>	<u>348</u>	<u>(1,152)</u>
Total revenues	<u>165,500</u>	<u>157,679</u>	<u>148,075</u>	<u>-</u>	<u>148,075</u>	<u>(9,604)</u>
<b>EXPENDITURES</b>						
Current:						
General government	73,385	10,653	10,652	-	10,652	1
Public safety	150,000	139,347	125,000	-	125,000	14,347
Health and sanitation	<u>16,000</u>	<u>16,000</u>	<u>14,515</u>	<u>-</u>	<u>14,515</u>	<u>1,485</u>
Total expenditures	<u>239,385</u>	<u>166,000</u>	<u>150,167</u>	<u>-</u>	<u>150,167</u>	<u>15,833</u>
Excess (deficiency) of revenues over expenditures	<u>(73,885)</u>	<u>(8,321)</u>	<u>(2,092)</u>	<u>-</u>	<u>(2,092)</u>	<u>6,229</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(73,885)	(8,321)	(2,092)	-	(2,092)	6,229
Fund balance - beginning	<u>8,321</u>	<u>8,321</u>	<u>8,321</u>	<u>-</u>	<u>8,321</u>	<u>-</u>
Fund balance - ending	<u>\$ (65,564)</u>	<u>\$ -</u>	<u>\$ 6,229</u>	<u>\$ -</u>	<u>\$ 6,229</u>	<u>\$ 6,229</u>

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

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

	Agency <u>Funds</u>
<b>ASSETS</b>	
Non-pooled cash	\$ <u>910,009</u>
Total assets	<u>910,009</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	\$ <u><u>910,009</u></u>
<b>LIABILITIES</b>	
Due to: other governments	\$ <u>910,009</u>
Total liabilities	<u>910,009</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total deferred inflows of resources	<u>-</u>
Total liabilities and deferred inflows of resources	\$ <u><u>910,009</u></u>

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

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

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

Jefferson County (government) is one of fifty-five counties established under the Constitution and the Laws of the State of West Virginia. There are six offices elected county-wide, which are: County Commission, County Clerk, Circuit Clerk, Assessor, Sheriff, and Prosecuting Attorney.

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

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

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

*Discretely Presented Component Units*

Discretely presented component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Because of the nature of services they provide and the County's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement 39 and GASB Statement 61). The discretely presented component units are presented on the government-wide statements.

The Jefferson County Board of Health serves citizens of Jefferson 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 Jefferson County Economic Development Authority serves Jefferson County, West Virginia, and is governed by a board comprised of 15 members appointed by the County Commission. The Jefferson County Economic Development Authority develops property on behalf of the County and also provides services to external parties.

The Jefferson County Parks and Recreation serves all citizens of Jefferson County by providing recreational services and is governed by an eleven-member board appointed by the County Commission. The County provides financial support to the Board on an annual basis.

The Jefferson County Emergency Services Agency serves citizens of Jefferson County by providing emergency ambulance services and is governed by a nine-member board appointed by the County Commission. The County provides financial support to the Board on an annual basis.

The Jefferson County Farmland Protection Board serves all citizens of Jefferson County by promoting the protection of agriculture within the county and is governed by a seven member board appointed by the county commission.

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

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The Jefferson County Historic Landmarks Commission serves Jefferson County by preserving historic structures within the unincorporated areas of Jefferson County and by educating the public about the county's heritage, and is governed by a five member board appointed by the County Commission. The county provides financial support to the Commission.

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Combining financial statements for the nonmajor governmental funds are included as supplementary information.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year 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.

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

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

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

The government reports the following major governmental funds:

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

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

The *Capital Outlay fund*, a capital projects fund, accounts for revenues and expenditures related to capital outlay expenditures of the county.

The *Impact Fee fund*, a special revenue fund, accounts for revenues collected for schools, parks, fire, EMS and law enforcement capacity improvements.

Additionally, the government reports the following fund types:

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**1. Deposits and Investments**

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

If it is determined that the available interest rate offered by an acceptable depository in the county is less than the interest rate, net of administrative fees referred to in article six, chapter twelve of the West Virginia Code, offered it through the state board of investments, the county treasurer may, with the approval of each fiscal body whose funds are involved, make such funds available to the state board of investments for investment in accordance with the provisions of article six, chapter twelve of the code.

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

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

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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*

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

All counties within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, fourteen and three-tenths cents (14.30 cents); On Class II property, twenty-eight and six-tenths cents (28.60 cents); On Class III property, fifty-seven and two-tenths cents (57.20 cents); On Class IV property, fifty-seven and two-tenths cents (57.20 cents). In addition, counties may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

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

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ -	14.04
Class II	\$ 1,901,426,070	28.08
Class III	\$ 843,296,811	56.16
Class IV	\$ 376,253,589	56.16

**3. Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. Restricted Assets**

Certain assets of the Impact Fees special revenue funds are classified as restricted assets because their use is restricted by state statutes.

