



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

JEFFERSON COUNTY COMMISSION
JEFFERSON COUNTY, WEST VIRGINIA

REGULAR AUDIT

For the Year Ended June 30, 2019
Fiscal Year Audited Under GAGAS: 2019

JEFFERSON COUNTY, WEST VIRGINIA
FOR THE YEAR ENDED JUNE 30, 2019
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JEFFERSON COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2019

OFFICE	NAME	TERM
	<u>Elective</u>	
County Commission:	Jane M. Tabb	01-01-13 / 12-31-24
	Patsy Noland	01-01-15 / 12-31-20
	Peter Onoszko	07-21-16 / 11-27-18
	Ralph Lorenzetti	11-27-18 / 12-31-20
	Caleb Wayne Hudson	01-01-17 / 12-31-22
	Josh Compton	01-01-17 / 12-31-22
Clerk of the County Commission:	Jacki Shadle	01-01-17 / 12-31-22
Clerk of the Circuit Court:	Laura Storm	01-01-11 / 12-31-22
Sheriff:	Peter Dougherty	01-01-15 / 12-31-20
Prosecuting Attorney:	Matthew Harvey	01-01-17 / 12-31-20
Assessor:	Angela Banks	01-01-13 / 12-31-20



Independent Auditor's Report

Honorable Members of the
Jefferson County Commission
Charles Town, WV 25414

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance 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 Board of Health, Jefferson County Parks and Recreation, Jefferson County Farmland Protection Board, Jefferson County Emergency Services Agency and the Jefferson County Development Authority. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Jefferson County Board of Health, Jefferson County Parks and Recreation, Jefferson County Farmland Protection Board, Jefferson County Emergency Services Agency and the Jefferson County Development Authority, is based solely on the reports of 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.

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.

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Jefferson County Parks and Recreations were not audited, and we were not engaged to audit the Jefferson County Parks and Recreation's financial statements as part of our audit of the County's basic financial statements. The Jefferson County Parks and Recreation's financial activities are included in the County's basic financial statements as a discretely presented component unit and represents 4 percent, 5 percent and 20 percent of the assets, net position and revenues, respectively, of the County's aggregate discretely presented component units.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the Jefferson County Commission, Jefferson County, Ohio (the County), as of and for the year ended June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our report and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Commission, West Virginia as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-16, the Schedules of the Government's Proportionate Share of the Net Pension Liability and the Schedules of Government Contributions on pages 54-57 and the Schedule of Funding Progress and Schedule of Employer Contributions on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole. The budgetary comparison for the Assessor's Valuation Fund, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison of the Assessor's Valuation Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to audit the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison of the Assessor's Valuation Fund is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, 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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.
Huntington, West Virginia
June 29, 2020



Jefferson County Commission
Management's Discussion and Analysis
June 30, 2019

As management of the Jefferson County Commission, West Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. Additionally, this discussion and analysis is designed to identify changes in the County's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan or approved budget, and identify issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it is best read in conjunction with the County's financial statements.

Financial Highlights

- The County's assets exceeded its liabilities at the close of the most recent fiscal year by \$31.3 million (*net position*). Of the total net position, \$8.9 million (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$18.6 million is invested in capital assets net of related debt of \$180,107, and \$3.8 million is restricted for specific purposes at the end of FY2019 (*restricted net position*).
- At the end of the fiscal year, the County had no bonded long-term debt obligations. No new debt was added during the fiscal year. The County's adherence to its amortization schedules for existing debt reduced its debt by \$180,108 in payments during the fiscal year. Additional information on the County's long-term debt activity can be found in Note III. I. of the notes to the financial statements.
- The General Fund, on a current financial resource basis, reported a surplus of revenues over expenditures and other financial sources and uses of \$0.7 million. According to WV Code 11-8-6e, the County is permitted to increase the Levy Rate each year without a public hearing as long as the levy rate increase doesn't result in an increase of more than 1% of the prior year projected property tax revenue. Fiscal year 2019 was the fifth consecutive year that the County approved a 0% property tax revenue increase. In FY 2019, the Class II Property levy rate was \$28.60 cents per \$100 of assessed value compared to \$28.50 cents per \$100 of assessed value in FY2018. Because the assessable base valuation increased by 6.3% or \$212 million (from \$3.4 billion in FY2018 to \$3.6 billion in FY2019), tax revenue increased by \$0.3 million from \$13.8 million in FY2018 to \$14.1 million in FY2019.
- At the end of the current fiscal year, the ending fund balance (assigned and unassigned) for the General Fund was \$6.3 million or 26.5% of total General Fund expenditures (excluding transfers to other funds). This represents 3.2 months of General Fund expenditures and complies with the County financial policy requiring a minimum fund balance of 16.67%, and the State's financial policy requiring a minimum fund balance of 10.0% of General Fund operating expenditures.



Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Analysis. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. There are two (2) basic statements in the government-wide financial statements: The statement of net position and the statement of activities.

The *statement of net position* presents information on all of the County's assets, deferred outflow of resources, liabilities, and deferred inflow of resources. The total of assets plus deferred outflows of resources less the total of liabilities and deferred inflow of resources is reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position and condition of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, engineering, buildings and equipment maintenance, and economic and community development. The County has no business-type activities.

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds; and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.



Jefferson County Commission
Management's Discussion and Analysis
June 30, 2019

However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains twenty-seven (27) individual governmental funds with four (4) major individual governmental funds. The major governmental funds are: the General; Coal Severance Tax; Capital Outlay; and Impact Fees funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all governmental funds. The basic governmental fund financial statements can be found on pages 17 through 22 of this report. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements beginning on page 67 of this report.

The County adopts an annual appropriated budget for its individual General and Coal Severance Tax funds. Budgetary comparison statements are provided for the funds to demonstrate compliance with this budget. Budgetary comparison statements can be found on pages 23 and 24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 27 to 58.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.



Jefferson County Commission
 Management's Discussion and Analysis
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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31.1 and \$27.9 million at the close of the current and previous fiscal years.

Jefferson County's Net Position

	Governmental Activities		Increase/(Decrease) 2019 over 2018
	2019	2018	
Current and other assets	\$ 13,931,259	\$ 12,506,858	\$ 1,424,401
Restricted assets	3,781,864	2,463,890	1,317,974
Capital assets	18,755,363	19,143,371	(388,008)
Total assets	<u>36,468,486</u>	<u>34,114,119</u>	<u>2,354,367</u>
 Total deferred outflow of resources	 1,111,039	 1,346,878	 (235,839)
 Current long-term liabilities	 1,230,280	 1,126,724	 103,556
Noncurrent long-term liabilities	3,708,787	5,193,915	(1,485,128)
Total liabilities	<u>4,939,067</u>	<u>6,320,639</u>	<u>(1,381,572)</u>
 Total deferred inflow of resources	 1,384,853	 1,203,800	 181,053
 Net position:			
Net investment in capital assets, net of related debt	18,575,256	18,845,911	(270,655)
Restricted	3,781,864	2,463,890	1,317,974
Unrestricted	8,898,485	6,626,757	2,271,728
Total net position	<u>\$ 31,255,605</u>	<u>\$ 27,936,558</u>	<u>\$ 3,319,047</u>

The County's governmental activities net position increased by \$3.3 million in the current fiscal year. The increase primarily a result of a decrease in the County's net pension liability of \$1.3 million offset by additional increases and decreases as follows: a \$1.3 million increase in restricted cash; a \$888 thousand increase in accounts receivable for ambulance service fee billings and intergovernmental receivables; offset by a \$303 thousand decrease in asset investments for building improvements and equipment that resulted from depreciation expense and asset disposals; and the remainder is due to changes in deferred outflows and inflows of resources related to pensions.

Net position is divided into three categories – net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the County's net position reflects its investments in capital assets (e.g. land, buildings, vehicles, machinery and equipment) in the amount of \$18.6 million or 59.4%, less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.



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Restricted net position represents 12.1% or \$3.8 million of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. The County's total unrestricted net position has a balance of \$8.9 million which represents 28.5% of total net positions. Unrestricted net position is used to meet the County's ongoing obligations to citizens, creditors, and employee pension plans.

The County fully implemented GASB Statement 68 and GASB Statement 75. The result is a total of \$1.2 million in net pension liability to fully fund both of the County's pension plans and \$1.8 million in net OPEB liability to fully fund the County's other post employment benefits. This \$3.0 million liability is not a current obligation or expectation of payment but an actuarial calculation of the total to be fully funded in the future. This liability decreases the amount reflected in the unrestricted net position of the County.

Governmental activities: For the current fiscal year, total revenues for the governmental activities were \$30.5 million, while total expenses were \$27.4 million.

