



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

## MANAGEMENT LETTER

March 25, 2015

Berkeley County  
400 West Stephen Street, Suite 201  
Martinsburg, WV 25401

To the County Council:

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **Berkeley County**, West Virginia (the County) as of and for the year ended June 30, 2014, and have issued our report thereon dated March 25, 2015.

*Government Auditing Standards* also requires that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in internal controls. We have issued the required report dated March 25, 2015 for the year ended June 30, 2014.

We are also submitting for your consideration the following comments on the County's compliance with applicable laws and regulations and on its internal controls. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or significant deficiencies in internal controls, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. If you have any questions or concerns regarding these comments, please do not hesitate to contact us.

### COMPLIANCE

**Circular E, Employer's Supplemental Tax Guide** published by the Internal Revenue Service defines common-law employees as anyone who performs services for the County if the County can control the details of what will be done and how it will be done. The guide further defines independent contractors as anyone who follows an independent trade or profession in which they offer their services to the public but who the County only has the right to control or direct the result of the work and not the means and methods of accomplishment.

During Fiscal Year 2014, the County classified one individual as an independent contractor and did not withhold federal, state, or local taxes and did not contribute to a qualifying retirement system.

...*"bringing more to the table"*

## COMPLIANCE (Continued)

### Circular E, Employer's Supplemental Tax Guide (continued)

The County directly controls the following details of work performed by this individual:

- When and where to do the work;
- What work must be performed;
- What order of sequence to follow;

Consequently, the County could be held liable for employment taxes of a potential employee improperly treated as an independent contractor without a reasonable basis for doing so. The County should refer to Internal Revenue Service Code Section 3509 for additional guidance on an employer's liability for treating an employee as a nonemployee. County Council should examine the relationship between the County and all employees and independent contractors to ensure employees and nonemployees are properly reported. We also recommend the County obtain a legal opinion to determine the status of this worker. If it is determined they are employees of the County they should be paid through the payroll system and applicable benefits and taxes should be withheld and remitted.

## RECOMMENDATIONS

### Monitoring of Delinquent Clerk of Court Accounts

Upon our review of the Circuit Clerk Court, we found the Court has no formal policy concerning the handling of late payments and delinquent accounts. The only outstanding accounts that would be collected are those that are on probation as they are not released from probation until the accounts are paid. Upon discussion with staff, a list of delinquent accounts had not been generated for a significant length of time. Council is responsible for monitoring receipt collections of the County. A list of delinquent Circuit Clerk Court accounts is not provided to Council and as a result of not reviewing and addressing delinquent accounts, the County may be losing revenues due to them.

We recommend the Clerk of Courts provide Council a complete listing of all delinquent accounts at least quarterly. We also recommend the County establish a formal policy detailing the procedures to be utilized for collecting on delinquent accounts.

### Financial Reporting

During our testing we noted several issues in the financial statements and notes that were not correctly completed.

The following issues were noted:

1. Fund balance detail of each governmental fund was not listed in the notes to the financial statements;
2. Outstanding encumbrances were not recorded as assigned to the general fund;
3. All debt was not recorded to the financial statements;
4. Taxes receivable and deferred inflows of resources were not updated from the prior year;
5. State receipts were recorded to federal receipts in the financial statements;

The financial statements and notes have not been updated to reflect the correct amounts or disclosures, with the exception of state and federal receipts. State receipts were reclassified from federal receipts.

We recommend management review and discuss all financial statement amounts and note disclosures with the accounting firm when preparing the financial statements at year-end.

**RECOMMENDATIONS (Continued)**

**Monitoring Bank Accounts**

The County has numerous bank accounts listed on the financial statements. There are numerous accounts which have different signors and management responsible for account reconciliations each month.

We recommend the County complete a list of all accounts each year, which notes the balance at year end, reconciliation amount, and signors for the accounts. We recommend this list be approved by County Council to ensure all accounts are included in the annual financial report, correctly listed on the financial statements, and authorized signatories assigned to each account. We also recommend the County Council consult with the County's legal counsel to determine appropriate authority over accounts in question.

These comments are intended for the information and use management and Council, and are not intended to be, and should not be used by anyone other than these specified parties.



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

428 Secoria St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569



Certified Public Accountants, A.C.

**BERKELEY COUNTY  
Single Audit  
For the Year Ended June 30, 2014**

**RFP#14-246**

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

*...“bringing more to the table”*

Tax • Accounting • Audit • Review • Compilation • Agreed Upon Procedures • Consultation • Bookkeeping • Payroll • IT/Network Support  
\*Member: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs

BERKELEY COUNTY, WEST VIRGINIA

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position.....	4
Statement of Activities.....	5
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds.....	6
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General County Fund.....	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Coal Severance Tax Fund.....	11
Statement of Net Position – Proprietary Fund.....	12
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Fund.....	13
Statement of Cash Flows – Proprietary Fund.....	14
Statement of Fiduciary Net Position– Fiduciary Funds.....	15
Notes to the Financial Statements.....	16
<b>Supplementary Information:</b>	
Budgetary Comparison Schedule – Assessor's Valuation Fund.....	34
Schedule of Expenditures of Federal Awards.....	35
Notes to the Schedule of Expenditures of Federal Awards.....	36
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards.....	37
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	39

**BERKELEY COUNTY, WEST VIRGINA**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Schedule of Audit Findings.....	41
Schedule of Prior Audit Findings.....	42



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

## INDEPENDENT AUDITOR'S REPORT

March 25, 2015

Berkeley County  
400 West Stephen Street, Suite 201  
Martinsburg, WV 25401

To the County Council:

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **Berkeley County**, West Virginia (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Berkeley County Building Commission, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the business-type activities and Berkeley County Building Commission major fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Berkeley County Building Commission, is based solely on the report 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.