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

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

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**5. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 government depreciates the capital assets using the straight-line method. Capital assets depreciation and capitalization policies are defined by the government as follows:

<u>Asset</u>	<u>Straight-line Years</u>	<u>Inventory Purposes</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	\$ 1	\$ Capitalize only
Land improvement	20 to 30 years	1	10,000.00
Building	35 years	1	10,000.00
Building improvements	20 to 25 years	1	10,000.00
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	10,000.00
Vehicles	5 to 10 years	1,000	10,000.00

**6. Compensated Absences**

Employees are allowed to carryover a limited amount of vacation and an unlimited amount of sick leave benefits at the end of a calendar year. The amount of vacation and sick leave benefits allowed to carryover is dependent on the department for which the employee works.

No liability is reported for unpaid accumulated sick leave.

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

When a permanent full time employee retires, the employee has the option of being paid for accrued vacation only or applying both accrued vacation and sick leave to additional months of service for retirement benefits at the conversion of ten(10) days of leave for one (1) month of additional service credit.

**7. Long-term Obligations**

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

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

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**8. Fund Balances**

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

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

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

**9. 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(s) 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Jefferson County's Public Employees Retirement System (PERS) and the West Virginia Deputy Sheriff Retirement System (WVDRS) and additions to/deductions from PERS' and WVDRS' fiduciary net position have been determined on the same basis as they are reported by PERS and WVDRS. 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.



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

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**10. Change in Accounting Principle**

The County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of this statement is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability as a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

Jefferson County, West Virginia prepares its budget on the modified accrual basis of accounting.

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

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

<u>Description</u>	<u>General Fund</u> <u>Amount</u>	<u>Coal Severance</u> <u>Amount</u>
General government expenditure increase	\$ 303,466	\$ ( 62,732)
Public safety expenditure decrease	\$ 977,742	\$ ( 10,653)
Health and sanitation expenditure decrease	\$ 1,500	\$ -
Culture and recreation expenditure decrease	\$ 20,000	\$ -

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Custodial Credit Risk*

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

At year end, the government's bank balances were \$ 13,005,006. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution's trust department or agent in the government's name.

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

Cash and cash equivalents - Governmental Funds	\$ 9,308,261
Cash and cash equivalents-restricted - Impact Fees	1,944,699
Cash and cash equivalents-restricted - Agency Funds	910,009
Total	<u>\$ 12,162,969</u>

**B. Receivables**

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

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

	General	Coal Severance Tax	Federal Grant	State Grant	Total
Receivables:					
Taxes	\$ 867,974	\$ -	\$ -	\$ -	\$ 867,974
Other	-	-	78,681	32,804	111,485
Gross Receivables	867,974	-	78,681	32,804	979,459
Less: Allowance for Uncollectible	(188,868)	-	-	-	(188,868)
Net Total Receivables	\$ 679,106	\$ -	\$ 78,681	\$ 32,804	\$ 790,591

Governmental funds report deferred 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 deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unearned	Unavailable
Delinquent property taxes receivable (General Fund)	\$ -	\$ 501,024
Total unavailable/unearned revenue for governmental funds	\$ -	\$ 501,024

**C. Capital Assets**

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 866,554	\$ -	\$ -	\$ 866,554
Construction in progress	1,066,301	268,823	(1,335,124)	-
Total capital assets not being depreciated	1,932,855	268,823	(1,335,124)	866,554
Capital assets being depreciated:				
Buildings and improvements	19,024,780	-	-	19,024,780
Structures and improvements	1,961,092	191,799	-	2,152,891
Machinery and equipment	5,920,615	1,143,325	-	7,063,940
Vehicles	1,963,988	-	(27,506)	1,936,482
Less: Total accumulated depreciation	(11,286,102)	(1,085,857)	27,506	(12,344,453)
Total capital assets being depreciated, net	17,584,373	249,267	-	17,833,640
Governmental activities capital assets, net	\$ 19,517,228	\$ 518,090	\$ (1,335,124)	\$ 18,700,194

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

Governmental activities:	
General government	\$ 320,928
Public safety	662,235
Culture and recreation	102,694
Total depreciation expense-governmental activities	\$ 1,085,857

*Construction in Progress*

The government has no active construction projects as of the fiscal year ended June 30, 2015. These projects have been closed and moved into fixed assets at June 30, 2015.