The following charts compare the revenue and expenses of the County's Governmental Activities:

Jefferson County
 Changes in Net Position
 June 30, 2019 and 2018

	Governmental Activities		Increase/(Decrease) 2019 over 2018
	2019	2018	
Revenues			
Program Revenues:			
Charges for services	\$ 5,235,578	\$ 4,504,556	\$ 731,022
Operating grants and contributions	613,272	717,800	(104,528)
Capital grants and contributions	330,374	225,916	104,458
General Revenues:			
Property taxes	14,178,118	13,848,120	329,998
Income and other taxes	1,931,730	1,926,781	4,949
Miscellaneous	8,230,191	7,909,961	320,230
Total Revenues	30,519,263	29,133,134	1,386,129
Expenses			
Program Expenses:			
General government	12,928,685	12,075,188	853,497
Public safety	12,187,443	12,017,839	169,604
Health and sanitation	92,030	96,603	(4,573)
Culture and recreation	1,976,494	1,651,694	324,800
Social services	50,000	20,000	30,000
Capital projects	168,164	698,793	(530,629)
Education	-	2,837,728	(2,837,728)
Total Expenses	27,402,816	29,397,845	(1,995,029)
Change in net position	3,116,447	(264,711)	3,381,158
Net position-Beginning (restated)	28,139,158	28,403,869	(264,711)
Net position-Ending	\$ 31,255,605	\$ 28,139,158	3,116,447

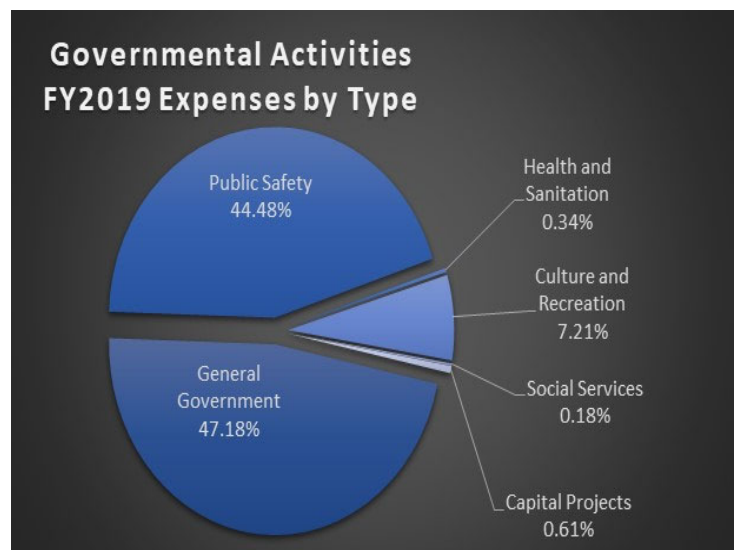
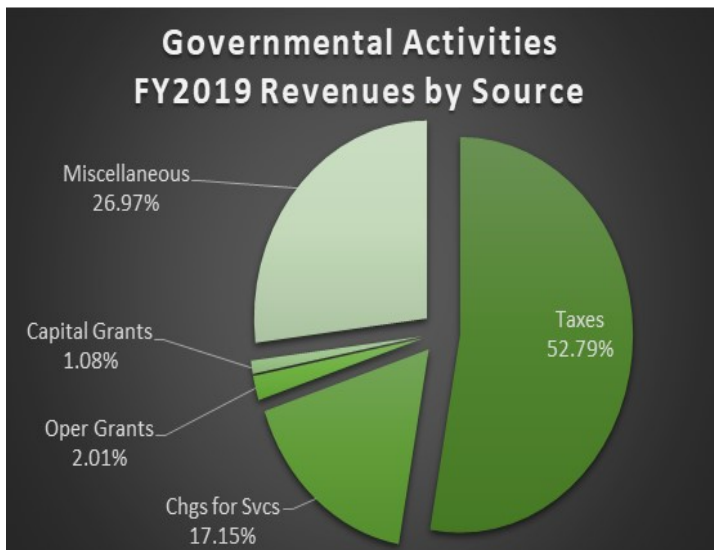


Jefferson County Commission
 Management's Discussion and Analysis
 June 30, 2019

The increase in net position for governmental activities totaled \$3.1 million and can be largely attributed to the following:

- That increase is made up primarily of revenue increases of \$1.4 million. An increase of \$0.3 million in tax revenue makes up part of that increase. The tax revenue increase is primarily due to an increase in property tax that resulted from a combination of slightly increasing assessments and modest new construction and maintaining overall expenses flat compared to prior year totals. County offices realized an increase of \$0.7 million in charges for services.
- Offset by a decrease of (\$0.4) million in capital assets, net of depreciation expense, primarily related to depreciation expense.
- General government expenditures decreased by \$2.0 million as a result of the following: \$2.8 million was transferred to the Board of Education for school related capital projects in FY18 and no transfers were made in FY19; public safety expenditures increased by \$0.2 million for added positions in law enforcement and emergency services; and General government expenditures increased by \$0.8 million as a result of wage and benefit increases for employees and other operating expenditures increases.

The County provides a variety of services, and the largest expense is for General Government at 47.0% or \$12.8 million for FY19. General Government includes personnel and operating expenditures for departments like the County and Circuit Court Clerks, Assessor, Tax Office, Engineering, Planning, Zoning and Maintenance. Public Safety makes up the next largest component at 44.7% of FY19 total expenditures or \$12.2 million. Public Safety includes personnel and operating expenditures to maintain the County's police department, emergency services, and the 911 communications center.





Jefferson County Commission
Management's Discussion and Analysis
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Financial Analysis of the Government's Funds

As noted earlier, Jefferson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16.1 million, an increase of \$2.6 million from the prior year. Approximately 37.7% of the total ending fund balance (\$16.1 million) constitutes assigned and unassigned fund balance (\$6.1 million), which represents working capital available to support governmental operating needs and future years' expenditures. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed or is legally restricted as follows:

- 1) *Nonspendable and Restricted* fund balance represents amounts that are either legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation (\$0.2 million and \$5.9 million, respectively)
- 2) *Committed* fund balance represents amounts that are reserved for a particular purpose by the Jefferson County Commissioners and would require action by that governing body to release the fund balance from its commitment (\$3.9 million)
- 3) *Assigned and Unassigned* fund balance represents amounts reserved for tentative management plans that are subject to change or are unreserved (\$4.0 million and \$2.1 million, respectively)

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$6.1 million, while total fund balance equals \$6.3 million. As a measure of the General Fund's liquidity, it is useful to compare the assigned and unassigned fund balance to total fund expenditures. Assigned and unassigned fund balance represents 25.5% of total General Fund expenditures or three (3) months of fiscal expenditures.

The fund balance of the General Fund increased by \$1.1 million during the current fiscal year. This is primarily due to an increase in property tax revenue of \$0.3 million from \$13.8 million in FY2018 to \$14.1 million in FY2019; and a \$0.5 million increase in charges for services from \$3.1 million in FY2018 to \$3.6 million in FY2019.



Jefferson County Commission
Management's Discussion and Analysis
June 30, 2019

Below are some key elements for FY2019:

Revenue budgets were under approved or better than expected-

- Property taxes realized in FY2019 were \$296 thousand more than FY2018. The increase is a result of slightly higher than expected assessable base figures for both real estate and personal property taxes that resulted from new construction on existing properties. Property tax increases are an indication that the overall economic conditions in Jefferson County are favorable.
- Revenues from charges for services in FY2019 totaled \$3.6 million, a \$0.5 million increase over FY2018. The increase was a result of an audit performed on the County's cable franchise agreement (\$302 thousand) and increased fees received from 911 fee for phone service subscribers (\$142 thousand).

Expenditures (excluding transfers to other funds) were over budgeted or lower than expected-

- Wages and Benefits totaled \$14.4 million and were \$0.2 million lower than budgeted for in FY2019 (\$14.6 million). Management instituted a strict vacancy management procedure whereby all vacant positions were not immediately refilled and were evaluated for need prior to filling them.
- In recent years, fees paid to the regional jail were trending higher than normal due to the national opioid crisis. Regional jail fees were flat from FY2014 through FY2016 at \$1.2 million annually. That cost increased in FY2018 to \$1.6 million. The County budgeted \$1.85 million for this cost in FY2019. The Sheriff and Prosecuting Attorney collaborated on efforts to reduce this cost. Bills received are reviewed for responsible jurisdiction accuracy and less severe offenders were recommended for home confinement release to help reduce this cost. The actual cost for this expenditure in FY2019 returned to the historical trend and was \$1.2 million or \$0.7 million under budget for FY2019.

The Capital Outlay fund has a total fund balance of \$3.9 million. Of the total fund balance, certain amounts are restricted to indicate that it is not available for new spending because it has already been committed or is legally restricted for capital projects as follows:

- *Committed* fund balance represents amounts that are reserved for a particular purpose by the County Commissioners and would require action by that governing body to release the fund balance from its commitment (\$3.9 million). Included in that \$3.9 million committed balance is a \$2.0 million reserve, which represents the County's minimum fund balance reserve required by financial policy. For use of funds in excess of the minimum fund balance reserve or to transfer monies from the Capital Outlay fund to an operating fund, a unanimous approval from the Commissioners is required and has never occurred. Funds expended from the Capital Outlay fund for capital improvement projects require a majority approval of the Commissioners and are typically determined during the annual budget process.



Jefferson County Commission
 Management's Discussion and Analysis
 June 30, 2019

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget in fiscal year 2019 is a decrease of \$58 thousand in use of fund balance or decreases in expenditures.

Description	General Fund Increase/ (Decrease)
General government expenditure	\$ 189,262
Public safety expenditure	(839,483)
Culture and recreation expenditure	30,700
Social Services	- -
Capital projects expenditure	45,000
Transfers to other funds	516,775
Total	\$ (57,746)

The net change reflects \$0.8 million in decreases to public safety that resulted from the establishment of the Ambulance Service Fee fund and was offset completely by a reduction of \$0.8 million in charges for services for Ambulance Service Fees; and, an additional transfer of \$0.5 million of the general county fund balance to the capital outlay fund for capital improvement projects. The additional funding was covered by revenues exceeding expenditures and budgeted projections in the current and prior years.

Capital Asset and Debt Administration

Capital assets. Jefferson County's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$18.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, structures and land improvements, machinery and equipment, vehicles, and construction in progress. The total net decrease in County's investment in capital assets for the current fiscal year was (\$0.4) million. Depreciation expense totaled (\$1.2) million. Land, building and improvements included \$0.1 million for renovations to county offices. Other increases included \$0.3 million in vehicle purchases, and \$80 thousand for replacement of the County's financial system and other computer equipment.