...*"bringing more to the table"*

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

**Summary of Opinions**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Governmental Fund – General County	Unmodified
Governmental Fund – Coal Severance Tax	Unmodified
Governmental Fund – E-911 Fees	Unmodified
Proprietary Fund - Berkeley County Building Commission	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

The financial statements omit the financial data relating to the County's legally-separate discretely presented component units. Accounting principles generally accepted in the United States of America require the County's primary-government financial data to include component unit financial data unless the County also issues financial statements that includes the component units' financial data. The County has not issued complete reporting-entity financial statements. We cannot determine the amounts of assets, liabilities, net position, revenues and expenses the accompanying statements should present for the omitted discretely-presented component units.

**Adverse Opinion on the Aggregate Discretely Presented Component Units**

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units* paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely-presented component units of Berkeley County, West Virginia, as of June 30, 2014 or the changes in financial position thereof for the year then ended.

**Unmodified Opinions**

In addition, in our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, West Virginia as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General County and Coal Severance Tax Funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

The budgetary comparison information for the Assessor's Valuation Fund and the Schedule of Expenditures of Federal Awards are management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

**BERKELEY COUNTY, WEST VIRGINIA  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2014**

	Primary Government		Total
	Governmental Activities	Building Commission Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,717,312	\$ 2,183	\$ 10,719,495
Restricted assets			
Investments	-	605,915	605,915
Receivables, net			
Taxes	1,005,002	-	1,005,002
Capital assets, net of depreciation:			
Land	850,602	1,889,399	2,740,001
Buildings	1,466,818	32,863,822	34,330,640
Machinery and equipment	1,581,506	-	1,581,506
Construction in progress	1,932,810	4,159,208	6,092,018
Building improvements	1,218,394	-	1,218,394
Total assets	<u>18,772,444</u>	<u>39,520,527</u>	<u>58,292,971</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized bond discount	-	132,605	132,605
Total deferred outflows of resources	<u>-</u>	<u>132,605</u>	<u>132,605</u>
Total assets and deferred outflows of resources	<u>\$ 18,772,444</u>	<u>\$ 39,653,132</u>	<u>\$ 58,425,576</u>
<b>LIABILITIES</b>			
Current liabilities payable from current assets:			
Accounts payable	\$ 515,054	\$ 900	\$ 515,954
OPEB payable	309,461	-	309,461
Interest payable	-	214,534	214,534
Dormant checks	4,502	-	4,502
Current portion of long-term debt	337,535	1,091,929	1,429,464
Total current liabilities	<u>1,166,552</u>	<u>1,307,363</u>	<u>2,473,915</u>
Noncurrent liabilities:			
Leases payable	337,535	-	337,535
Compensated absences	645,467	-	645,467
Long term debt	-	33,364,216	33,364,216
Total non-current liabilities	<u>983,002</u>	<u>33,364,216</u>	<u>34,347,218</u>
Total liabilities	<u>2,149,554</u>	<u>34,671,579</u>	<u>36,821,133</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized bond premium	-	8,084	8,084
Total deferred inflows of resources	<u>-</u>	<u>8,084</u>	<u>8,084</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,375,060	4,580,805	10,955,865
Restricted	3,720,352	605,915	4,326,267
Unrestricted (deficit)	6,527,478	(213,251)	6,314,227
Total net position	<u>16,622,890</u>	<u>4,973,469</u>	<u>21,596,359</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 18,772,444</u>	<u>\$ 39,653,132</u>	<u>\$ 58,425,576</u>

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

**BERKELEY COUNTY, WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Functions / Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
General government	\$ 17,938,313	\$ -	\$ -	\$ (17,938,313)	\$ -	\$ (17,938,313)
Public safety	10,312,949	4,304,776	2,066,900	(3,941,273)	-	(3,941,273)
Health and sanitation	183,669	-	-	(183,669)	-	(183,669)
Culture and recreation	1,099,807	-	-	(1,099,807)	-	(1,099,807)
Social services	143,684	-	-	(143,684)	-	(143,684)
<b>Total governmental activities</b>	<b>29,678,422</b>	<b>4,304,776</b>	<b>2,066,900</b>	<b>(23,306,746)</b>	<b>-</b>	<b>(23,306,746)</b>
Business type activities:						
Building Commission	2,374,185	2,473,251	11,120	-	110,186	110,186
<b>Total primary government</b>	<b>\$ 32,052,607</b>	<b>\$ 6,778,027</b>	<b>\$ 2,078,020</b>	<b>(23,306,746)</b>	<b>110,186</b>	<b>(23,196,560)</b>
General revenues:						
Ad valorem property taxes				17,420,363	-	17,420,363
Other taxes				2,491,757	-	2,491,757
Licenses and permits				268,257	-	268,257
Fines and forfeitures				687,265	-	687,265
Unrestricted investment earnings				44,514	31	44,545
Miscellaneous				3,037,333	-	3,037,333
<b>Total general revenues</b>				<b>23,949,489</b>	<b>31</b>	<b>23,949,520</b>
Increase in net position				642,743	110,217	752,960
Net position, beginning of year - restated see note iv.e				15,980,147	4,863,252	20,843,399
Net position - ending				\$ 16,622,890	\$ 4,973,469	\$ 21,596,359