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

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

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

<i>Due to/from other funds</i>		
<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Jury & Witness	General County	\$ 34,187
Total Due to/from other funds		\$ 34,187

<i>Interfund Transfers:</i>		
<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Amount</u>
General County	Federal Grants	\$ 11,936
Dog & Kennel	General County	34,918
General School	General County	264,466
Assessor Valuation	General County	451,504
General County	Dog & Kennel	1,000
Home Confinement	General County	10,000
Federal Grants	General County	987
Total Interfund Transfers		\$ 774,811

**E. Fund Balance Detail**

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

	<u>General Fund</u>	<u>Coal Severance Fund</u>	<u>County Capital Outlay</u>	<u>County Impact Fees</u>
Nonspendable:				
Inventory	\$ 14,269	\$ -	\$ -	\$ -
Prepays	39,172	-	-	-
Restricted:				
General government	-	1,229	-	-
Public safety	-	-	-	116,682
Culture and recreation	-	-	-	3,440
School	-	-	-	1,711,335
Committed:				
Capital projects	-	-	4,336,768	-
Assigned:				
General government	1,915,000	4,500	-	-
Public safety	1,347,000	-	-	-
Health and sanitation	-	500	-	-
Culture and recreation	138,000	-	-	-
Unassigned:	437,954	-	-	-
Total fund balances	\$ 3,891,395	\$ 6,229	\$ 4,336,768	\$ 1,831,457

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

<i>(Continued)</i>	Non-major Funds	Total
Nonspendable:		
Inventory	\$ -	\$ 14,269
Prepays	-	39,172
Restricted:		
General government	353,833	355,062
Public safety	74,480	191,162
Culture and recreation	-	3,440
School	-	1,711,335
Committed:		
Capital projects	-	4,336,768
Assigned:		
General government	64,482	1,983,982
Public safety	-	1,347,000
Health and sanitation	-	500
Culture and recreation	-	138,000
Unassigned:	-	437,954
Total fund balances	\$ 492,795	\$ 10,558,644

**F. Leases**

*Operating Leases*

The government leases office facilities under an operating lease. Total costs for the lease were \$115,667 for this fiscal year. The future minimum lease payment for the is as follows:

Year Ending June 30,	Governmental Activities
2016	\$ 115,667
2017	28,917
Total minimum lease payments	144,584
Less: amount representing interest	-
Present value of minimum lease payments	\$ 144,584

**G. Long-term Debt**

**Changes in Long-term Liabilities**

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 4,822,254	\$ -	\$ (2,133,202)	\$ 2,689,052	\$ -
Compensated absences	665,112	20,167	(28,466)	656,813	-
Long-term liabilities	\$ 5,487,366	\$ 20,167	\$ (2,161,668)	\$ 3,345,865	\$ -

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

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**H. Restricted Assets**

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

Impact Fees account	\$ 1,944,699
Agency Fund	<u>910,009</u>
Total restricted assets	<u><u>\$ 2,854,708</u></u>

**I. Prior Period Adjustment**

The following restatement was performed to net position at the beginning of the year due to the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*:

	<u>Governmental Activities</u>
Net position, (government-wide balance), as previously stated	\$ 29,671,237
Add:	
Deferred outflow of resources - employer contributions made subsequent to the measurement date	1,304,535
Deduct:	
Net pension liability	(6,126,789)
Net position, (government-wide balance), restated	<u><u>\$ 24,848,983</u></u>

**IV. OTHER INFORMATION**

**A. Risk Management**

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

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

**B. Related Party Transaction**

There are none to report.

**C. Subsequent Events**

There are none to report.

**D. Contingent Liabilities**

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

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

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

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against zc, West Virginia.

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

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**E. Deferred Compensation Plan**

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

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

**F. Other Post Employment Healthcare Plan (non-participating entities only)**

Effective July 1, 2014, Jefferson County adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. In addition to the relevant disclosures within this note related to the implementation of GASB 45, the financial statement reflects long-term liabilities and related expenses in the governmental activities of \$ 25,790 resulting from the adoption.

In addition to the pension benefits described in Note VI, the Jefferson County Commission provides other post employment benefits (OPEB) to certain employees who qualify as a retiree, were hired prior to July 1, 1998, and meet specific service requirements through a multi-employer defined benefit plan. For fiscal year 2015, total premiums paid for retiree medical benefits were \$86,655. Employees and retirees eligible to participate in the OPEB plan consisted of the following at January 2015, the date used for data provided in the most recent actuarial valuation dated September 8, 2015:

Actives Fully Eligible to Retire	9
Actives Not Yet Fully Eligible to Retire	12
Retirees	23
Total Participants	<u>44</u>

*Plan Description.* The medical insurance is a contributory plan, and eligible retirees may insure themselves and eligible dependents. Medical insurance coverage is provided to retirees based on the employee's hire date, age, and years of full time continuous service.

The County withdrew from the Public Employees Insurance Agency (PEIA) effective July 1, 1988. Current employees hired prior to July 1, 1998 must have ten (10) years of service and must be enrolled in the insurance coverage provided by the PEIA for five (5) years to receive subsidized coverage from the County. It is optional for the County to subsidize post-retirement healthcare for current employees hired prior to July 1, 1998 who do not have five (5) years of PEIA insurance coverage. The County has elected to provide subsidized coverage to these individuals.

The County's portion of the premium is calculated based on the retiree's years of service at the time of retirement, Medicare or non-Medicare eligibility, and dependent coverage. The cost share premium is established by PEIA.