Jefferson County's Capital Assets
 Net of Depreciation

	Governmental Activities		Increase/(Decrease) 2019 over 2018
	2019	2018	
Land	\$ 896,032	\$ 896,032	\$ -
Construction in progress	322,725	167,266	155,459
Buildings	12,772,589	13,283,635	(511,046)
Structures and improvements	2,351,257	2,309,000	42,257
Vehicles	650,434	536,198	114,236
Machinery and equipment	1,762,326	1,951,240	(188,914)
Total capital assets	\$ 18,755,363	\$ 19,143,371	\$ (388,008)



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Management's Discussion and Analysis
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Additional information on the governmental activities fixed assets can be found in Note III. D. on page 38 in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the County had \$180,107 in long-term debt outstanding that will be paid for from the capital outlay fund. The County has no bonded long-term debt outstanding. During the fiscal year, the County issued no new notes payable. Payments made on that debt totaled (\$180,108). Other long-term liabilities presented on the government-wide financial statements relate to the County's net other post employment benefit obligations, net pension liability and compensated absences. Additional information on the County's long-term debt can be found in Note III. H. on page 41 of the notes to the financial statements; and a summary of the County's long-term liabilities is listed below:

Jefferson County Commission - Long Term Obligations
June 30, 2019 and 2018

	Governmental Activities		Increase/(Decrease) 2019 over 2018
	2019	2018	
Net Pension Liability	\$ 1,228,334	\$ 2,492,117	\$ (1,263,783)
Net OPEB Liability (non-participating)	1,746,831	1,786,280	(39,449)
Accrued Obligations for			
Compensate Balances	733,622	735,411	(1,789)
Notes Payable	180,107	360,215	(180,108)
Total Long-Term Liabilities	\$ 3,888,894	\$ 5,374,023	\$ 4,422,673

Economic Factors and Next Year's Budgets and Rates

In FY16, the County's Property Tax Levy Rate was approaching the maximum levy rate allowed by State law. The decision in FY's 15 through FY19 to implement a 0% property tax revenue increase has better positioned the County financially for future years and continues to remain a key factor for future revenue planning. Additionally, the County's assessable base decreased from \$4.0 billion in FY2009 to a low of \$3.0 billion in FY2014. The County is beginning to realize assessable base increases due to new construction and modest economic improvement. In FY2019, the County's assessable base was \$3.6 billion.

The FY20 budget continues to focus on reducing the County's reliance on gambling revenues in its General Fund operating budget by cutting expenditures, transferring excess to capital outlay, diversifying revenues and re-evaluating existing revenues to ensure that the cost of providing services is being covered by fees being charged for those services. From FY2012 to FY2019, gambling revenue decreased from \$5.9 million to \$3.6 million (38.0%) which is approximately \$2.2 million annually in decreased revenue. Gambling revenue has decreased since FY2012 at an average of (6.5%) per year. The reduction resulted from legislation enacted in nearby Maryland which allowed gambling casinos to open and operate. Gambling revenue is not projected to level out and revenue assumptions for FY2020 and FY2021 will continue to



Jefferson County Commission
Management's Discussion and Analysis
June 30, 2019

include decreases of (4%) to (5%) or \$140,000-170,000 annually. The FY2020 budget included a restructuring of the fee charged for emergency ambulance services. The fee structure was realigned to ensure that the fee being charged for residential and commercial properties accurately reflects the actual usage of ambulance services by those property types.

Due to increases in property tax revenues, in FY2019 employees received a 1.2% cost of living adjustment at a cost of \$190,000. The Commission recognizes that employees are one of its most valuable assets and recognition of the service provided by County employees will need to be built into future expenditure projections through merit increases and cost of living adjustments. FY2020 and future years are anticipated to include 1-3% for increases to employee salaries in the form of merit increases and / or cost of living adjustments. Additionally, medical insurance costs increased by 5.4% in FY2019 or \$120,000 and are expected to increase annually by 3-6% in future years (\$100,000-\$125,000). The County absorbed the medical insurance premium increase in FY2019.

In response to the national opioid crisis, the County is experiencing increased need for public safety operations personnel. In FY2019, the County included \$280,000 for additional 911 communication center dispatchers and emergency services personnel wages and benefits. It is anticipated that in FY2020 and future years, that need for additional public safety personnel will continue for those departments, the sheriff's office, and the prosecuting attorney's office.

In FY2018, the world's largest stone wool manufacturer and a world leader in stone wool solutions, Rockwool, broke ground on a manufacturing facility in Jefferson County. It is anticipated that this plant will generate economic growth, residential new construction and entice other businesses to locate in Jefferson County.

Since that ground breaking ceremony, there has been public outcry against the construction of this manufacturing plant. The plant is anticipated to be complete and in production by the second quarter of 2020. Rockwool is expected to invest \$150 million in construction of this plant and will generate approximately 150 positions that will range from production line to management.

The County, along with other local taxing authorities, entered into a ten (10) year Payment In Lieu of Taxes Agreement (PILOT) with Rockwool that will generate \$2.0 million in tax revenue by 2029. At the end of that agreement, the equivalent personal property tax shall be equal to the amount of ad valorem property tax chargeable against the tangible personal property of the company with property appraised at salvage value (5% of its book value).

Other fiduciary measures will include reductions in contributions to other agencies, discretionary spending by departments, streamlining departments with overlapping functions to create efficiencies and cost savings, and planning for future capital outlay needs. Doing so will provide for a more sustainable future for the County.

A complete copy of the County's budget is available with additional details on our web site at www.jeffersoncountywv.org



Jefferson County Commission
Management's Discussion and Analysis
June 30, 2019

Requests for Information

This financial report is designed to provide a general overview of Jefferson County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, Jefferson County, 124 East Washington Street, Charles Town, WV 25414 or by telephone at (304) 724-3284. Complete financial reports are also available on our web site, www.jeffersoncountywv.org

JEFFERSON COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2019

	Primary			Component Units			
	Governmental Activities	Board of Health	Development Authority	Historic Landmarks	Farmland Protection	Emergency Services	Parks and Recreation
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 10,195,123	\$ 762,333	\$ 795,355	\$ 3,582	\$ 3,502,963	\$ 1,151,505	\$ 423,180
Receivables, net of allowance for uncollectibles:							
Taxes	759,940	--	--	--	118,954	--	--
Accounts	915,422	75,345	115,147	--	--	78,350	3,800
Intergovernmental Receivables	1,120,721	--	--	--	--	--	--
Due from:							
Other governments	719,295	--	--	--	--	--	--
Inventory, at cost	2,461	--	--	--	--	--	--
Prepaid expenses	218,297	5,282	13,529	--	3,000	61,472	--
Total current assets	<u>13,931,259</u>	<u>842,960</u>	<u>924,031</u>	<u>3,582</u>	<u>3,624,917</u>	<u>1,291,327</u>	<u>426,980</u>
Restricted assets:							
Restricted cash	3,781,864	--	32,153	--	--	--	--
Lease receivable	--	--	3,014,556	--	--	--	--
Capital assets:							
Nondepreciable:							
Land	896,032	--	5,965,676	1,119,857	--	550,000	688,335
Construction in progress	322,725	--	--	--	--	--	406,663
Depreciable:							
Buildings	19,829,643	--	--	--	--	1,366,998	645,923
Structures and improvements	3,290,285	--	--	--	--	--	--
Vehicles	2,380,963	--	--	--	--	--	37,535
Machinery and equipment	8,359,836	30,719	31,156	--	--	456,229	266,447
Leasehold improvements	--	6,933	--	--	--	--	--
Less: accumulated depreciation	(16,324,121)	(31,189)	(25,012)	--	--	(726,255)	(153,649)
Net pension asset	--	--	--	--	--	93,847	--
Total noncurrent assets	<u>22,537,227</u>	<u>6,463</u>	<u>9,018,529</u>	<u>1,119,857</u>	<u>--</u>	<u>1,740,819</u>	<u>1,891,254</u>
Total assets	<u>36,468,486</u>	<u>849,423</u>	<u>9,942,560</u>	<u>1,123,439</u>	<u>3,624,917</u>	<u>3,032,146</u>	<u>2,318,234</u>
DEFERRED OUTFLOWS							
Changes in proportion and differences between employer contributions and proportionate share of contributions							
	35,004	--	--	--	--	64,459	11,349
Employer contributions subsequent to measurement period	1,008,892	65,953	--	--	--	172,654	33,894
Difference between expected and actual experience	67,143	3,248	--	--	--	75,347	--
Net difference between projected and actual investment earnings on pension plan investments	--	--	--	--	--	--	6,727
Total deferred outflows of resources	<u>1,111,039</u>	<u>69,201</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>312,460</u>	<u>51,970</u>
LIABILITIES							
Current liabilities payable from current assets:							
Accounts payable	797,309	27,727	--	--	72,764	101,547	2,829
Refunds payable	3,750	--	--	--	--	--	--
Payroll payable	237,150	25,319	--	--	--	100,669	16,666
Notes payables	180,107	--	--	--	--	--	--
Intergovernmental payable	6,491	--	--	--	--	--	--
Current liabilities payable from restricted assets:							
restricted assets:							
Notes payable	--	--	111,103	--	--	34,190	--
Interest payable	--	--	571,561	--	--	1,161	--
Unearned revenues:							
Charges for services	5,473	--	--	--	--	--	--
Noncurrent liabilities:							
Notes payable - due in more than one year	--	--	7,424,417	--	--	1,020,770	--
Net OPEB liability	1,746,831	148,664	--	--	--	--	141,974
Net pension liability	1,228,334	65,481	--	--	--	--	77,672
Compensated absences payable	733,622	18,941	--	--	--	75,930	--
Total liabilities	<u>4,939,067</u>	<u>286,132</u>	<u>8,107,081</u>	<u>--</u>	<u>72,764</u>	<u>1,334,267</u>	<u>239,141</u>
DEFERRED INFLOWS							
Difference between expected and actual experience	263,439	2,361	--	--	--	64,695	--
Changes in assumptions	83,428	14,844	--	--	--	25,564	4,021
Changes in proportion and differences between employer contributions and proportionate share of contributions	--	93,334	--	--	--	15,327	--
Net difference between projected and actual investment earnings on pension plan investments	1,037,986	41,285	--	--	--	107,807	18,846
Total deferred inflows of resources	<u>1,384,853</u>	<u>151,824</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>213,393</u>	<u>22,867</u>
NET POSITION							
Net investment in capital assets, net of related debt	18,575,256	6,463	6,144	1,119,857	--	590,852	716,420
Restricted for:							
Community development projects	--	--	32,153	--	--	--	--
Other purposes	3,781,864	--	--	--	3,552,153	81,000	--
Unrestricted	8,898,485	474,205	1,797,182	3,582	--	1,125,094	1,391,776
Total net position	<u>\$ 31,255,605</u>	<u>\$ 480,668</u>	<u>\$ 1,835,479</u>	<u>\$ 1,123,439</u>	<u>\$ 3,552,153</u>	<u>\$ 1,796,946</u>	<u>\$ 2,108,196</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, 2019

