Perry & Associates
Certified Public Accountants, A.C.

JEFFERSON COUNTY PARKS AND RECREATION
JEFFERSON COUNTY
Regular Audit
For the Year Ended June 30, 2018

RFP# 17-274

313 Second St.	1907 Grand Central Ave.	150 W. Main St., #A	1310 Market St., #300	749 Wheeling Ave., #300
Marietta, OH 45750	Vienna, WV 26105	St. Clairsville, OH 43950	Wheeling, WV 26003	Cambridge, OH 43725
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JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
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INDEPENDENT AUDITOR'S REPORT

March 24, 2019

Jefferson County Parks and Recreation Commission
235 Sam Michaels Lane
Shenandoah Junction, WV 25442

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Jefferson County Parks and Recreation Commission**, Jefferson County, West Virginia (the Commission) (a component unit of the Jefferson County Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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 audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Commission'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 Commission'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.

Basis for Qualified Opinion

Management did not implement Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – an amendment of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and also GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. Accounting principles generally accepted in the United States of America require the Commission to record net OPEB liability, deferred inflows and deferred outflows for OPEB trusts in which they participate. These entries will also affect expenses and net position. The amount by which this departure would affect the deferred inflows, deferred outflows, liabilities, expenses and net position and the associated notes to the financial statements is not reasonably determinable. In addition, we were unable to obtain sufficient appropriate audit evidence supporting the amounts reported for capital assets due to the Commission not having a detailed capital asset listing.

Qualified Opinion

In our opinion, except for the matters described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson County Parks and Recreation Commission, Jefferson County, West Virginia, as of and for the year ended June 30, 2018, and the changes in financial position and cash flows thereof 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 2 to the financial statements, during the year ended June 30, 2018, the Commission adopted Governmental Accounting Standards Board (*GASB*) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 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 financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require this presentation to include schedules of 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2019, on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

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

JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

Assets		
Current Assets:		
Cash and Cash Equivalents	$	307,248
Receivables		11,961
Total Current Assets		319,209
Restricted:		
Cash - Capital Improvement		299,590
Total Restricted Assets		299,590
Capital Assets:		
Land		688,335
Machinery and Equipment		303,982
Building and Land Improvements		582,021
Construction in Progress		51,450
Less: Accumulated Depreciation		(270,896)
Total Capital Assets		1,354,892
Total Assets		1,973,691
Deferred Outflows - Pensions		
Pensions		51,970
Total Deferred Outflows - Pensions		51,970
Total Assets and Deferred Outflows	$	2,025,661
Liabilities		
Current Liabilities:		
Accounts Payable	$	48,489
Payroll Liabilities		6,887
Total Current Liabilities		55,376
Long-Term Liabilities:		
Net Pension Liability		77,672
OPEB Liability		141,974
Total Long-Term Liabilities		219,646
Total Liabilities		275,022
Deferred Inflows		
Pensions		22,867
Total Deferred Inflows - Pensions		22,867
Net Position		
Net Investment in Capital Assets		1,354,892
Restricted for Capital Improvements		299,590
Unrestricted		73,290
Total Net Position		1,727,772
Total Liabilities and Net Position	$	2,025,661

The accompanying notes are an integral part of these financial statements.

JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Operating Revenues:		
Sales and Services to Customers	$	480,308
Concessions		11,103
Rental Fees		155,981
Miscellaneous		7,466
Total Operating Revenues		654,858
Operating Expenses:		
Personal Services		732,208
Administrative and General		104,308
Fuel and Oil		3,221
Materials and Supplies		143,738
Utilities		1,681
Maintenance		364,678
Depreciation		117,247
Total Operating Expenses		1,467,081
Operating Income/(Loss)		(812,223)
Non-Operating Revenues/(Expenses):		
Interest Revenue		3,759
Intergovernmental		735,104
Capital Contributions		47,863
Total Non-Operating Revenues/(Expenses)		786,726
Change in Net Position		(25,497)
Net Position at Beginning of Year (Restated, See Note 10)		1,753,269
Net Position at End of Year	$	1,727,772

The accompanying notes are an integral part of these financial statements.

JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

		Total
Cash Flows from Operating Activities:		
Cash Received from Customers	$	654,858
Cash Paid for Goods and Services		(493,864)
Cash Paid to Employees		(732,208)
Net Cash Provided (Used) by Operating Activities		(571,214)
Cash Flows from Capital Financing Activities:		
Capital Expenditures		(215,312)
Net Cash Provided (Used) by Capital and Related Financing Activities		(215,312)
Cash Flows from Non-Capital Financing Activities:		
Other Grants		47,863
Intergovernmental Receipts		735,104
Net Cash Provided (Used) by Capital and Related Financing Activities		567,655
Cash Flows from Investing Activities:		
Interest Income		3,759
Net Cash Provided (Used) by Investing Activities		3,759
Net Increase (Decrease) in Cash and Cash Equivalents		(138,242)
Cash at Beginning of Year		745,080
Cash at End of Year	$	606,838
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(812,223)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense		117,247
Decrease (Increase) in Receivables		13,063
Decrease (Increase) in Deferred Outflows		(51,970)
Increase (Decrease) in Accounts Payable		7,287
Increase (Decrease) in OPEB Liability		55,130
Increase (Decrease) in Net Pension Liability		77,672
Increase (Decrease) in Deferred Inflows		22,867
Increase (Decrease) in Other Accrued Expenses		(287)
Net Cash Provided (Used) by Operating Activities	$	(571,214)

The accompanying notes are an integral part of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Jefferson County Parks and Recreation Commission, a component unit of the Jefferson County, West Virginia, was created by West Virginia Code 7-11-1 for the purpose of establishing, improving, developing, administering, operating, and maintaining a county public parks and recreation system or public recreational facilities. The board consists of eleven members who are appointed by the Jefferson County Commission, each serving a three-year term. The commission is a legally separate organization for which elected officials of the primary government are financially accountable. The commission is a discretely presented component unit of Jefferson County based upon the criteria stipulated in the Government Accounting Standards government Statement No. 14 (as amended by GASB Statement 39 and GASB statement 61).

Fund Financial Statements

The financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the activities of the government. For the most part the effect of interfund activity has been removed from these statements. Business-type activities rely to a significant extent on fees and charges for support.

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. Revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government reports the following major proprietary fund:

The *Jefferson County Parks and Recreation Fund* is the entity's operating fund. It accounts for all financial resources of the entity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Jefferson County Parks and Recreation Commission are charges to customers for services. Operating expenses for the enterprise funds include the costs of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Commission'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. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

State Statutes authorize the government to invest in the State Investment pool or the Municipal Bond or invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal mortgage association; indebtedness of any private corporation that is properly situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of its portfolio consisting of the indebtedness of a private corporations debt which measures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Restricted Assets

The commission has a capital improvement bank account that can only be used for capital improvements. The commission receives Hotel/Motel taxes from the County Commission monthly of which ten percent must be deposited into the capital improvement bank account.

Capital Assets and Depreciation

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable 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 acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation (Continued)

The Commission's capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land	N/A
Buildings and Improvements	5-40
Machinery and Equipment	5-10
Vehicles	5-10

Compensated Absences

The Commission's policy permits employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences.*

Deferred Outflows and Deferred Inflows

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.

Pension

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Statements Issued by the GASB

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. This Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Implementation of GASB Statement No. 68 impacts only the district-wide statement of net position and statement of activities as an adjustment to pension expense, allocated among expense functions, and consequently an adjustment to net position due to the recognition of the Commission's proportionate share of the cumulative net pension liability. Implementation of GASB Statement No. 68 has no effect on the governmental funds balance sheet, or the statement of revenues, expenditures, and changes in fund balances for the governmental funds. See Note 10 for a discussion of the effect that adoption GASB Statement No. 68 had on the June 30, 2018 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for fiscal years beginning after December 15, 2013. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The adoption of GASB Statement No. 69 had no impact on the June 30, 2018 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for fiscal years beginning after June 15, 2013. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The adoption of GASB Statement No. 70 had no impact on the June 30, 2018 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. See Note 10 for a discussion of the effect that adoption GASB Statement No. 71 had on the June 30, 2018 financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

At year end, the commission had no investments.