Jefferson County, West Virginia contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia, 25305-0710 or by accessing the RHBT website at [www.peia.wv.gov](http://www.peia.wv.gov) and selecting Forms and Downloads, Financial Reports.

*Funding Policy.* The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC consisted of the normal cost of \$32,137, and the amortization of unfunded accrued liability of \$80,308. The county contributed \$86,655 for fiscal year 2015 for current health care insurance premiums. The County has not established an OPEB trust to pre-fund future benefits.

During the 1992 Regular Session of the West Virginia Legislature, a portion of the Public Employees Insurance Agency (PEIA) governing statute was amended at section 5-16-22 to require all Non-State agencies to contribute toward the cost of their retired and or surviving dependents of retirees who are eligible to participate in the PEIA benefits program whether the agency itself participates as a group with the PEIA or not.

*Annual OPEB Cost & Net OPEB Obligation.* The County had an actuarial valuation performed as of July 1, 2014 to determine the funded status of the plan as of that date as well as the County's ARC for the fiscal year ended June 30, 2015. This is the Jefferson County's first year reporting OPEB. The annual OPEB costs and net OPEB obligation for the current year were as follows:

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

Annual Required Contribution	\$ 112,445
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	<u>112,445</u>
Employer Contributions Made	<u>(86,655)</u>
Increase in Net OPEB Obligation	25,790
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	<u><u>\$ 25,790</u></u>

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 112,445	\$ 86,655	77%	\$ 25,790

*Funded Status and Funding Progress*

Actuarial Valuation Date	July 1, 2014
Actuarial Accrued Liability (AAL)	\$ 1,477,030
Actuarial Value of Assets (AVA)	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,477,030</u>
Funded Ratio (Assets as a Percentage of AAL)	0%

Actuarial valuations for Jefferson County of its Postretirement Health Plan using the Alternative Measurement Method as described in Government Accounting Standard No. 45 ("GASB 45"). The primary purpose of the valuation is to determine the obligations and cost for Fiscal Year 2015. Determinations for purposes other than meeting the Commission's financial accounting requirements may be significantly different from the results herein. The results are estimates based on assumptions about future events. Assumptions may be made about participant data or other factors. All approximations and assumptions are noted. Reasonable efforts were made in the valuation to ensure that significant items in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. Actual future experience will differ from the assumptions used. As these differences arise, the expense for accounting purposes will be adjusted in future valuations to reflect such actual experience.

*Actuarial methods and assumptions.* Projections for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term perspective of the calculations, and are as follows:

Actuarial Cost Method - Projected Unit Credit (Alternative Measurement Method)

The unfunded liability was amortized over a period of 30 years as a level dollar amount.

Asset Valuation Method - N/A

Interest Assumptions - 3.50% discount rate and 3.50% expected return on employer's assets

Mortality - RP-2000 Combined Mortality Table

Turnover - Age-based turnover rates developed based on probability of remaining employed until assumed retirement age shown in paragraph 35b, Table 1 of GASB 45

Retirement Age - Average retirement age 62

Trend Rates - Premiums & retiree contributions are assumed to increase annually at 4.0% for all years

Election at Retirement - 100% of active employees are assumed to elect PEIA coverage at retirement

Marital Status - 50% of active employees electing PEIA coverage are assumed to be married and to elect spousal coverage with males three years older than females. Actual spouse data was used for current retirees.

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

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**V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

*Plan Descriptions, Contribution Information, and Funding Policies*

Jefferson County, West Virginia participates in two state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of county employees. Both systems are administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary. These plans are as follows:

Cost Sharing Multiple Employer Pension Plans

West Virginia Public Employees Retirement System

West Virginia Deputy Sheriff Retirement System

**West Virginia Public Employees Retirement System**

All eligible County employees except those covered by other pension plans participate in the West Virginia Public Employees' Retirement System (PERS), a multiple-employer public retirement system covering employees of the State of West Virginia and other participating political subdivisions.

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

Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

*Funding Policy.* The PERS funding policy has been established by action of the State Legislature. Entity contribution rates are established by PERS. State statute requires that plan participants contribute 4.5% of compensation. The governmental entity contribution rates of 14.0%, 14.5%, and 14.0% of covered payroll for the years ending June 30, 2015, 2014, and 2013 respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the PERS Pension Plan**

At June 30, 2015, the County reported a liability of \$2,051,953 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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 employers, actuarially determined. At June 30, 2014, the County's proportion was 0.556%, which was an increase of 0.015% from its proportion measured as of June 30, 2013. There have been no changes in benefit terms on the measurement of net pension liability since the prior measurement date.