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

**BERKELEY COUNTY, WEST VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2014**

	Major Funds			Nonmajor Funds	Total
	General County Fund 001	Coal Severance Tax Fund 002	E-911 Fees Fund 019A	Governmental Funds	Governmental Funds
<b>ASSETS</b>					
Current:					
Cash and cash equivalents	\$ 6,819,155	\$ 419,807	\$ 1,289,021	\$ 2,189,329	\$ 10,717,312
Receivables:					
Taxes	1,005,002	-	-	-	1,005,002
Total assets	<u>7,824,157</u>	<u>419,807</u>	<u>1,289,021</u>	<u>2,189,329</u>	<u>11,722,314</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 7,824,157</u>	<u>\$ 419,807</u>	<u>\$ 1,289,021</u>	<u>\$ 2,189,329</u>	<u>\$ 11,722,314</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 381,469	\$ 12,717	\$ 52,841	\$ 68,027	\$ 515,054
OPEB payable	265,241	-	28,253	15,967	309,461
Wages and benefits payable	-	-	-	-	-
Due to:					
Dormant checks	4,502	-	-	-	4,502
Total liabilities	<u>651,212</u>	<u>12,717</u>	<u>81,094</u>	<u>83,994</u>	<u>829,017</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes	894,402	-	-	-	894,402
Total deferred inflows of resources	<u>894,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,402</u>
Total liabilities and deferred inflows of resources	<u>1,545,614</u>	<u>12,717</u>	<u>81,094</u>	<u>83,994</u>	<u>1,723,419</u>
<b>FUND BALANCES</b>					
Restricted	-	407,090	1,207,927	2,105,335	3,720,352
Committed	310,642	-	-	-	310,642
Assigned	123,950	-	-	-	123,950
Unassigned	5,843,951	-	-	-	5,843,951
Total fund balances	<u>6,278,543</u>	<u>407,090</u>	<u>1,207,927</u>	<u>2,105,335</u>	<u>9,998,895</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,824,157</u>	<u>\$ 419,807</u>	<u>\$ 1,289,021</u>	<u>\$ 2,189,329</u>	<u>\$ 11,722,314</u>

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

**BERKELEY COUNTY, WEST VIRGINIA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
AS OF JUNE 30, 2014**

Total fund balances on the governmental fund's balance sheet. \$ 9,998,895

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

Capital assets purchased in fund level statements are expensed when purchased and not reported as financial resources in the funds. In the government wide financial statements capital assets are capitalized and depreciated over their useful life. Therefore, capital assets purchased in fund level statements must be added to fund level statement at asset cost net of depreciation. This is the current value of capital assets net of depreciation as reported in the Statement of Net Position. 7,050,130

Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This is the amount of delinquent property taxes that was estimated to be collectable, but would be collected more than sixty days after the end of the fiscal year. Government wide financial statements are reported on a full accrual basis with no deferred revenues. This is the amount of taxes deferred in the fund level financial statements that is reported as revenue in the government wide financial statements. 894,402

Compensated absences are not due and payable in the current period and therefore are not reported in fund level statements. In government wide financial statement, all measurable costs are report as expenses regardless of when they may be paid. This is the gross amount of compensated absences that was calculated as payable by county government as of the end of the current fiscal year. (645,467)

Lease payments are reported in the fund level statements as current expenses when actually paid. In government wide financial statements, all future lease payments related to the purchase of capital assets are reported as debt against the capital asset value. (675,070)