Custodial Credit Risk

For deposits, the commission could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The Commission's policy for custodial credit risk is for the Jefferson County Commission to provide coverage on behalf of the Jefferson County Parks and Recreation Commission. At year end, the Parks and Recreation Commission's bank balances were $601,133. Of the bank balance, $0 was exposed to custodial credit risk.

The Commission had $3,000 in petty cash at June 30, 2018.

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Construction in Progress	$ -	$ 51,450	$ -	$ 51,450
Land	688,335	-	-	$ 688,335
Total Capital Assets, Not Being Depreciated	688,335	51,450	-	739,785
Capital Assets Being Depreciated:				
Building and Land Improvements	471,494	110,527	-	582,021
Machinery, Equipment, and Vehicles	250,647	53,335	-	$ 303,982
Less: Accumulated Depreciation	(153,649)	(117,247)	-	$ (270,896)
Total Capital Asset Being Depreciated, Net of Accumulated Depreciation	568,492	46,615	-	$ 615,107
Total Capital Assets, Net of Accumulated Depreciation	$ 1,256,827	$ 98,065	$ -	$ 1,354,892

Depreciation expense was charged to the funds of the government as follows:

Business Type Activities:	
Parks and Recreation	$ 117,247
Total depreciation expense for business-type activitites	$ 117,247

NOTE 4 LONG-TERM DEBT

Changes in Long-Term Liabilities

	Balance	Additions	Reductions	Balance	One Year
OPEB Liability	$ 86,844	$ 55,130	$ -	$ 141,974	$ -
Net Pension Liability	-	77,672	-	77,672	-
Total Long-term liabilities	$ -	$ 132,802	$ -	$ 219,646	$ -

NOTE 5 RISK MANAGEMENT

The Commission 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 commission carries insurance with WVCoRP 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 WVCoRP.

NOTE 6 CONTINGENT LIABILITIES

The Commission participates in State and Local grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

The Commission believes that disallowed claims, if any, will not have a material effect on the financial condition.

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

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Public Employee Retirement System (PERS)

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

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

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

Eligibility to participate:	All Corporation full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	State statute
Tier 1 Plan member's contribution rate:	4.50% (Employees hired before July 1, 2015)
Tier 2 Plan member's contribution rate:	6.00% (Employee hired after July 1, 2015)
Corporation's contribution rate:	11.00% for FY 2018 and 12.00% for FY 2017
Period required to vest:	5 years (Employees hired before July 1, 2015)
	10 years (Employees hired after July 1, 2015)

Benefits and eligibility for distribution:

Tier 1

A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

Tier 2

Qualification for normal retirement is age 62 with 10 years of services or at least age 55 with and service equal to 80 or greater. The average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings) times the years of service times 2% equals the retirement benefit.

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

Deferred portion	No
Provision for:	
Cost of living	No
Death benefits	Yes

The Corporation's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2018 is as follows:

Percentage of Payroll	Total Wages	Coverage Wages	Amount Contributed
Employer Share - 11%	$ 308,127	$ 308,127	$ 33,894
Tier 1 Employee Share - 4.5%	292,527	292,527	13,697
Tier 2 Employee Share - 6%	15,600	15,600	1,368

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2018	$ 33,894	100%
2017	$ 29,587	100%
2016	$ 28,493	100%

For 2018, the required contribution was $27,434. Of this amount, $0 is reported in accrued expenses.

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.

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

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

At fiscal year-end, the Corporation reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017 and 2016 for the Corporation fiscal years ended June 30, 2018 and 2017, respectively. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017 using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2018 and 2017, the Corporation reported the following proportions and increase/decreases from its proportion measured as of June 30, 2017 and 2016:

	PERS
Amount for proportionate share of net pension liability	$ 77,672
Percentage for proportionate share of net pension liability	0.017959 %
Increase / (decrease) % from prior proportion measured	0.002643 %

For the years ended June 30, 2018 and 2017, the Corporation recognized the following pension expense:

	2018 PERS
Pension Expense	$ 4,791

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (18,846)
Changes in assumptions	-	(4,021)
Changes in proportion and differences between Commission contributions and proportionate share of contributions	13,883	(2,534)
Differences between projected and actual experience	6,899	(172)
County contributions subsequent to the measurement date	33,894	-
Total	$ 54,676	$ (25,573)

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

Year ended June 30:	
2019	$ (3,951)
2020	11,466
2021	3,724
2022	(16,030)
Total	$ (4,791)

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

Actuarial assumptions

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

PERS	June 30, 2017
Actuarial Cost Method	Individual entry age normal cost with level percentage of payroll
Asset Valuation Method	Fair value
Amortization Method	Level dollar, fixed period
Amortization Period	Through Fiscal Year 2035
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases:	
PERS:	
State	3.0-4.6%
Nonstate	3.35-6%
Inflation Rate	3.00%
Discount Rate	7.50%
Mortality Rates	Active - 100% of RP-2000 Non-annuitant, Scale AA fully-generational; Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational; Retired healthy females - 101% of RP-2000, Healthy Annuitant, Scale AA fully generational; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational.
Withdrawal Rates:	
State	1.75-35.1%
Nonstate	2-35.88%
Disability Rates	.007-.675%
Retirement Rates	12-100%
Date Range in Most Recent Experience Study	2009-2014

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

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

2017 and 2016

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

Discount Rate

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

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1.0% Decrease (6.5%)	Discount Rate (7.5%)	1.0% Increase (8.5%)
Commission's proportionate share of the net pension asset / (liability)	$ (214,607)	$ (77,672)	$ 38,388

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

NOTE 8 RETIREMENT HEALTH PLAN

Plan Description:

The government contributes to 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). PHBT provides medical benefits to eligible retired employees of participating employers. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, room 1001, 1900 Kanawha Boulevard Easy, Charleston, West Virginia, 25305-0710.

Authority Establishing the Plan and Funding Policy

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

NOTE 8 RETIREMENT HEALTH PLAN (Continued)

Trend Information

West Virginia Retiree Health Benefits Trust Fund (RHBT)

Year		Cost	Contributed
2018	$	9,072	100%
2017	$	9,780	100%
2016	$	3,192	92%

NOTE 9 SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through March 24, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through March 24, 2019 that would require adjustment or disclosure in the financial statements.

NOTE 10 RESTATEMENT FOR CHANGES IN ACCOUNTING PRINCIPLES

Effective July 1, 2017, the Corporation adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting Pensions.* The Statement addresses accounting and financial reporting for other post-employment benefits (OPEB) provided to employees who participate in the State OPEB plan. The Statement also requires various note disclosures and required supplementary information. As a result, beginning net position has been restated as follows:

Net position as previously reported at June 30, 2017	$	1,868,858
Prior period adjustment		
To adjust 6/30/2016 OPEB Liability balance		(57,302)
To Implement GASB 68 as of 7/1/2017		(58,287)
Total prior period adjustment		(115,589)
Net position as restated, June 30, 2017	$	1,753,269

JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
June 30, 2018

West Virginia Public Employee's Retirement System (PERS) Pension Plan
Last five (5) Fiscal Years*

	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability (asset)	0.17959%	0.15316%	0.15267%	0.16603%	0.13424%
Commission's proportionate share of the net pension liability (asset)	$ 77,672	$ 140,775	$ 85,252	$ 61,276	$ 122,373
Commission's covered-employee payroll	$ 308,127	$ 246,558	$ 211,059	$ 207,050	$ 222,331
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.2%	57.1%	40.4%	29.6%	55.0%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	93.98%	84.58%

* Applicable information was available for five (5) years for this schedule. The amounts presented for each fiscal year were determined as of 07/01.

See Notes to the Required Supplementary Information

JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2018

West Virginia Public Employee's Retirement System (PERS) Pension Plan
Last five (5) Fiscal Years*

	2018	2017	2016	2015	2014
Contractually required contribution	$ 33,894	$ 29,587	$ 28,493	$ 28,987	$ 32,238
Contributions in relation to the contractually required contribution	(33,894)	(29,587)	(28,493)	(28,987)	(32,238)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 308,127	$ 246,558	$ 211,059	$ 207,050	$ 222,331
Contributions as a percentage of covered-employee payroll	11.00%	12.00%	13.50%	14.00%	14.50%

See Notes to the Required Supplementary Information

JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
JEFFERSON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Note 1 - Changes in Assumptions PERS

Changes in the assumptions between the 2015 and 2014 valuations:

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

There have been no changes in assumptions since 2015.