For the year ended June 30, 2015, the County recognized pension expense of \$265,079. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,170,610
Changes in proportion and differences between County contributions and proportionate share of contributions	102,549	-
County contributions subsequent to the measurement date	1,024,710	-
Total	<u>\$ 1,127,259</u>	<u>\$ 2,170,610</u>



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

\$1,024,710 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average remaining service life of 4.27 years and will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	\$ (484,323)
2017	(484,323)
2018	(484,323)
2019	(484,323)
2020	(130,767)
Total	\$ <u>(2,068,061)</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method - Entry Age Normal Cost Method with individually computed accrued liabilities. The Normal Cost is computed in aggregate. Entry is based on hire date.

Amortization Method - Level-dollar amount, fixed period

Amortization Period - 21 years (through FY 2035)

Projected Salary Increases - Range from 4.25% to 6.0% per year

Date of most recent experience study - 2004-2009

Mortality Tables - Healthy Males: 1983 GAM male; Healthy Females: 1971 GAM female, set back 1 year; Disabled Males: 1971 GAM male, set forward 8 years; and Disabled Females: Revenue Ruling 96-7 disabled female table.

Withdrawals - Assumed to result in a refund of contributions if non-vested or a deferred annuity of vested. State 26%, non-state 31.2%

Asset Valuation Method - Fair value

Retirement Rates -

Age	Rate	Age	Rate	Age	Rate
55	0.25	61	0.15	66	0.20
56	0.15	62	0.30	67	0.20
57	0.15	63	0.18	68	0.20
58	0.15	64	0.18	69	0.20
59	0.15	65	0.25	70+	1.00
60	0.15				

Disablement Rates -

Age	Male	Female
30	0.00030	0.00060
40	0.00113	0.00113
50	0.00488	0.00225
60	0.00750	0.00750

Family Composition - It is assumed that 85% of males and 80% of females are married, with husbands 3 years older than wives. Remarriage rates are not used.

Inflation Rate - 2.20%

Interest Rate & Expenses - The valuation interest assumption is 7.50%, with no loading for plan expenses

The long-term expected rate of return on pension plan benefits is based upon a determination of the appropriate risk tolerance, the Consolidated Public Retirement Board (Board) adopted the following broad asset allocation guidelines for the assets managed for PERS. Policy and Strategic allocations are established on a market value basis.

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

<u>Asset Class</u>	<u>Policy Allocation</u>	<u>Strategic Allocation</u>
Domestic Equity	30.0%	27.5%
International Equity	30.0%	27.5%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	15.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (Included in Fixed Income above)	\$19,000,000*	

\* IMB Staff has authority to change the cash allocation plus or minus 10%, as necessary in consultation with the appropriate representative(s) from PERS.

The West Virginia Investment Management Board (IMB) calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. Actual rates of return are net of fees.

<u>Period</u>	<u>Actual</u>	<u>Target</u>
One-year	17.9%	7.5%
Three-year	10.5%	7.5%
Five-year	13.6%	7.5%
Ten-year	7.8%	7.5%

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

*Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	<u>1.0% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1.0% Increase (8.5%)</u>
County's proportionate share of the net pension liability	\$ 5,797,923	\$ 2,051,953	\$(1,140,085)

*Trend Information.* The required contribution and the percentage of that amount contributed for the past three years is as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2015	\$ 1,024,710	100%
2014	\$ 1,079,680	100%
2013	\$ 1,014,046	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304 or by calling (304) 558-3570.

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

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

The West Virginia Deputy Sheriff Retirement System (WVDRS) is a cost sharing multiple-employer public employee retirement system created by the State of West Virginia. The Deputy Sheriffs of West Virginia county governments, employed prior to July 1, 1998 could elect to join this plan or remain in PERS. Deputy Sheriffs hired after this date are required to join WVDRS.

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

Period required to vest	Five years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.
Deferred retirement option	No deferred
Provisions for cost of living adjustments or death benefits	This plan has no provisions for cost of living adjustments. There are provisions for death benefits.

*Funding Policy.* The WVDRS funding policy has been established by action of the State Legislature. Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code Section 7-14E-2. WVDRS members are required to contribute 8.5% of their annual covered salary. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature. The County's contribution to WVDRS for the current fiscal year ending was \$140,331 for employees' share and \$206,368 for employer's share. The governmental entity contribution rate was 12.0% of covered payroll for the year ending June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the WVDRS Pension Plan**

At June 30, 2015, the County reported a liability of \$637,099 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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 employers, actuarially determined. At June 30, 2014, the County's proportion was 3.736%, which was an increase of 0.177% from its proportion measured as of June 30, 2013. There have been no changes in benefit terms on the measurement of net pension liability since the prior measurement date.

For the year ended June 30, 2015, the County recognized pension expense of \$38,854. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 420,328
Changes in proportion and differences between County contributions and proportionate share of contributions	51,254	-
County contributions subsequent to the measurement date	206,368	-
Total	<u>\$ 257,622</u>	<u>\$ 420,328</u>

\$206,368 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average remaining service life of 7.21 years and will be recognized in pension expense as follows:

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

**Year ended June 30:**

2016	\$ 51,189
2017	51,189
2019	51,189
2020	51,189
2021	51,189
2022	51,189
2023	51,189
2024	10,750
Total	<u>369,074</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method - Entry Age Cost Method with Aggregate Normal Cost.