Net position of governmental activities \$ 16,622,890

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

**BERKELEY COUNTY, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Major Governmental Funds			Nonmajor Funds	Total
	General County Fund 001	Coal Severance Tax Fund 002	E-911 Fees Fund 019A	Governmental Funds	Governmental Funds
<b>REVENUES</b>					
Taxes:					
Ad valorem property taxes	\$ 18,356,461	\$ -	\$ -	\$ -	\$ 18,356,461
Other taxes	2,123,988	324,909	-	42,860	2,491,757
License and permits	-	-	-	268,257	268,257
Intergovernmental:					
Federal	207,956	-	-	908,910	1,116,866
State	5,294	-	-	732,160	737,454
Local	-	-	-	212,580	212,580
Charges for services	1,877,953	-	2,199,828	226,995	4,304,776
Fines and forfeits	54,043	-	-	633,222	687,265
Interest and investment earnings	34,348	1,739	4,195	4,232	44,514
Miscellaneous	2,080,863	32,526	692	923,252	3,037,333
<b>Total revenues</b>	<b>24,740,906</b>	<b>359,174</b>	<b>2,204,715</b>	<b>3,952,468</b>	<b>31,257,263</b>
<b>EXPENDITURES</b>					
General government	14,684,129	161,897	-	2,349,451	17,195,477
Public safety	7,394,114	-	2,100,052	1,153,824	10,647,990
Health and sanitation	178,222	-	-	25	178,247
Culture and recreation	1,099,807	-	-	-	1,099,807
Social services	118,500	-	-	799	119,299
Capital outlay	1,134,114	273,523	346,014	26,728	1,780,379
<b>Total expenditures</b>	<b>24,608,886</b>	<b>435,420</b>	<b>2,446,066</b>	<b>3,530,827</b>	<b>31,021,199</b>
Excess (deficit) of revenues over expenditures	132,020	(76,246)	(241,351)	421,641	236,064
<b>FUND BALANCES:</b>					
Fund balances - beginning	6,146,523	483,336	1,449,278	1,683,694	9,762,831
Fund balances - ending	\$ 6,278,543	\$ 407,090	\$ 1,207,927	\$ 2,105,335	\$ 9,998,895

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

**BERKELEY COUNTY, WEST VIRGINIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds. \$ 236,064

Amounts reported for governmental activities in the statement of revenues, expenses and changes in net position are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of revenues, expenses and changes in net position, the cost of those assets are capitalized and depreciated over their estimated useful lives and reported as depreciation expense in the government wide financials. This is the amount of depreciation that was charged as an expense to the different governmental activities for (748,737)

Governmental funds report capital outlay as expenditures. However, in the statement of revenues, expenses and changes in net position, the cost of those assets are capitalized and depreciated over their estimated useful lives. This is the amount reported as expenditures for capital assets in the current fiscal year. 936,038

does not require the use of current resources. However, the liability for compensated absences are accrued in the government wide financial statements on a year to year basis. This is the increase in the amount of compensated absences for annual leave accrued as an expense in the current fiscal year in the government wide financial statements. (118,107)

Lease payments are expensed when paid in fund level financial statements. However, assets obtained through a lease purchase agreement are capitalized and depreciated in the government wide financial statements. This is the gross amount of lease payments, including interest, that were expensed in the current fiscal year. 337,535

Certain revenues are not available to fund current year expenditures and therefore are deferred in the fund level financial statements. However, all measurable revenues are accrued in the government wide financial statements from year to year. This is the amount accrued taxes increased in the government wide financial statements in the current fiscal year. (50)

Change in net position of governmental activities \$ 642,743

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

**BERKELEY COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL COUNTY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original</u>	<u>Final Budget</u>	<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>						
<b>Taxes:</b>						
Ad valorem property	\$ 18,562,023	\$ 18,562,023	\$ 18,356,461	\$ -	\$ 18,356,461	\$ (205,562)
Other taxes	2,140,247	2,140,247	2,123,988	-	2,123,988	(16,259)
<b>Intergovernmental:</b>						
Federal	-	74,850	207,956	-	207,956	133,106
State	99,000	99,000	5,294	-	5,294	(93,706)
Charges for services	1,731,340	1,731,340	1,877,953	-	1,877,953	146,613
Fines and forfeits	61,037	61,037	54,043	-	54,043	(6,994)
Interest	23,116	23,116	34,348	-	34,348	11,232
Miscellaneous	1,290,930	2,156,934	2,080,863	-	2,080,863	(76,071)
Transfers	-	-	-	-	-	-
<b>Total revenues</b>	<u>23,907,693</u>	<u>24,848,547</u>	<u>24,740,906</u>	<u>-</u>	<u>24,740,906</u>	<u>(107,641)</u>
<b>EXPENDITURES</b>						
General government	16,582,322	16,606,646	14,684,129	-	14,684,129	1,922,517
Public safety	7,733,826	8,412,184	7,394,114	-	7,394,114	1,018,070
Health and sanitation	210,788	211,190	178,222	-	178,222	32,968
Culture and recreation	1,221,414	1,221,414	1,099,807	-	1,099,807	121,607
Social services	108,000	108,000	118,500	-	118,500	(10,500)
Capital projects	551,343	2,462,258	1,134,114	-	1,134,114	1,328,144
<b>Total expenditures</b>	<u>26,407,693</u>	<u>29,021,692</u>	<u>24,608,886</u>	<u>-</u>	<u>24,608,886</u>	<u>4,412,806</u>
(Deficiency) of revenues over expenditures	(2,500,000)	(4,173,145)	132,020	-	132,020	4,305,165
Fund balances - beginning	<u>6,143,523</u>	<u>6,143,523</u>	<u>6,146,523</u>	<u>-</u>	<u>6,146,523</u>	<u>3,000</u>
Fund balances - ending	<u>\$ 3,643,523</u>	<u>\$ 1,970,378</u>	<u>\$ 6,278,543</u>	<u>\$ -</u>	<u>\$ 6,278,543</u>	<u>\$ 4,308,165</u>