Functions / Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position									
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Board of Health	Development Authority	Component Units					
					Governmental Activities	Total			Historic Landmark	Farmland Protection	Emergency Services	Parks and Recreation		
Primary government:														
Governmental activities:														
General government	\$ 12,928,685	\$ 1,828,392	\$ 256,005	\$ 100,000	\$ (10,744,288)	\$ (10,744,288)								
Public safety	12,187,443	3,407,186	278,668	80,000	(8,421,589)	(8,421,589)								
Health and sanitation	92,030	--	--	--	(92,030)	(92,030)								
Culture and recreation	1,976,494	--	--	150,374	(1,826,120)	(1,826,120)								
Social services	50,000	--	78,599	--	28,599	28,599								
Capital projects	168,164	--	--	--	(168,164)	(168,164)								
Education	--	--	--	--	--	--								
Total governmental activities	<u>27,402,816</u>	<u>5,235,578</u>	<u>613,272</u>	<u>330,374</u>	<u>(21,223,592)</u>	<u>(21,223,592)</u>								
Total primary government	<u>\$ 27,402,816</u>	<u>\$ 5,235,578</u>	<u>\$ 613,272</u>	<u>\$ 330,374</u>	<u>(21,223,592)</u>	<u>(21,223,592)</u>								
Component units:														
Board of Health	1,110,548	381,816	480,459	--	--	--	\$ (248,273)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Development Authority	801,744	--	496,645	--	--	--	--	(305,099)	--	--	--	--	--	--
Historic Landmark	62,172	--	25,918	17,768	--	--	--	--	(18,486)	--	--	--	--	--
Farmland Protection	611,690	--	--	--	--	--	--	--	--	(611,690)	--	--	--	--
Emergency Services Agency	2,956,011	800,000	2,312,892	--	--	--	--	--	--	--	--	156,881	--	--
Parks and Recreation	1,219,339	826,733	641,401	--	--	--	--	--	--	--	--	--	248,795	--
Total component units	<u>\$ 6,761,504</u>	<u>\$ 2,008,549</u>	<u>\$ 3,957,315</u>	<u>\$ 17,768</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (248,273)</u>	<u>\$ (305,099)</u>	<u>\$ (18,486)</u>	<u>\$ (611,690)</u>	<u>\$ 156,881</u>	<u>\$ 248,795</u>	<u>\$ --</u>	<u>\$ --</u>
General revenues:														
Ad valorem property taxes					\$ 14,178,118	\$ 14,178,118	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Alcoholic beverages tax					43,303	43,303	--	--	--	--	--	--	--	--
Hotel occupancy tax					771,492	771,492	--	--	--	--	--	--	--	--
Gas and oil severance tax					85,562	85,562	--	--	--	--	--	--	--	--
Other taxes					912,966	912,966	--	--	--	878,515	--	--	--	--
Coal severance tax					118,407	118,407	--	--	--	--	--	--	--	--
Licenses and permits					1,818,764	1,818,764	--	--	--	--	--	--	--	--
Interest and investment earnings					84,527	84,527	4,524	67,988	--	41,303	7,535	2,169	--	--
Reimbursement					901,797	901,797	--	--	--	--	--	--	--	--
Net gain (loss) on sale of investments					10,922	10,922	--	131,584	--	--	--	--	--	--
Miscellaneous					5,414,181	5,414,181	17,395	2,400	2,718	4,795	3,788	12,212	--	--
Total general revenues					<u>24,340,039</u>	<u>24,340,039</u>	<u>21,919</u>	<u>201,972</u>	<u>2,718</u>	<u>924,613</u>	<u>11,323</u>	<u>14,381</u>	<u>--</u>	<u>--</u>
Change in net position					3,116,447	3,116,447	(226,354)	(103,127)	(15,768)	312,923	168,204	263,176	--	--
Net position - beginning					28,139,158	28,139,158	707,022	1,938,606	1,139,207	3,239,230	1,628,742	1,845,020	--	--
Net position - ending					<u>\$ 31,255,605</u>	<u>\$ 31,255,605</u>	<u>\$ 480,668</u>	<u>\$ 1,835,479</u>	<u>\$ 1,123,439</u>	<u>\$ 3,552,153</u>	<u>\$ 1,796,946</u>	<u>\$ 2,108,196</u>	<u>\$ --</u>	<u>\$ --</u>

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

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

	General	Coal Severance Tax	County Capital Outlay	Impact Fees	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS						
Assets						
Cash and cash equivalents	\$ 4,974,872	\$ 132,020	\$ 3,957,052	\$ --	\$ 1,131,179	\$ 10,195,123
Receivables, net of allowance for uncollectibles:						
Taxes	759,940	--	--	--	--	759,940
Accounts	529,996	--	--	--	385,426	915,422
Intergovernmental receivable	1,072,856	--	--	--	47,865	1,120,721
Due from:						
Other funds	107,379	--	722	--	--	108,101
Other governments	--	--	--	--	719,295	719,295
Inventory, at cost	2,461	--	--	--	--	2,461
Prepaid expenses	213,894	--	--	--	4,403	218,297
Restricted cash	--	--	--	3,781,864	--	3,781,864
Total assets	7,661,398	132,020	3,957,774	3,781,864	2,288,168	17,821,224
Deferred Outflows						
Total deferred outflows of resources	--	--	--	--	--	--
Total assets and deferred outflows of resources	\$ 7,661,398	\$ 132,020	\$ 3,957,774	\$ 3,781,864	\$ 2,288,168	\$ 17,821,224
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities						
Accounts payable	552,660	3,100	63,038	--	178,511	797,309
Misc payable	3,750	--	--	--	--	3,750
Payroll payable	237,150	--	--	--	--	237,150
Intergovernmental payable	--	--	--	--	6,491	6,491
Due to:						
Other funds	722	--	--	--	107,379	108,101
Unearned revenue	--	--	--	--	5,473	5,473
Total liabilities	794,282	3,100	63,038	--	297,854	1,158,274
Deferred Inflows						
Deferred revenue - taxes	563,542	--	--	--	--	563,542
Total deferred inflows of resources	563,542	--	--	--	--	563,542
Total liabilities and deferred inflows of resources	1,357,824	3,100	63,038	--	297,854	1,721,816
Fund balances						
Nonspendable	216,355	--	--	--	4,403	220,758
Restricted	--	126,120	--	3,781,864	1,983,573	5,891,557
Committed	25,132	2,800	3,894,736	--	--	3,922,668
Assigned	3,959,575	--	--	--	2,338	3,961,913
Unassigned	2,102,512	--	--	--	--	2,102,512
Total fund balances	6,303,574	128,920	3,894,736	3,781,864	1,990,314	16,099,408
Total liabilities, deferred inflows and fund balances	\$ 7,661,398	\$ 132,020	\$ 3,957,774	\$ 3,781,864	\$ 2,288,168	\$ 17,821,224

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, 2019

Total fund balances on the governmental fund's balance sheet		\$ 16,099,408
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 - D)		18,755,363
Other long-term assets that are not available to pay for current-year expenditures and therefore are deferred in the funds. (Note)		(180,107)
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note III - B)		563,542
Deferred (inflows) and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level (Note V):		
Deferred outflow (inflow)- Changes in employer portion and differences between contributions and proportionate share of pension expense	\$ 35,004	
Deferred outflow - Employer contributions to pension plan after measurement date	1,008,892	
Deferred outflow (inflow) - Net differences between projected and actual investment earnings	(1,037,986)	
Deferred outflow (inflow) - Differences between expected and actual experience	(196,296)	
Deferred outflow (inflow) - Differences in assumptions	<u>(83,428)</u>	(273,814)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This is Increase/Decrease in Compensated Absences and OPEB Liability (Note IV - E), and Net Pension Liability (Note V)		<u>(3,708,787)</u>
Net position of governmental activities		<u>\$ 31,255,605</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, 2019

	General	Coal Severance Tax	County Capital Outlay	Impact Fees	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 14,135,403	\$ --	\$ --	\$ --	\$ --	\$ 14,135,403
Alcoholic beverages tax	43,303	--	--	--	--	43,303
Hotel occupancy tax	771,492	--	--	--	--	771,492
Gas and oil severance tax	85,562	--	--	--	--	85,562
Other taxes	893,670	--	--	--	--	893,670
Coal severance tax	--	118,407	--	--	--	118,407
Licenses and permits	328,777	--	--	1,432,425	57,562	1,818,764
Intergovernmental:						
Federal	485,770	--	--	--	--	485,770
State	20,323	--	100,000	--	337,333	457,656
Charges for services	3,567,091	--	--	--	1,091,958	4,659,049
Fines and forfeits	97,087	--	--	--	479,442	576,529
Interest and investment earnings	36,954	922	28,316	15,549	2,786	84,527
Reimbursements	267,937	--	--	--	633,860	901,797
Payments in lieu of taxes	19,296	--	--	--	--	19,296
Contributions and donations	220	--	--	--	--	220
Miscellaneous	3,714,056	--	--	--	1,700,125	5,414,181
Total revenues	24,466,941	119,329	128,316	1,447,974	4,303,066	30,465,626
EXPENDITURES						
Current:						
General government	11,259,760	25,652	669,856	--	1,828,238	13,783,506
Public safety	10,895,233	--	248,923	--	1,034,283	12,178,439
Health and sanitation	79,980	12,050	--	--	--	92,030
Culture and recreation	1,497,725	4,500	100,000	130,000	150,374	1,882,599
Social services	20,000	30,000	--	--	--	50,000
Capital outlay	40,628	--	--	--	127,536	168,164
Total expenditures	23,793,326	72,202	1,018,779	130,000	3,140,431	28,154,738
Excess (deficiency) of revenues over expenditures	673,615	47,127	(890,463)	1,317,974	1,162,635	2,310,888
OTHER FINANCING SOURCES (USES)						
Transfers in	1,033,645	--	810,768	--	--	1,844,413
Transfers (out)	(600,755)	(77,528)	--	--	(1,166,130)	(1,844,413)
Proceeds from the sale of assets	10,922	--	--	--	--	10,922
Total other financing sources (uses)	443,812	(77,528)	810,768	--	(1,166,130)	10,922
Net change in fund balances	1,117,427	(30,401)	(79,695)	1,317,974	(3,495)	2,321,810
Fund balances - beginning (restated)	5,186,147	159,321	3,974,431	2,463,890	1,993,809	13,777,598
Fund balances - ending	<u>\$ 6,303,574</u>	<u>\$ 128,920</u>	<u>\$ 3,894,736</u>	<u>\$ 3,781,864</u>	<u>\$ 1,990,314</u>	<u>\$ 16,099,408</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, 2019