Amortization Method - Level-percentage of future expected WVDRS Payroll determined on an open group projected payroll basis.

Remaining Amortization Period - Fully amortized by the end of fiscal year 2029

Projected Salary Increases - Based on years of service in the following table

Years of Service	Salary Increase %
Up to 2 Years	5.0%
Years 3 - 5	4.5%
Years 6 - 10	4.0%
More than 10	3.5%

Date of most recent experience study - 2007-2011

Mortality Tables -

Healthy active members: RP2000 Non-Annuitant Morality Table with mortality improvements projected to 2020 by Scale BB with separate rates for males and females.

Healthy retired members and their beneficiaries: RP2000 Healthy Annuitant Mortality Table with mortality improvements projected to 2025 by Scale BB with separate rates for males and females.

Disabled member receiving retirement benefits: RP2000 Healthy Annuitant Morality Table projected to 2025 by Scale BB and age set forward 1 year with separate rates for males and females.

Withdrawals - Withdrawal rates predict termination of employment prior to unreduced retirement eligibility. The rates by age are:

Age	Rate	Age	Rate	Age	Rate
20	0.1232	32	0.0810	44	0.0387
21	0.1197	33	0.0774	45	0.0352
22	0.1162	34	0.0739	46	0.0317
23	0.1126	35	0.0704	47	0.0282
24	0.1091	36	0.0669	48	0.0246
25	0.1056	37	0.0634	49	0.0211
26	0.1021	38	0.0598	50	0.0176
27	0.0986	39	0.0563	51	0.0141
28	0.0950	40	0.0528	52	0.0106
29	0.0915	41	0.0493	53	0.0070
30	0.0880	42	0.0458	54	0.0035
31	0.0845	43	0.0422	55	0.0000

Salary Increases                      5.0% 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

Asset Valuation Method - Fair value

Retirement Rates - Members who become eligible for unreduced retirement benefits prior to age 65 are assumed to have a 20% probability of retiring in the year they first become eligible. For years following the year of first eligibility and prior to attaining age 65, an additional 20% are assumed to retire each year. At 65, 100% of remaining members are assumed to retire. Members who become eligible for unreduced retirement benefits on or after the attainment of age 65 are assumed to retire in the year they first become eligible.

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

Other Service Credits- At Normal or Early retirement, a member is assumed to be granted 1.25 additional years of service for benefits due to allowable military service, plus 1.50 additional years for unused annual leave and / or unused sick leave for a total of 2.75 additional years.

Accrual of Future Service - All active members are assumed to complete sufficient hours to accrue one year of full time service in each future year of employment.

Plan Contributions - For interest calculation purposes, all amounts are treated as being deposited on an average of half way through the plan year.

Fee Contributions Under Section 7-14E-2 - For interest calculation purposes, contributed fees are treated as being deposited on an average of half way through the plan year and are estimated based on historical amounts contributed to the Trust Fund.

Disability Rates -

Age	Rate	Age	Rate	Age	Rate
20-25	0.0005	32	0.0028	39-45	0.0060
26	0.0008	33	0.0032	46	0.0056
27	0.0011	34	0.0036	47	0.0052
28	0.0014	35	0.0040	48	0.0048
29	0.0017	36	0.0048	49	0.0044
30	0.0020	37	0.0052	50+	0.0040
31	0.0024	38	0.0056		

It is assumed that members eligible for unreduced retirement will elect retirement prior to becoming disabled. It is also assumed that retired members will not become disabled following retirement due to duty related causes incurred prior to retirement. Disability retirements are assumed to breakdown in the following types:

Duty related full disability	50%
Duty related partial disability	25%
Non-duty related full disability	20%
Non-duty related Partial disability	5%

Marriage Rate and Composition - It is assumed that 90% of all members are married, with males 3 years older than their female spouse.

Inflation Rate - 2.2%

Interest Rate and Discount Rate - Interest Rate is a net return rate of 7.5% annually, net of investment and administrative expenses. The rate is applied to the interest return on Trust Fund assets as well as the discount rate on future expected benefit payments.

The long-term expected rate of return on pension plan benefits is based upon a determination of the appropriate risk tolerance, the Consolidated Public Retirement Board (Board) adopted the following broad asset allocation guidelines for the assets managed for WVDRS. Policy and Strategic allocations are established on a market value basis.

Asset Class	Policy Allocation	Strategic Allocation
Domestic Equity	30.0%	27.5%
International Equity	30.0%	27.5%
Private Equity	0.0%	10.0%
Fixed Income	40.0%	15.0%
Hedge Fund	0.0%	10.0%
Real Estate	0.0%	10.0%
Cash (Included in Fixed Income above)	\$250,000*	

\* IMB Staff has authority to change the cash allocation plus or minus 10%, as necessary in consultation with the appropriate representative(s) from WVDRS

The West Virginia Investment Management Board (IMB) calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals. Actual rates of return are net of fees.