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

**BERKELEY COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original</u>	<u>Final Budget</u>	<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>						
Taxes:						
Coal severance tax	\$ 296,308	\$ 296,308	\$ 324,909	\$ -	\$ 324,909	\$ 28,601
Interest and investment	1,000	1,000	1,739	-	1,739	739
Miscellaneous	-	-	32,526	-	32,526	32,526
<b>Total revenues</b>	<u>297,308</u>	<u>297,308</u>	<u>359,174</u>	<u>-</u>	<u>359,174</u>	<u>61,866</u>
<b>EXPENDITURES</b>						
Current:						
General government	113,543	324,343	161,897	-	161,897	162,446
Public Safety	27,450	27,450	-	-	-	27,450
Capital outlay	156,315	428,852	273,523	-	273,523	155,329
<b>Total expenditures</b>	<u>297,308</u>	<u>780,645</u>	<u>435,420</u>	<u>-</u>	<u>435,420</u>	<u>345,225</u>
Excess (deficiency) of revenues over (under) expenditures	-	(483,337)	(76,246)	-	(76,246)	407,091
Fund balances - beginning	<u>483,336</u>	<u>483,336</u>	<u>483,336</u>	<u>-</u>	<u>483,336</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 407,090</u>	<u>\$ -</u>	<u>\$ 407,090</u>	<u>\$ 407,091</u>

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

**BERKELEY COUNTY, WEST VIRGINIA  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
AS OF JUNE 30, 2014**

	Berkeley County Building Commission
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>2,183</u>
Restricted assets:	
Investments	<u>605,915</u>
Capital assets:	
Land	1,889,399
Buildings and equipment, net of accumulated depreciation of \$6,609,152	32,863,822
Construction work in progress	4,159,208
Total capital assets	<u>38,912,429</u>
Total assets	<u>39,520,527</u>
Deferred Outflows of Resources	
Unamortized bond discount	<u>132,605</u>
Total deferred outflows of resources	<u>132,605</u>
Total assets and deferred outflows of resources	<u><u>39,653,132</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	900
Accounts interest	214,534
Current portion of long-term debt	1,091,929
Total current liabilities	<u>1,307,363</u>
Noncurrent liabilities:	
Long-term debt	<u>33,364,216</u>
Total noncurrent liabilities	<u>33,364,216</u>
Total liabilities	<u>34,671,579</u>
Deferred Inflows of Resources	
Unamortized bond premium	<u>8,084</u>
Total deferred outflows of resources	<u>8,084</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,580,805
Restricted	605,915
Unrestricted (deficit)	<u>(213,251)</u>
Total net position	<u>4,973,469</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ <u>39,653,132</u></u>

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

**BERKELEY COUNTY, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Berkeley County Building Commission
Operating revenues:	
Lease income	\$ 2,473,251
Intergovernmental:	
Local	11,120
Total operating revenues	<u>2,484,371</u>
Operating expenses:	
Professional fees	11,100
Depreciation expense	956,616
Total operating expenses	<u>967,716</u>
Operating income	<u>1,516,655</u>
Other income (expenses):	
Interest income	31
Bank trustee fees	( 4,820)
Interest expense	( 1,401,649)
Total other income (expenses)	<u>( 1,406,438)</u>
Increase in net position	<u>110,217</u>
Net position at beginning of year, restated	<u>4,863,252</u>
Net position at end of year	<u>\$ 4,973,469</u>

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

**BERKELEY COUNTY, WEST VIRGINIA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Berkeley County Building Commission
Cash flows from operating activities:	
Cash received for leases	\$ 2,473,251
Cash received from intergovernmental contributions and grants - local	11,120
Cash paid to vendors	<u>( 11,100)</u>
Net cash provided (used) by operating activities	<u>2,473,271</u>
Cash flows from investing activities:	
Investment income	31
Payments for land, buildings, and equipment	( 864,353)
Increase in restricted assets	<u>846,833</u>
Net cash (used) in investing activities	<u>( 17,489)</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	( 1,052,762)
Payments for bank trustee fees	( 4,820)
Interest paid on revenue bonds	<u>( 1,398,193)</u>
Net cash (used) in capital and related financing activities	<u>( 2,455,775)</u>
Net increase in cash and cash equivalents	7
Cash and cash equivalents - beginning of year	<u>2,176</u>
Cash and cash equivalents - end of year	<u>\$ 2,183</u>
Reconciliation of operating income to net provided by Operating activities:	
Operating income	\$ 1,516,655
Adjustments to reconcile: operating income to net cash provided by operating activities	
Depreciation expense	956,616
Net cash provided by operating activities	<u>\$ 2,473,271</u>
Supplemental schedule of noncash investing and financing activities:	
Amortization of bond discount costs	<u>\$ ( 7,601)</u>
Amortization of bond premium	<u>\$ 377</u>

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

**BERKELEY COUNTY, WEST VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AS OF JUNE 30, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>1,452,602</u>
<b>Total assets</b>	<u><u>1,452,602</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>1,452,602</u>
<b>Total liabilities and net position</b>	<u><u>\$ 1,452,602</u></u>

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

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except as noted, the accounting policies of Berkeley County, West Virginia conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

**A. Reporting Entity**

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

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

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

The accompanying financial statements present the government and its component unit 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.