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

Net change in fund balances - total governmental funds	\$	2,321,810
<p>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-D)</p>		
		795,117
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net assets. (Note III-D)</p>		
		(10,922)
<p>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-D)</p>		
		(1,197,263)
<p>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)</p>		
Prior year deferred revenues:	\$ 520,827	
Current year deferred revenues:	<u>563,542</u>	42,715
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note)</p>		
		360,215
<p>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.</p>		
Amount of pension expenditures at fund modified accrual level	\$ 1,008,892	
Amount of pension expenses recognized at government-wide level	<u>(162,879)</u>	846,013
<p>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 and OPEB.</p>		
		<u>(41,238)</u>
Change in net position of governmental activities	\$	<u><u>3,116,447</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, 2019

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>			
REVENUES					
Taxes:					
Ad valorem property taxes	\$ 14,412,702	14,412,702	\$ 14,135,403	\$ 14,135,403	\$ (277,299)
Alcoholic beverages tax	49,180	49,180	43,303	43,303	(5,877)
Hotel occupancy tax	726,600	769,000	771,492	771,492	2,492
Gas and oil severance tax	64,040	85,640	85,562	85,562	(78)
Other taxes	807,820	813,383	893,670	893,670	80,287
Licenses and permits	340,335	340,335	328,777	328,777	(11,558)
Intergovernmental:					
Federal	445,000	504,458	485,770	485,770	(18,688)
State	15,000	19,250	20,323	20,323	1,073
Charges for services	4,342,980	3,315,780	3,567,091	3,567,091	251,311
Fines and forfeitures	100,000	100,000	97,087	97,087	(2,913)
Interest and investment earnings	32,170	31,900	36,954	36,954	5,054
Reimbursements	173,600	233,600	267,937	267,937	34,337
Payments in lieu of taxes	20,000	20,000	19,296	19,296	(704)
Contributions and donations	--	--	220	220	220
Miscellaneous	3,518,600	3,538,358	3,714,056	3,714,056	175,698
Total revenues	25,048,027	24,233,586	24,466,941	24,466,941	233,355
EXPENDITURES					
Current:					
General government	11,265,983	11,455,245	11,259,760	11,259,760	195,485
Public safety	12,775,096	11,935,613	10,895,233	10,895,233	1,040,380
Health and sanitation	79,980	79,980	79,980	79,980	--
Culture and recreation	1,469,888	1,500,588	1,497,725	1,497,725	2,863
Social services	20,000	20,000	20,000	20,000	--
Capital outlay	--	45,000	40,628	40,628	4,372
Total expenditures	25,610,947	25,036,426	23,793,326	23,793,326	1,243,100
Excess (deficiency) of revenues over expenditures	(562,920)	(802,840)	673,615	673,615	1,476,455
OTHER FINANCING SOURCES (USES)					
Transfers in	804,250	904,070	1,033,645	1,033,645	129,575
Transfers (out)	(83,980)	(600,755)	(600,755)	(600,755)	--
Proceeds from the sale of assets	--	--	10,922	10,922	10,922
Total other financing sources (uses)	720,270	303,315	443,812	443,812	140,497
Net change in fund balance	157,350	(499,525)	1,117,427	1,117,427	1,616,952
Fund balance - beginning (restated Note III J)	4,634,541	5,186,147	5,186,147	5,186,147	--
Fund balance - ending	\$ 4,791,891	\$ 4,686,622	\$ 6,303,574	\$ 6,303,574	\$ 1,616,952

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, 2019

	Budgeted Amounts		Actual Modified Accrual Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
Taxes:					
Coal severance tax	\$ 90,000	90,000	\$ 118,407	\$ 118,407	\$ 28,407
Interest and investment earnings	900	900	922	922	22
Total revenues	90,900	90,900	119,329	119,329	28,429
EXPENDITURES					
Current:					
General government	129,021	106,192	25,652	25,652	80,540
Public safety	17,000	17,000	--	--	17,000
Health and sanitation	15,000	15,000	12,050	12,050	2,950
Culture and recreation	--	4,500	4,500	4,500	--
Social services	--	30,000	30,000	30,000	--
Total expenditures	161,021	172,692	72,202	72,202	100,490
Excess (deficiency) of revenues over expenditures	(70,121)	(81,792)	47,127	47,127	128,919
OTHER FINANCING SOURCES (USES)					
Transfers (out)	(25,000)	(77,529)	(77,528)	(77,528)	1
Total other financing Total other financing sources (uses)	(25,000)	(77,529)	(77,528)	(77,528)	1
Net change in fund balance	(95,121)	(159,321)	(30,401)	(30,401)	128,920
Fund balance - beginning	95,121	159,321	159,321	159,321	--
Fund balance - ending	\$ --	\$ --	\$ 128,920	\$ 128,920	\$ 128,920

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

JEFFERSON COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2019

	<u>Pension 457(b) Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Non-pooled cash	\$ --	\$ 1,628,573
Investments, at fair value	606,458	--
Total cash	<u>606,458</u>	<u>1,628,573</u>
Receivables, net of allowance for uncollectibles:		
Taxes	--	2,529,378
Total receivables	<u>--</u>	<u>2,529,378</u>
Total assets	<u>606,458</u>	<u>4,157,951</u>
DEFERRED OUTFLOWS		
Total deferred outflows of resources	<u>--</u>	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 606,458</u>	<u>\$ 4,157,951</u>
LIABILITIES		
Due to: other governments	<u>--</u>	<u>4,157,951</u>
Total liabilities	<u>--</u>	<u>4,157,951</u>
DEFERRED INFLOWS		
Total deferred inflows of resources	<u>--</u>	<u>--</u>
Total liabilities and deferred inflows of resources	<u>\$ --</u>	<u>\$ 4,157,951</u>
NET POSITION		
Restricted for pension / other benefits	<u>\$ 606,458</u>	<u>\$ --</u>

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

JEFFERSON COUNTY, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2019

	<u>Pension 457(b) Trust Fund</u>	<u>Agency Funds</u>
ADDITIONS:		
Contributions - employees	\$ 22,074	\$ --
Net investment income	26,010	--
Total Additions	<u>48,084</u>	<u>--</u>
DEDUCTIONS:		
Withdrawals / transfers out	--	--
Service charges	--	--
Total Deductions	<u>--</u>	<u>--</u>
Change in net position	<u>48,084</u>	<u>--</u>
Net position - beginning	558,374	--
Net position - ending	<u>\$ 606,458</u>	<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, 2019**

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 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 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 and are as follows:

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. The Jefferson County Historic Landmarks Commission is governed by a five member board appointed by the County Commission. The County provides financial support to the Historic Landmarks 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. No business-type activities are provided or reported by the government. 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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental 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.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 two fiduciary fund types:

The *Pension Trust funds* account for activities of the County's elective retirement plans, which accumulate resources for pension benefit payments to qualified employees.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. Receivables and Payables

Interfund Transactions

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

Property Tax Receivable

Trade and property tax receivables are shown net of an allowance for uncollectibles. Current taxes assessed on real and personal property may be paid in two installments: The first installment is payable on September 1 of the year for which the assessment is made, and becomes delinquent on October 1; and, The second installment is payable on the first day the following March and becomes delinquent on April 1. Taxes paid on or before the date when they are payable, including both first and second installments, are allowed a discount of two and one-half percent (2.5%). Taxes that 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 (9%) per annum is added from the date the taxes become delinquent until the date the taxes are paid. A tax lien is issued for all unpaid real estate taxes as of the date of the sheriff's sale and these liens are sold between October 14th and November 23rd of each year. Sixty (60) 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); and, 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 rate not to exceed statutory limitations, provided at least sixty percent (60%) 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	\$ -	\$ 14.30
Class II	2,272,882,100	28.60
Class III	941,438,798	57.20
Class IV	394,218,819	57.20

3. Inventories and Prepaid Items

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of governmental fund-type inventories is 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.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported 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 (1) 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:

Asset	Straight-line Useful Life	Value for Inventory Purposes	Capitalize/ Depreciate
Land	Not applicable	\$ 1	\$ Capitalize only
Land improvement	20 to 30 years	1	10,000
Building	35 years	1	10,000
Building improvements	20 to 25 years	1	10,000
Construction in Progress	Not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	10,000
Vehicles	5 to 10 years	1,000	10,000

6. Compensated Absences

Employees are permitted 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 permitted to be carried over is dependent on the department for which the employee works. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The face amount of debt issued is reported as other financing sources. Debt service payments are considered expenditures in the period due.

8. 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. The County has three (3) items that qualify for reporting in this category; one which arises only under the modified accrual basis of accounting is *unavailable revenue* for property taxes; and, the *deferred outflows* and *deferred inflows* from pension activities reported in the government-wide Statement of Net Position.

Unavailable revenue. The unavailable revenue is only reported in the governmental funds balance sheet. The county reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions. Deferred inflows and outflows from pension activities reflect changes in assumptions, differences between actual and expected experience, differences between actual and projected earnings on investments, employer contributions to pension plan after the measurement date, and changes in the employer portion and differences between contributions and the proportionate share of pension expense. 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, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Unearned Revenue

Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current and prior fiscal year, the governmental funds reported \$5,473 and \$0 in unearned revenue respectively.

10. Fund Balances

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

The **nonspendable** fund balance includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

The **restricted** fund balance includes amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or the laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the County's highest level of decision-making authority, the County Commission, and that remain binding unless removed in the same manner are to be reported as **committed** fund balance. Additionally, the approval does not automatically lapse at the end of the fiscal year.

The portion of net resources 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, are to be reported as **assigned** fund balance.