Period	Actual	Target
One-year	17.9%	7.5%
Three-year	10.4%	7.5%
Five-year	13.5%	7.5%
Ten-year	7.8%	7.5%

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

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

*Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Discount Rate (7.5%)	1.0% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 1,574,361	\$ 637,099	\$ (136,826)

*Trend Information.* The required contribution and the percentage of that amount contributed for the past three years is as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2015	\$ 206,368	100%
2014	\$ 225,010	100%
2013	\$ 202,415	100%

WVDRS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304 or by calling (304) 558-3570.

**JEFFERSON COUNTY, WEST VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2015**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a.)	Actuarial Accrued Liability (AAL) (b.)	Total Unfunded AAL (UAAL) (b.-a.)	Funded Ratio (a./b.)	Annual Covered Payroll (c.)	UAAL as a % of Covered Payroll [(b.-a.)/c.]
July 1, 2014	\$ -	\$1,477,030	\$ 1,477,030	0%	Not Available	Not Available

**Schedule of Employer Contributions**

Fiscal Year Ending June 30	Annual Required Contribution	Percentage of ARC Contributed	Net OPEB Obligation
2015	\$ 112,445	77%	\$ 25,790

**JEFFERSON COUNTY, WEST VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2015**

West Virginia Public Employee's Retirement System (PERS) Pension Plan  
Last 2 Fiscal Years\*

	2015	2014
County's proportion of the net pension liability (asset)	0.555968%	0.541279%
County's proportionate share of the net pension liability (asset)	\$ 2,051,953	\$ 4,934,460
County's covered-employee payroll	\$ 7,319,363	\$ 7,481,013
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.0%	66.0%
Plan fiduciary net position as a percentage of the total pension liability	93.98%	79.70%

\* The amounts presented for each fiscal year were determined as of 07/01.

West Virginia Public Deputy Sheriff Retirement System (WVDRS) Pension Plan  
Last 2 Fiscal Years\*

	2015	2014
County's proportion of the net pension liability (asset)	3.736381%	3.558767%
County's proportionate share of the net pension liability (asset)	\$ 637,099	\$ 1,192,329
County's covered-employee payroll	\$ 1,650,943	\$ 1,730,843
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.6%	68.9%
Plan fiduciary net position as a percentage of the total pension liability	90.52%	80.20%

\* The amounts presented for each fiscal year were determined as of 07/01.



**JEFFERSON COUNTY, WEST VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF COUNTY CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2015**

West Virginia Public Employee's Retirement System (PERS) Pension Plan

Last 2 Fiscal Years

	2015	2014
Contractually required contribution	\$ 1,024,710	\$ 1,079,680
Contributions in relation to the contractually required contribution	(1,024,710)	(1,079,680)
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 7,319,363	\$ 7,481,013
Contributions as a percentage of covered-employee payroll	14.0%	14.4%

West Virginia Public Deputy Sheriff Retirement System (WVDRS) Pension Plan

Last 2 Fiscal Years

	2015	2014
Contractually required contribution	\$ 206,368	\$ 225,010
Contributions in relation to the contractually required contribution	(206,368)	(225,010)
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 1,650,943	\$ 1,730,843
Contributions as a percentage of covered-employee payroll	12.5%	13.0%

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

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Miscellaneous	\$ <u>533,541</u>	\$ <u>533,541</u>	\$ <u>564,261</u>	\$ <u>30,720</u>
Total revenues	<u>533,541</u>	<u>533,541</u>	<u>564,261</u>	<u>30,720</u>
<b>EXPENDITURES:</b>				
Current:				
General government	<u>61,420</u>	<u>115,836</u>	<u>47,525</u>	<u>68,311</u>
Total expenditures	<u>61,420</u>	<u>115,836</u>	<u>47,525</u>	<u>68,311</u>
Excess (deficiency) of revenues over expenditures	<u>472,121</u>	<u>417,705</u>	<u>516,736</u>	<u>99,031</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(536,028)</u>	<u>(593,628)</u>	<u>(451,504)</u>	<u>142,124</u>
Total other financing sources (uses)	<u>(536,028)</u>	<u>(593,628)</u>	<u>(451,504)</u>	<u>142,124</u>
Net change in fund balance	(63,907)	(175,923)	65,232	241,155
Fund balance at beginning of year	<u>175,923</u>	<u>175,923</u>	<u>175,923</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>112,016</u></u>	\$ <u><u>-</u></u>	\$ <u><u>241,155</u></u>	\$ <u><u>241,155</u></u>