*Blended Component Unit*

The entity below is legally separate from the County and meets Generally Accepted Accounting Principles criteria for component units. This entity is blended with the primary government because they provide services entirely or almost entirely to the County.

The Berkeley County Building Commission serves the citizens of Berkeley County, and is governed by a board comprised of five board members appointed by the County Council for a term of five years each. The Building Commission acquires property and debt on behalf of the County. The Building Commission is reported as an enterprise fund. Complete financial statements of the Berkeley County Building Commission can be obtained at the County's administrative offices.

*Discretely presented Component Units*

Although required by generally accepted accounting principles, the County has elected not to include other discretely presented component units in these financial statements. The effects of this exclusion has not been determined.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

*Related Organizations*

The County's officials are also responsible for appointing the members of boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

*Name of Organizations:*

Eastern WV Regional Airport  
Berkeley County Emergency Ambulance Authority  
Berkeley County Senior Services  
Berkeley County Building Code Appeals Board  
Berkeley County Building Permit Advisory Committee  
Berkeley County Central Dispatch Advisory Committee  
Berkeley County Deputy Sheriff's Civil Service Commission  
Martinsburg-Berkeley County Convention and Visitor's Center  
Berkeley County Development Authority  
Berkeley County Eastern Panhandle Inland Port Coalition  
Berkeley County Emergency Food and Shelter  
Berkeley County Emergency Services Advisory Council  
WVU Extension Service  
Berkeley County Fiduciary Commissions  
Berkeley County Fire Service Board  
Berkeley County Health Dept.  
Historic Landmark Commission  
Martinsburg-Berkeley County Recreation Board  
NEREMS, INC  
Pan Tran Board of Directors  
Berkeley County Planning Commission  
Potomac Headwaters RC&D Council  
Berkeley County Public Service Sewer District  
Metropolitan Planning Organization (MPO)  
Work Force Investment Board (WIB)  
Berkeley County Public Service Water District  
Eastern Panhandle Regional Planning & Development Council Regional 9  
Safe and Clean County Enforcement Agency  
Berkeley County Solid Waste Authority  
Berkeley County Board of Zoning Appeals  
Berkeley County Roundhouse Authority  
Berkeley County Farmland Preservation Board (BCFPB)  
Berkeley County Sheriff's Advisory Committee  
Berkeley County Dog Nuisance Appeal Board  
Regional Water Resources Policy Committee (RWRPC)  
WV Eastern Panhandle Transportation Authority  
Local Emergency Planning Committee  
Clean Air Task Force  
Homeland Security  
Eastern Panhandle Home Consortium Council  
Jefferson/Berkeley Community Criminal Justice Board  
Public Defender Corporation  
Berkeley County Public Library

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**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 certain component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Combining financial statements for the non-major 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 collectable. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 collected 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 accrual criteria is met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

*The government reports the following major governmental funds:*

General County Fund; this 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.

Coal Severance Tax Fund; this is a special revenue fund and 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.

E-911 Fee Fund; this is a special revenue fund and accounts for revenues and expenditures for fees charged to phone customer and remitted by the phone company to the county. Expenditures from this fund are restricted to those cost authorized and allowed by the Public Service Commission.

Additionally, the government reports the following fund types:

Special Revenue Funds: these funds account for revenues and expenditures that are restricted due to the nature of the revenue source. The funds are created based on State Code Authorization and purpose, or may be created for the control of special funding from outside sources or government grants. A fund may remain active for several years or may be used one time to facilitate control over specific funding.

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 Berkeley County, West Virginia holds for others in an agency capacity.

Berkeley County, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

*The government reports the following major component unit:*

Berkeley County Building Commission: this component unit arranges for debt service funding and the acquisition of large dollar capital assets and capital improvements needed by county government. The legally separate entity leases these facilities to the primary government in accordance with lease agreements which mirror the securing debt requirements. The intergovernmental lease agreements between the County and the Building Council were eliminated in these financials statements. The board promulgates rules and regulations governing the usage and maintenance of the facilities. This component unit records its financial activities on the Proprietary Fund Basis of Accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Berkeley County Building Commission, a blended component unit, is charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and Investments*

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

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the County reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of investments and fair values are presented in Note IV.A.

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

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" and are considered current. Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

*Property Tax Receivable*

Property taxes receivable were estimated to be \$1,005,002; this amount is net of an allowance for uncollectibles and represents approximately 89% percent of the property taxes outstanding at June 30, 2014.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2014, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense Per \$100
Class I	\$ 0	13.90 Cents
Class II	\$ 2,758,515,547	27.80 Cents
Class III	\$ 1,464,593,815	55.60 Cents
Class IV	\$ 431,013,744	55.60 Cents

**3. Inventories and Prepaid Items**

There are no material inventories maintained; therefore they do not appear on the financial statements.