Unassigned fund balance is the portion of net resources in excess of the nonspendable, restricted, committed and assigned balances.

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.

11. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

12. Pensions

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

13. Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the net OPEB liability and deferred outflows / inflows of the resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Jefferson County Postretirement Health Plan (JCPHP) and additions to / deductions from the JCPHP fiduciary net position have been determined on the same basis as they are reported by the JCPHP. JCPHP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the 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 2 of each year, the various elected officials submit to the County Commission proposed requests for their respective offices for the fiscal year commencing on 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 (3rd) 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 commission and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year.

Description	General Fund Increase/ (Decrease)	Coal Severance Increase/ (Decrease)
General government expenditure	\$ 189,262	\$ (22,829)
Public safety expenditure	(839,483)	--
Culture and recreation expenditure	30,700	4,500
Social Services	--	30,000
Capital projects expenditure	45,000	--
Transfers to other funds	516,775	52,529

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 \$ 17,334,308. 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	\$ 10,195,123
Cash and cash equivalents-restricted - Impact Fees	3,781,864
Cash and cash equivalents-restricted - Agency Fund	1,628,573
Total cash and cash equivalents	\$ 15,605,560

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

III. DETAILED NOTES ON ALL FUNDS (continued)

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:

	General	Ambulance Service Fee	LEO Forfeiture	State Grant Fund	Total
Receivables:					
Taxes	\$ 1,020,016	\$ --	\$ --	\$ --	\$ 1,020,016
Accounts	529,996	705,624	--	--	1,235,620
Intergovernmental	<u>1,072,856</u>	<u>--</u>	<u>12,688</u>	<u>35,177</u>	<u>1,120,721</u>
Gross Receivables	<u>2,622,868</u>	<u>705,624</u>	<u>12,688</u>	<u>35,177</u>	<u>3,376,357</u>
Less: Allowance for Uncollectible	<u>(260,076)</u>	<u>(320,198)</u>	<u>--</u>	<u>--</u>	<u>(580,274)</u>
Net Total Receivables	<u>\$ 2,362,792</u>	<u>\$ 385,426</u>	<u>\$ 12,688</u>	<u>\$ 35,177</u>	<u>\$ 2,796,083</u>

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:

General Fund	Unavailable	Unearned
Delinquent property taxes receivable	\$ 563,542	\$ --
Unearned Revenue Ambulance Fees Paid in Advance	<u>--</u>	<u>5,473</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 563,542</u>	<u>\$ 5,473</u>

C. Prepaid Assets

Occasional payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased. At June 30, 2019, prepaid assets in the General Fund (\$213,894), Ambulance Service Fee Fund (\$1,076) and the Assessor's Valuation Fund (\$3,327) totaled \$218,297.

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

III. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

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

	Primary Government				Ending Balance
	Beginning Balance (restated)	Increases	Decreases	Transfers	
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 896,032	\$ --	\$ --	\$ --	\$ 896,032
Construction in progress	167,266	303,477	--	(148,018)	322,725
Total capital assets not being depreciated	<u>1,063,298</u>	<u>303,477</u>	<u>--</u>	<u>(148,018)</u>	<u>1,218,757</u>
Capital assets being depreciated:					
Buildings and improvements	19,829,643	--	--	--	19,829,643
Structures and improvements	3,087,853	113,787	--	88,645	3,290,285
Vehicles	2,204,277	312,088	(135,402)	--	2,380,963
Machinery and equipment	8,220,560	79,903	--	59,373	8,359,836
Less: Total accumulated depreciation	<u>(15,262,260)</u>	<u>(1,197,263)</u>	<u>135,402</u>	<u>--</u>	<u>(16,324,121)</u>
Total capital assets being depreciated, net	<u>18,080,073</u>	<u>(691,485)</u>	<u>--</u>	<u>148,018</u>	<u>17,536,606</u>
Governmental activities capital assets, net	<u>\$ 19,143,371</u>	<u>\$ (388,008)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 18,755,363</u>

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

Governmental activities:	
General government	\$ 497,642
Public safety	605,726
Culture and recreation	<u>93,895</u>
Total depreciation expense-governmental activities	<u>\$ 1,197,263</u>

Construction in Progress

The government has two (2) active construction projects as of the fiscal year ended June 30, 2019.

Project	Funding	Expenditures to-Date
Payroll system replacement	Capital Outlay Fund	\$ 26,638
Wastewater treatment plant decommission	Capital Outlay Fund	<u>296,087</u>
Total construction in progress		<u>\$ 322,725</u>

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

III. DETAILED NOTES ON ALL FUNDS (continued)

E. Interfund Receivables, Payables, and Transfers

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

Advances to/from other funds:

Payable Fund	Interfund Payable to		Total
	General Fund	Capital Outlay Fund	
Jury & Witness	\$ 34,187	\$ --	\$ 34,187
Ambulance Service Fee	68,252	--	68,252
Tax Lien Fund	4,376	--	4,376
Concealed Weapons Fund	564	--	564
General Fund	--	722	722
Total due to/from other funds	\$ 107,379	\$ 722	\$ 108,101

These temporary advances represent funds that were expended prior to their receipt from other funds or other governments. These funds are expected to be received shortly after the beginning of July 2019. The temporary advance will then be reversed.

Interfund transfers:

Transfers out:	Transfers in:		
	General County	Capital Outlay	Total
General County	\$ --	\$ 600,755	\$ 600,755
Coal Severance Fund	77,528	--	77,528
Magistrate Court	41,250	--	41,250
Assessor Valuation	510,200	--	510,200
Dog & Kennel	29,139	--	29,139
Gen School	307,276	--	307,276
Financial Stabilization Fund	--	210,013	210,013
Ambulance Service Fee	68,252	--	68,252
Total transfers out	\$ 1,033,645	\$ 810,768	\$ 1,844,413

The transfers of \$600,755 and \$210,013 from the General fund and the Financial Stabilization fund to the Capital Outlay fund represent contributions toward the respective fund balances for future capital purchases. The transfer of \$77,528 from the Coal Severance fund to the General fund represents funding for grant match requirements, equipment purchases and facility and grounds repairs and maintenance.

The transfers from General School to General fund totaling \$307,276 represent operating support from jail fees. The transfers of \$41,250 and \$29,139 from the Magistrate Court fund and Dog & Kennel fund, respectively, to the General fund represent operating transfers. The

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

III. DETAILED NOTES ON ALL FUNDS (continued)

transfer of \$510,200 from the Assessor Valuation fund to General County represents wages and benefits for partial staffing of the Jefferson County Assessor's Office. The transfer of \$68,252 from the Ambulance Service Fee fund to General County represents wages and benefits for staff, and other operating expenditures related to billing of the Jefferson County Ambulance Service Fee.

F. 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>	<u>Non-major Funds</u>	<u>Total</u>
Nonspendable:						
Inventory	\$ 2,461	\$ --	\$ --	\$ --	\$ --	\$ 2,461
Prepaid items	213,894	--	--	--	4,403	218,297
Restricted:						
General government	--	94,120	--	--	1,273,016	1,367,136
Public safety	--	17,000	--	165,374	712,892	895,266
Culture and recreation	--	--	--	197,391	--	197,391
Health and sanitation	--	15,000	--	--	--	15,000
School	--	--	--	3,419,099	--	3,419,099
Committed:						
General government	25,132	2,800	--	--	--	27,932
Capital projects	--	--	3,894,736	--	--	3,894,736
Assigned:						
General government	1,825,400	--	--	--	3	1,825,403
Public safety	1,901,900	--	--	--	--	1,901,900
Culture and recreation	239,131	--	--	--	--	239,131
Unassigned:	<u>2,095,656</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,095,656</u>
Total fund balances	<u>\$ 6,303,574</u>	<u>\$ 128,920</u>	<u>\$ 3,894,736</u>	<u>\$ 3,781,864</u>	<u>\$ 1,990,314</u>	<u>\$ 16,099,408</u>

Rainy Day Reserve Policy

The County has adopted a fund balance policy which states that the County will maintain a fund balance in the General fund equal to 16.67% of General fund operating expenditures to provide for adequate working capital and to meet unforeseen emergencies. The County Commission has the discretion to determine whether circumstances or events constitute an emergency. Following use of the reserve, the County must restore the reserve to the 16.67% level within a two year period. Should the unencumbered balance rise above the amount stated in the policy, 50% of the excess amount will be placed into a Rainy Day fund or the "Financial Stabilization" fund.

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

III. DETAILED NOTES ON ALL FUNDS (continued)

G. Leases

Operating Leases

The government had no operating lease for this fiscal year; and, no future minimum lease payments are due.

H. Long-term Debt

The County issues debt to provide funds for the acquisition or construction of major capital assets. General long-term debt was issued during the fiscal year and are direct obligations of the County. The long-term obligations of the County currently outstanding are as follows:

Changes in Long-term Liabilities

	Date of Issue	Date of Maturity	Interest Rate	Governmental Activities				
				Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable:								
General purpose	9/1/2016	3/31/2020	0%	\$ 360,215	\$ --	\$ (180,108)	\$ 180,107	\$ 180,107
Other Obligations:								
Net OPEB liability				1,786,280	\$ 113,042	\$ (152,491)	\$ 1,746,831	\$ --
Net pension liability				2,492,117	270,900	(1,534,683)	1,228,334	--
Compensated absences				735,411	907,779	(909,568)	733,622	--
Governmental activities								
Long-term liabilities				\$ 5,374,023	\$ 1,291,721	\$ (2,776,850)	\$ 3,888,894	\$ 180,107

Note: For governmental activities, compensated absences are generally liquidated by the General fund.

During the fiscal year, the County repaid \$180,108 in notes payable originated in 2016 to finance general capital improvement projects. The debt is to be paid for from the Capital Outlay fund.

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

III. DETAILED NOTES ON ALL FUNDS (continued)

I. Restricted Assets

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

Impact fee account	\$	3,781,864
Pension 457(b) Trust Fund		606,458
Agency funds		<u>1,628,573</u>
Total restricted assets	\$	<u><u>6,016,895</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 Transactions

There are none to report

C. 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 Jefferson County, West Virginia.

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

IV. OTHER INFORMATION (continued)

D. 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. Total asset value, additions and deductions are shown in the fiduciary fund statements in accordance with Governmental Accounting Standards Board (GASB), Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

E. 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/ (income) in the governmental activities in fiscal years 2019 and 2018 of \$(39,449), and \$36,529, respectively.