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through/ Project Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<b>Pass-Through State of West Virginia Division of Homeland Security and Emergency Management:</b>			
Emergency Management Performance Grant	97.042	2013EMPG	\$ 101,582
Homeland Security Grant - Tablets	97.067	12-SHS-04	26,775
Homeland Security Grant - Sheriff's Tablets	97.067	11-SHS-74	231,830
Homeland Security Grant - JC Board of Education	97.067	12-SHS-03	45,147
Homeland Security Grant - WVU Health Care	97.067	11-SHS-45	52,496
Homeland Security Grant - Panasonic Toughbook	97.067	13-SHS-36	9,140
Homeland Security Grant - HLS Generator	97.067	13-SHS-10	3,181
Homeland Security Grant - Sheriff's Vests	97.067	14-LE-17	35,000
Homeland Security Grant - Radio Grant	97.067	13-LE-58	40,500
Total Homeland Security			<u>444,069</u>
<b>Total U. S. Department of Homeland Security</b>			<u>545,651</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
<b>Pass-through the State of West Virginia Department of Criminal Justice Services:</b>			
Crime Victim Assistance	16.575	13-VA-016	53,974
Enforcing Underage Drinking Laws Program	16.727	13-EUD-116	25,327
<b>Total U. S. Department of Justice</b>			<u>79,301</u>
<b><u>Land &amp; Waste Conservation Fund</u></b>			
<b>Pass-through West Virginia Development Office:</b>			
Land & Water - JC Parks	15.916	FY 2015	30,000
Land & Water - JC Parks Hite Road Soccer Field	15.916	13-202	74,250
<b>Total Land &amp; Waste Conservation Fund</b>			<u>104,250</u>
<b><u>U. S. DEPARTMENT OF THE INTERIOR</u></b>			
<b>Direct Program</b>			
Payment in Lieu of Taxes	15.226	N/A	28,660
<b>Total U. S. Department of the Interior</b>			<u>28,660</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 757,862</u>

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

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

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**Note 1 – Basis of Presentation**

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



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Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave.  
Parkersburg, WV 26101  
304.422.2203

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

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

March 31, 2016

Jefferson County Commission  
124 East Washington Street  
Charles Town, WV 25414

To the Board of Commissioners:

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

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



***...“bringing more to the table”***

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

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

• Association of Certified Anti - Money Laundering Specialists •



***Internal Control Over Financial Reporting (Continued)***

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2015-001.

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

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

***Purpose of this Report***

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



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



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

March 31, 2016

Jefferson County Commission  
124 East Washington Street  
Charles Town, WV 25414

To the Board of Commissioners:

***Report on Compliance for the Major Federal Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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



**...“bringing more to the table”**  
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Litigation Support – Financial Investigations  
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***Opinion on the Major Federal Program***

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

***Report on Internal Control Over Compliance***

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

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

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

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



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



**JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
For the Year Ended June 30, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #97.067 Homeland Security
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
For the Year Ended June 30, 2015**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2015-001**

**Non-Compliance**

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

The Jefferson County, West Virginia elected officials, and/or department heads incurred expenditures and/or encumbrances that were in excess of the amount allocated in their various budget line items which indicated the government did not exercise adequate control over the disbursement of public funds.

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

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

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

These over expenditures did not cause the total levy estimate (budget) of the General Fund to be over expended.

We determined Jefferson 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 following budget categories exceeded the approved amount:

Account					
Number	Line Item	Budget	Actual	Variance	
408	Statewide Computer Net	\$ 57,075	\$ 60,079	\$	3,003
431	Economic Development	\$ 448,017	\$ 452,316	\$	4,299
900	Parks and Recreation	\$ 513,529	\$ 550,998	\$	37,459
903	Department 903	\$ 10,400	\$ 12,012	\$	1,612
909	Historical Commission	\$ 15,400	\$ 17,786	\$	2,386
911	Visitor's Bureau	\$ 260,000	\$ 300,295	\$	40,295

Jefferson County is directed to implement effective budgetary controls to ensure that actual expenditures and/or encumbrances do not exceed the amounts allocated for these expenditures in the official levy estimate (budget) as approved by the State Auditor. Revisions are authorized with prior written approval if submitted prior to the end of the fiscal year.

Officials' Response: Jefferson County will review current budgetary control procedures and implement a policy designed to ensure that no expenditures are made in excess of the current levy estimate and that budget revisions are requested and processed in a timely fashion to prevent expenditures in excess of the allocated levy estimate.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.

JEFFERSON COUNTY, WEST VIRGINIA

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2015-001	Expenditures in Excess of Amounts Allocated in the Levy Estimate – General Fund	No	Repeated as Finding 2015-001
2015-002	Purchase Orders	Yes	N/A
2015-003	Other Postemployment Benefits Obligation	Yes	N/A
2015-004	Timely Deposits	Yes	N/A
2015-005	Remittance to County Treasurer	Yes	N/A
2015-006	Expenditures in Excess of Amounts Allocated in the Levy Estimate – Coal Severance Tax Fund	Yes	N/A