**4. Restricted Assets**

Certain assets of the Berkeley County Building Commission are classified as restricted assets because their use is restricted by bond agreements.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

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

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**5. Capital Assets and Depreciation**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost as stated below and having a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period. The County capitalized \$191,501 of interest expense for the year ended June 30, 2014.

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

<u>Asset</u>	<u>Straight-line Years</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	Capitalize only
Land improvement	20 to 30 years	65,000
Building	40 years	59,000
Building improvements	20 to 25 years	65,000
Construction in progress	not applicable	Capitalize only
Equipment	5 to 10 years	10,000
Vehicles	5 to 10 years	15,000

**6. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements in accordance with GASB Statement No. 16, Accounting for Compensated Absences. Vacation and sick leave benefits are accrued on a calendar year beginning January 1, and ending December 31. Sick leave benefits are accrued at the rate of one and one half days per month and an unlimited amount of sick leave benefits can be carried forward to the following calendar year. Employees earn vacation benefits based on the years of service as follows and no more than 30 days of accrued annual leave can be carried forward to the following calendar year:

<u>Years of Service</u>	<u>Vacation Benefits per Month</u>
0 to 5	1.25 days
5 to 10	1.50 days
10 to 15	1.75 days
15 and	2.00 days

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

When a permanent full time employee terminates employment with the county or retires, the employee has the option of receiving payment at current salary rate for any unused accrued vacation days, but no payment is made for unused sick leave. If the employee is actually retiring, the employee has the option of applying accrued vacation and sick leave days for additional service time for retirement. If the employee is not retiring and terminates employment with the county for other reasons and has the option of re-employment at a later date, any unused sick leave would be reinstated if re-employment occurred within two year of the employee's termination of employment with the county. The changes that occurred in the county's compensated absences liability for the last two fiscal years is as follows:

Liability classification	FYE 6/30/13	FYE 6/30/14	Increase
Annual Leave	\$ 527,360	\$ 645,467	\$ 118,107

**7. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Restrictions, if any, would be classified as follows:

*Nonspendable fund balance:*

Amounts that are not in a spendable form, such as inventory, or are required to be maintained intact, such as the corpus of an endowment fund.

*Restricted fund balance:*

Amounts restricted to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed fund balance:*

Amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

*Assigned fund balance:*

Amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned fund balance:*

Amounts that are available for any purpose; these amounts are reported only in the general fund.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

The Council is the government's highest level of decision-making authority. The Council may take formal action to establish, modify or rescind a fund balance commitment or to assign fund balance amounts to a specific purpose. The Council 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 made from restricted resources first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Council has the authority to deviate from this policy if it is in the best interest of the government.

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.
- b Restricted net position - Consists of net assets with constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

9. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. *Change in Accounting Principle*

Effective July 1, 2013, the County adopted Governmental Accounting Standards Board Statement #65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This change was incorporated in the government's financial statements; however, there was no effect on beginning net position or fund balance.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position as of June 30, 2014.

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. The details of this \$6,314,730 difference are as follows:

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

Total fund balances for governmental funds		\$ 9,998,895
Total capital asset values net of depreciation not reported in fund level statements	\$ 7,050,130	
Total property tax revenue accrued as revenue in the government wide financial statements but deferred in the fund level financial statements.	894,402	
Total compensated absence liability at the end of the fiscal year.	(645,467)	
Total equipment lease liability at the end of the fiscal year.	<u>(675,070)</u>	
Net adjustment to increase fund level ending fund balances to ending net position of government activities:	\$ <u>6,623,995</u>	<u>6,623,995</u>
Net position of governmental activities		\$ <u>16,622,890</u>

**B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Revenues, Expenses and Changes in Net Position**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of revenues, expenses and changes in net position. The details of this difference are as follows:

Net change in fund balance in fund level financial statement		\$ 236,064
Total current year depreciation expense reported in the statement of revenues, expenses and changes in net position exceeded current asset additions in the current year by this amount.		187,301
Any change in the compensated absence liability at the end of the fiscal year is reported as an increase or decrease of the accrued cost reported in the statement of revenues, expenses and changes in net position, but is not reported in fund level statements because it does not require the use of current resources. During the current fiscal year, the future liability for compensated absences increased this amount.		(118,107)
Lease payments are expensed when paid in fund level statements. However, assets obtained through a lease purchase agreement are capitalized and depreciated in government wide financial statements. This is the gross amount of lease payments that were expensed in the current fiscal year.		337,535
Any change in the amount of property taxes deferred in the fund level statements at the end of the fiscal year is reported as an increase or decrease of property tax revenue in the statement of revenues, expenses and changes in net position. This is the amount that deferred property taxes increased in the current fiscal year in the fund level statements and was accrued as revenue in the statement of revenues, expenses and changes in net position.		<u>(50)</u>
Net adjustment to decrease net change in fund balance-total governmental funds to arrive at changes in net position of governmental activities	\$	<u>642,743</u>

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

III. 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.

Berkeley County, West Virginia prepares its budget on the cash basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for both the General and Coal Severance Tax Funds.

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

Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the value of an investment. The government does not have a policy on interest rate risk.