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 2019 and 2018, total premiums paid for retiree medical benefits were \$94,080 and \$73,512 respectively. Employees and retirees eligible to participate in the OPEB plan consisted of the following at June 30, 2019:

Actives Fully Eligible to Retire	7
Actives Not Yet Fully Eligible to Retire	7
Retirees	27
Total Participants	41

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.

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

IV. OTHER INFORMATION (continued)

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 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 \$21,098, and the amortization of unfunded accrued liability of \$91,944. For fiscal years 2019 and 2018, the county contributed \$94,080 and \$73,512 respectively 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, 2017 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, 2019.

The annual OPEB costs and net OPEB liability for the current year were as follows:

Service Cost	\$ 113,042
Interest Cost	(58,411)
Adjustment to Annual Required Contribution	-
Annual Service Cost	<u>54,631</u>
Employer Contributions Made	<u>(94,080)</u>
Decrease in Net OPEB Liability	<u>(39,449)</u>
Net OPEB Liability, Beginning of Year	<u>1,786,280</u>
Net OPEB Liability, End of Year	<u><u>\$ 1,746,831</u></u>

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

IV. OTHER INFORMATION (continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability for the last five (5) fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of	
			Annual OPEB Cost Contributed	Net OPEB Liability
6/30/19	\$ 54,631	\$ 94,080	172%	\$ 1,746,831
6/30/18	\$ 110,108	\$ 73,512	67%	\$ 1,786,280
6/30/17	\$ 110,849	\$ 74,320	67%	\$ 1,733,472
6/30/16	\$ 111,911	\$ 84,506	76%	\$ 1,477,030
6/30/15	\$ 112,445	\$ 86,655	77%	\$ 1,477,030

As of the date of this report, the most recent valuation was performed with a valuation date of July 1, 2017 and covers the valuation for the plan years beginning July 1, 2017 and July 1, 2018.

The funded status of the plan as of July 1, 2017 is as follows:

Funded Status and 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
July 1, 2015	\$ -	\$ 1,477,030	\$ 1,477,030	0%	Not Available	Not Available
July 1, 2016	\$ -	\$ 1,733,472	\$ 1,733,472	0%	Not Available	Not Available
July 1, 2017	\$ -	\$ 1,786,280	\$ 1,786,280	0%	Not Available	Not Available
July 1, 2018	\$ -	\$ 1,746,831	\$ 1,746,831	0%	Not Available	Not Available

Actuarial valuations for Jefferson County of its Postretirement Health Plan using the Alternative Measurement Method as described in Government Accounting Standard No. 75 ("GASB 75"). The primary purpose of the valuation is to determine the obligations and cost for Fiscal Year 2019. 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

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

IV. OTHER INFORMATION (continued)

and assumptions used include techniques that are designed to reduce short-term perspective of the calculations, and are as follows:

Actuarial Cost Method – Entry Age Normal (Alternative Measurement Method)

Asset Valuation Method - N/A

Interest Assumptions - 3.27% discount rate, 3.50% salary rate increase, and 3.00% inflation rate

Mortality - RP-2014 Combined Annuitant Mortality Table for males and females

Turnover - Age-based turnover rates developed based on probability of remaining employed until assumed retirement age

Retirement Age - Average retirement age 62

Trend Rates – Health care 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 - 70% 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.

V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information, and Funding Policies

Jefferson County, West Virginia participates in two state-wide, cost-sharing, and 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 (PERS)

West Virginia Deputy Sheriff Retirement System (WVDRS)

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.

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

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 (3) highest consecutive years in the last 15 years of earnings) times the years of service times 2% equals the annual retirement benefit. For employees hired after July 1, 2015, average salary is the average of the five (5) consecutive highest annual earnings out of the last 15.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes
Terminated members	Terminated members with at least five (5) years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity at age 62. For employees hired after July 1, 2015, this age increases to 64.

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 annual earnings. Effective July 1, 2015, newly hired members contribute 6% of annual earnings. The governmental entity contribution rates of 10.0%, 11.0%, and 12.0% of covered payroll for the years ending June 30, 2019, 2018, and 2017 respectively.

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

At fiscal year end, the County reported the following liabilities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2019, the County reported the following proportions and increase / (decrease) from its proportion measured as of June 30, 2018:

	PERS
Amount for proportionate share of net pension liability	\$ 1,424,569
Percentage for proportionate share of net pension liability	0.551620 %
Increase / (decrease) % from prior proportion measured	0.003695 %

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

For this fiscal year, the County recognized the following pension expenses:

Proportionate share of pension expense	\$	160,383
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions		(4,362)
Total pension expense	\$	<u>156,021</u>

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	\$ -	\$ (838,297)
Changes in proportion and differences between County contributions and proportionate share of contributions	41,862	(23,709)
Differences between projected and actual experience	70,668	(3,525)
County contributions subsequent to the measurement date	<u>764,561</u>	<u>-</u>
Total	<u>\$ 877,091</u>	<u>\$ (865,531)</u>

The amount 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, 2020.

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

Year ended June 30:	
2020	\$ 129,286
2021	(128,504)
2022	(611,880)
2023	<u>(141,904)</u>
Total	<u>\$ (753,002)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2018 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

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

Amortization Period - through FY 2035

Projected Salary Increases - Range from 3.00% to 6.0% per year

Date of most recent experience study - 2009-2014, experience studies are performed at least once in every 5-year period

Mortality Tables –

Pre-retirement males: 100% of RP-2000 Non-Annuitant, Scale AA fully generational;

Pre-retirement females: 100% of RP-2000 Non-Annuitant, Scale AA fully generational;

Post-retirement healthy males: 110% of RP-2000 Healthy Annuitant, Scale AA fully generational;

Post-retirement healthy females: 101% of RP-2000 Healthy Annuitant, Scale AA fully generational;

Disabled Males: 96% of RP-2000 Disabled-Annuitant, Scale AA fully generational; and

Disabled Females: 107% of RP-2000 Disabled-Annuitant, Scale AA fully generational.

Withdrawals – 2% to 30.4%

Asset Valuation Method – 4-year 25% smoothing of actuarial gain or (loss) on trust fund return. Total accumulated deferred gain or (loss) amounts are used to adjust the reported Market Value of Assets to determine the Actuarial Value of Assets.

Retirement Rates – 12%-100%

Disablement Rates – 0-.675%

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.

Accrual of Future Service – It is assumed that members will accrue 1 year of service for each future year of employment.

Inflation Rate – 3.00%

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 broad asset class allocation guidelines for the assets managed for PERS. Policy and Strategic allocations are established on a market value basis.

These asset class 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.

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

Rates are summarized in the following table and include the inflation component as follows:

Asset Class	Policy Allocation	Strategic Allocation	Long-term Expected Real Rate of Return
Domestic Equity	30.0%	27.5%	7.0%
International Equity	30.0%	27.5%	7.7%
Private Equity	0.0%	10.0%	9.4%
TIPS	0.0%	0.0%	2.7%
Core Fixed Income	20.0%	15.0%	2.7%
High Yield Fixed Income	20.0%	0.0%	5.5%
Hedge Fund	0.0%	10.0%	4.7%
Real Estate	0.0%	10.0%	7.0%
Total		100.0%	
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.

Period	Actual	Target
One-year	(0.1)%	7.5%
Three-year	7.0%	7.5%
Five-year	7.0%	7.5%
Ten-year	6.2%	7.5%

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection 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 chart presents the sensitivity of the County's proportionate share of the net pension liability calculated using the discount rate as used in the actuarial valuation, 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 or 1 percentage point higher 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 asset / (liability)	\$ (5,737,030)	\$ (1,424,570)	\$ 2,223,713

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

Trend Information. The required contribution and the percentage of that amount contributed for the past seven (7) years is as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2019	\$ 764,561	100%
2018	\$ 838,372	100%
2017	\$ 903,125	100%
2016	\$ 1,033,926	100%
2015	\$ 1,024,710	100%
2014	\$ 1,079,680	100%
2013	\$ 1,014,046	100%

Pension plan's fiduciary net position. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Detailed information about the pension plan's fiduciary net position is available in a 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 WV Consolidated Public Retirement Board, Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304 or by calling (304) 558-3570.

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 (five (5) highest consecutive years in the last ten (10) years) times the years of service times 2.25% equals the annual retirement benefit.
Deferred retirement option	No deferred retirement option is available.
Provisions for cost of living adjustments or death benefits	This plan has no provisions for cost of living adjustments. There are provisions for death benefits.
Terminated members	Terminated members with at least five (5) years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity at age 62.

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

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 governmental entity contribution rate was 12.0% of covered payroll for the fiscal years ending June 30, 2019, 2018, and 2017.

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

At fiscal year end, the County reported the following liabilities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2019, the County reported the following proportions and increase / (decrease) from its proportion measured as of June 30, 2018:

	WVDRS	
Amount for proportionate share of net pension asset	\$ 197,810	
Percentage for proportionate share of net pension liability	3.684984	%
Increase / (decrease) % from prior proportion measured	0.343536	%

For this fiscal year, the County recognized the following pension expenses:

Proportionate share of pension expense	\$ (68,209)
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	2,496
Total pension expense	\$ (65,713)

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

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	\$ -	\$ (199,689)
Changes in assumptions	-	(83,428)
Changes in proportion and differences between County contributions and proportionate share of contributions	74,604	(57,753)
Differences between projected and actual experience	46,873	(310,312)
County contributions subsequent to the measurement date	244,331	-
Total	<u>\$ 365,808</u>	<u>\$ (651,182)</u>

The amount 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, 2020.

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

Year ended June 30:	
2020	\$ (57,827)
2021	(100,868)
2022	(203,816)
2023	(95,444)
2024	(72,834)
2025	1,082
Total	<u>\$ (529,707)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2018 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; and the level percentage of aggregate payroll.