Certified Public Accountants, A.C.

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

March 24, 2019

Jefferson County Parks and Recreation Commission
235 Sam Michaels Lane
Shenandoah Junction, WV 25442

To the Board of Directors:

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 **Jefferson County Parks and Recreation Commission**, Jefferson County, (the Commission) as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2019, wherin we noted the Commission 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*. In that report, our opinion was qualified because the Commission did not have proper procedures to prepare adequate capital asset amounts and also did not implement new Government Accounting Standards Board statements No. 75.

Internal Control Over Financial Reporting

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

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Commission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Commission's Response to Findings

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

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 Commission's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING 2018-001

Material Weakness

Preparation of GAAP Financial Statements

Standards and practices regarding internal controls require the Commission's internal controls be adequately designed to ensure that its financial statements and related disclosures conform, in all material respects, to the requirement of the basis of accounting on which the statements are prepared. During our audit, we noted the Commission understands the principles governing the basis of accounting on which the statements are prepared, but they did not prepare the year-end financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America.

As a result, material adjustments for depreciation, accumulated depreciation, intergovernmental revenue and maintenance expenses were required in order for the year-end financial statements to be presented on the full accrual basis of accounting.

We recommend the Commission prepare its financial statements on the full accrual basis of accounting which is required for conformity with accounting principles generally accepted in the United States of America. The Commission should also consider implementing additional controls to ensure accurate financial statement presentation, such as contracting with an outside independent public accountant to prepare year-end financial statements.

Management's Response – The Jefferson County Parks and Recreation Commission (JCPRC) and its CPA has considered the finding and determined that funding and staff time allocations are not available for immediate and further consideration and or implementation. The JCPRC and its CPA will continue to strive to implement the requested adjustments but will also allocate resources where they best serve the citizens and taxpayers.

FINDING 2018-002

Material Weakness

Implementation of GASB 75

The Commission failed to implement Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – an amendment of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* and also GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.*

As a result, net OPEB liability, deferred inflows of resources, deferred outflows of resources, required supplementary information and required note disclosures were not properly stated and we issued a qualified audit opinion due to this matter.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING 2018-002 (Continued)

Material Weakness (Continued)

Implementation of GASB 75 (Continued)

We recommend the Commission implement Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – an amendment of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* and also GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.*

Management's Response – The Jefferson County Parks and Recreation Commission (JCPRC) and its CPA has considered the finding and determined that funding and staff time allocations are not available for immediate and further consideration and or implementation. The JCPRC and its CPA will continue to strive to implement the requested adjustments but will also allocate resources where they best serve the citizens and taxpayers.

FINDING 2018-003

Material Weakness

Capital Assets

The Commission failed to maintain an accurate listing of their capital assets.

As a result, material adjustments were made to the clients accounting system for capital assets, depreciation, and accumulated depreciation in order for the year-end financial statements to be presented on the full accrual basis of accounting.

The Commission should keep an accurate listing of all capital assets they own and detail the original cost of each item and its expected useful life. The Commission should also add new assets to the list if they purchase any assets over their capital asset threshold. These assets should also be depreciated for each year of their useful life.

Management's Response – The Jefferson County Parks and Recreation Commission (JCPRC) and its CPA has considered the finding and determined that funding and staff time allocations are not available for immediate and further consideration and or implementation. The JCPRC and its CPA will continue to strive to implement the requested adjustments but will also allocate resources where they best serve the citizens and taxpayers.

JEFFERSON COUNTY PARKS AND RECREATION COMMISSION
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Preparation of GAAP Financial Statements	Not Corrected	Repeated as Finding 2018-001
2017-002	Implementation of GASB 68 & 71	Corrected	N/A
2017-003	Capital Assets	Not Corrected	Repeated as Finding 2018-003