Amortization Method – Level dollar, fixed period.

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

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

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 - 2011-2016

Mortality Tables -

Active: 100% of RP-2014 Non-Annuitant (sex-distinct), Scale MP-2016 fully generational;
Healthy male retirees: 103% of RP-2014 Male Healthy Annuitant tables, Scale MP-2016 fully generational;
Healthy female retirees: 100% of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational;
Disabled Males: 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational; and
Disabled Females: 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational.

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

Asset Valuation Method – Reported market value of assets as of the actuarial valuation date.

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, 2019**

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

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 – 3.0%

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 broad

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

asset allocation class guidelines for the assets managed for WVDRS. Policy and Strategic allocations are established on a market value basis.

These asset class 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.

Rates are summarized in the following table and include the inflation component as follows:

Asset Class	Policy Allocation	Strategic Allocation	Long-term Expected Real Rate of Return
Domestic Equity	30.0%	27.5%	7.0%
International Equity	30.0%	27.5%	7.7%
Private Equity	0.0%	10.0%	9.4%
Core Fixed Income	20.0%	15.0%	2.7%
High Yield Fixed Income	20.0%	0.0%	5.5%
Hedge Fund	0.0%	10.0%	4.7%
TIPS	0.0%	0.0%	2.7%
Real Estate	0.0%	10.0%	7.0%
Total		100.0%	
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	(0.1)%	7.5%
Three-year	7.0%	7.5%
Five-year	6.9%	7.5%
Ten-year	6.1%	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.

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

V. EMPLOYEE RETIREMENT SYSTEM AND PLANS (continued)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following chart presents the sensitivity of the County's proportionate share of the net pension liability calculated using the discount rate as used in the actuarial valuation, 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 or 1 percentage point higher 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 asset / (liability)	\$ (904,848)	\$ 197,810	\$ 1,106,232

Trend Information. The required contribution and the percentage of that amount contributed for the past seven (7) years is as follows:

Fiscal Year	Annual Pension Cost	Percentage Contributed
2019	\$ 244,331	100%
2018	\$ 229,753	100%
2017	\$ 200,645	100%
2016	\$ 207,263	100%
2015	\$ 206,368	100%
2014	\$ 225,010	100%
2013	\$ 202,415	100%

Pension plan's fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. WVDRS issues a publicly available financial report that includes financial statements and required supplementary information. That information can also be obtained by writing to the WV Consolidated Public Retirement Board, Deputy Sheriff Death, Disability and Retirement Plan, 4101 MacCorkle Avenue, SE, Charleston, WV 25304 or by calling (304) 558-3570.

VI. SUMMARY OF DEFERRED OUTFLOW / INFLOW BALANCES

	Total	PERS	WVDRS
Net difference between projected and actual earnings on pension plan investments	\$ (1,037,986)	\$ (838,297)	\$ (199,689)
Changes in assumptions	(83,428)	-	(83,428)
Changes in proportion and differences between County contributions and proportionate share of contributions	35,004	18,153	16,851
Differences between projected and actual experience	(196,296)	67,143	(263,439)
County contributions subsequent to the measurement date	1,008,892	764,561	244,331
Total	\$ (273,814)	\$ 11,560	\$ (285,374)

REQUIRED SUPPLEMENTARY INFORMATION

**JEFFERSON COUNTY, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

**Jefferson County Commission Other Post Employment Benefits Plan
June 30, 2019**

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
July 1, 2015	\$ -	\$ 1,477,030	\$ 1,477,030	0%	Not Available	Not Available
July 1, 2016	\$ -	\$ 1,733,472	\$ 1,733,472	0%	Not Available	Not Available
July 1, 2017	\$ -	\$ 1,786,280	\$ 1,786,280	0%	Not Available	Not Available
July 1, 2018	\$ -	\$ 1,746,831	\$ 1,746,831	0%	Not Available	Not Available

Schedule of Employer Contributions

Fiscal Year Ending June 30	Annual Required Contribution	Employer Contribution	Percentage of ARC Contributed	Net OPEB Obligation
2015	\$ 112,445	\$ 86,655	77%	\$ 25,790
2016	\$ 111,911	\$ 84,506	76%	\$ 53,195
2017	\$ 110,849	\$ 74,320	67%	\$ 89,724
2018	\$ 110,108	\$ 73,512	67%	\$ 126,320
2019	\$ 54,631	\$ 94,080	172%	\$ 86,871

Schedule of County Contributions

Last eight (8) Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 94,080	\$ 73,512	\$ 74,320	\$ 84,506	\$ 86,655	\$ 81,240	\$ 77,476	\$ 82,969
Contributions in relation to the contractually required contribution	(94,080)	(73,512)	(74,320)	(84,506)	(86,655)	(81,240)	(77,476)	(82,969)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**JEFFERSON COUNTY, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

**Schedules of the County's Proportionate Share of the Net Pension Liability
June 30, 2019**

West Virginia Public Employee's Retirement System (PERS) Pension Plan
Last six (6) Fiscal Years*

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.551620%	0.547925%	0.555790%	0.539720%	0.555968%	0.541279%
County's proportionate share of the net pension liability (asset)	\$ 1,424,569	\$ 2,369,688	\$ 5,108,365	\$ 3,013,818	\$ 2,051,953	\$ 4,934,460
County's covered-employee payroll	\$ 7,632,336	\$ 7,621,561	\$ 7,526,047	\$ 7,658,711	\$ 7,319,363	\$ 7,481,013
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.7%	31.1%	67.9%	39.4%	28.0%	66.0%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	93.67%	86.11%	91.29%	93.98%	79.70%

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

West Virginia Public Deputy Sheriff Retirement System (WVDRS) Pension Plan
Last six (6) Fiscal Years*

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	3.684984%	3.341448%	3.502668%	3.464242%	3.736381%	3.558767%
County's proportionate share of the net pension liability (asset)	\$ (68,209)	\$ 122,429	\$ 1,115,109	\$ 710,585	\$ 637,099	\$ 1,192,329
County's covered-employee payroll	\$ 2,036,087	\$ 1,914,605	\$ 1,672,041	\$ 1,727,192	\$ 1,650,943	\$ 1,730,843
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-3.4%	6.4%	66.7%	41.1%	38.6%	68.9%
Plan fiduciary net position as a percentage of the total pension liability	98.17%	98.17%	84.48%	89.31%	90.52%	80.20%

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

**JEFFERSON COUNTY, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

**Schedules of County Contributions
June 30, 2019**

West Virginia Public Employee's Retirement System (PERS) Pension Plan
Last six (6) Fiscal Years

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 764,561	\$ 838,372	\$ 903,125	\$ 1,033,926	\$ 1,024,710	\$ 1,079,680
Contributions in relation to the contractually required contribution	(764,561)	(838,372)	(903,125)	(1,033,926)	(1,024,710)	(1,079,680)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 7,632,336	\$ 7,621,561	\$ 7,526,047	\$ 7,658,711	\$ 7,319,363	\$ 7,481,013
Contributions as a percentage of covered-employee payroll	10.0%	11.0%	12.0%	13.5%	14.0%	14.4%

West Virginia Public Deputy Sheriff Retirement System (WVDRS) Pension Plan
Last six (6) Fiscal Years

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 244,331	\$ 229,753	\$ 200,645	\$ 207,263	\$ 206,368	\$ 225,010
Contributions in relation to the contractually required contribution	(244,331)	(229,753)	(200,645)	(207,263)	(206,368)	(225,010)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 2,036,087	\$ 1,914,605	\$ 1,672,041	\$ 1,727,192	\$ 1,650,943	\$ 1,730,843
Contributions as a percentage of covered-employee payroll	12.0%	12.0%	12.0%	12.0%	12.5%	13.0%

SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES:						
Miscellaneous	\$ 611,061	\$ 611,061	\$ 654,380	--	\$ 654,380	\$ 43,319
Total revenues	611,061	611,061	654,380	--	654,380	43,319
EXPENDITURES:						
Current:						
General government	148,000	260,000	54,675	(3,327)	51,348	208,652
Capital outlay	110,804	205,845	58,522	(18,965)	39,557	166,288
Total expenditures	258,804	465,845	113,197	(22,292)	90,905	374,940
Excess (deficiency) of revenues over expenditures	352,257	145,216	541,183	22,292	563,475	418,259
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(552,257)	(561,189)	(510,200)	--	(510,200)	50,989
Total other financing sources (uses)	(552,257)	(561,189)	(510,200)	--	(510,200)	50,989
Net change in fund balance	(200,000)	(415,973)	30,983	24,062	53,275	469,248
Fund balance at beginning of year	200,000	415,973	417,743	(1,770)	415,973	--
Fund balance at end of year	\$ --	\$ --	\$ 448,726	\$ 22,292	\$ 469,248	\$ 469,248



**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

Honorable Members of the
Jefferson County Commission
Charles Town, West Virginia 25414

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 29, 2020. Our report refers to other auditors who audited the financial statements of the Jefferson County Board of Health, Jefferson County Farmland Protection Board, Jefferson County Emergency Services Agency and the Jefferson County Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

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.

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 Findings and Responses as item 2019-001.

Entity's Response to Findings

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

Purpose of this Report

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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.
Huntington, West Virginia
June 29, 2020

Jefferson County Commission
Schedule of Findings and Responses
June 30, 2019

Findings Related to the Financial Statements Required To be Reported in Accordance with GAGAS
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FINDING NUMBER 2019-001

Material Non-compliance – Expenditures in Excess of Appropriations

Jefferson County incurred expenditures in excess of budgeted amounts for several line items in 2019.

WV Code Section 11-8-26 states in part that; “A local fiscal body shall not expend money or incur obligations in excess of the amount allocated to the fund in the levy order”.

The County should establish adequate internal controls over the budgetary process to ensure compliance with the budgetary requirements.

Officials Response:

The County implemented a new financial management system in FY2018-2019. The new system will provide security to prohibit transactions that exceed a department's available budget.

Jefferson County Commission
Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019

Finding Number	Title	Status
2018-001	Failure to Submit Budget Revision	Corrected
2018-002	Expenditures in Excess of Levy Estimate	Reissued as Finding 2019-001