Credit Risk:

Credit risk is the risk that the issuer will not fulfill its obligation to the holder of the investment. The government does not have a policy for credit risk in addition to state regulations.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer. The government does not have a policy for concentration of credit risk. In accordance with GASB Statement No. 40, "Deposits and Investment Risk Disclosure" requires disclosure when the investment in any one issuer equals or exceeds 5% of the total amount of investments.

Custodial Credit Risk - Deposits

Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk; however, WV State Code 7-6-2 requires the county Council to request and approve a bond with good and sufficient sureties payable to the State of West Virginia, in a sum as the county Council shall direct, and which may not be less than the maximum sum that is deposited in the depository at any one time. As of June 30, 2014, the County reported deposits of \$10,719,495; of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$10,002,173 was collateralized by one or more "Irrevocable Standby Letters of Credit" issued by Federal Home Loan Bank of Pittsburgh, PA. for its member MVB Bank, Inc., the County's Depository.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**B. Receivables**

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

Receivables:	<u>General</u>
Taxes, net	\$ 1,005,002
Net Total Receivables	<u>\$ 1,005,002</u>

Governmental funds reports deferred revenues 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:

Deferred tax revenue (General Fund)	<u>Unavailable</u>
	\$ 894,402

**C. Capital Assets**

*Primary Government:*

Current changes in capital assets and accumulated depreciation:	Restated Beginning Balance 7/1/2013	Increases	Decreases	Ending Balance 6/30/2014
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 850,602	\$ -	\$ -	\$ 850,602
Construction in progress	<u>1,015,567</u>	<u>917,243</u>	<u>-</u>	<u>1,932,810</u>
Total assets not being depreciated	<u>1,866,169</u>	<u>917,243</u>	<u>-</u>	<u>2,783,412</u>
<b>Capital assets being depreciated:</b>				
Buildings	3,463,868	-	-	3,463,868
Improvements	1,744,287	-	-	1,744,287
Equipment	<u>10,541,430</u>	<u>18,795</u>	<u>-</u>	<u>10,560,225</u>
Total assets being depreciated	<u>15,749,585</u>	<u>18,795</u>	<u>-</u>	<u>15,768,380</u>
<b>Less: accumulated depreciation</b>				
Buildings	(1,924,713)	(72,337)	-	(1,997,050)
Improvements	(476,217)	(49,676)	-	(525,893)
Equipment	<u>(8,351,995)</u>	<u>(626,724)</u>	<u>-</u>	<u>(8,978,719)</u>
Total accumulated depreciation	<u>(10,752,925)</u>	<u>(748,737)</u>	<u>-</u>	<u>(11,501,662)</u>
Total cap. assets being depreciated, net	<u>4,996,660</u>	<u>(729,942)</u>	<u>-</u>	<u>4,266,718</u>
Govern. activities capital assets, net	<u>\$ 6,862,829</u>	<u>\$ 187,301</u>	<u>\$ -</u>	<u>\$ 7,050,130</u>

Depreciation expense was charged to governmental activities of the primary government as follows:

Governmental activities:

General government	\$ 418,729
Public safety	300,201
Health and sanitation	5,422
Culture and recreation	-
Social services	<u>24,385</u>
Total depreciation expense-governmental activities	<u>\$ 748,737</u>

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

*Blended Component Unit - Berkeley County Building Commission*

Current changes in capital assets and accumulated depreciation:

	Beginning Balance <u>7/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>6/30/2014</u>
Capital assets:				
Land	\$ 1,889,399	\$ -	\$ -	\$ 1,889,399
Building improvements and equipment	34,756,527	4,616,447	-	39,372,974
Construction work in progress- capitalized interest	453,058	-	453,058	-
Construction in progress	<u>7,994,227</u>	<u>-</u>	<u>3,835,019</u>	<u>4,159,208</u>
<b>Totals</b>	<u>45,093,211</u>	<u>4,616,447</u>	<u>4,288,077</u>	<u>45,421,581</u>

Changes in capital assets net of depreciation:

	Balance at <u>6/30/2014</u>	<u>Accumulated Depreciation</u> <u>Prior years</u>	<u>Current year</u>	Balance <u>6/30/2014</u>
Land	1,889,399	-	-	1,889,399
Building improvements and equipment	39,472,974	5,652,536	956,616	32,863,822
Construction work in progress- capitalized interest	-	-	-	-
Construction in progress	<u>4,159,208</u>	<u>-</u>	<u>-</u>	<u>4,159,208</u>
<b>Totals</b>	<u>\$ 45,521,581</u>	<u>\$ 5,652,536</u>	<u>\$ 956,616</u>	<u>\$ 38,912,429</u>

**D. Long-Term Debt**

*Governmental activities:*

**Capital Leases**

The government has entered into lease agreements as lessee for financing the acquisition of machinery and equipment for its General Fund. These lease agreements qualify as capital assets for accounting purposes, and, therefore they are reported at the present value of future minimum lease payments.

The total of principal and interest due on Leases during future years are as follow:

Due in fiscal year ending June 30, 2015	\$ 337,535
Due in fiscal year ending June 30, 2016	<u>337,535</u>
Total minimum lease payments	675,070
Less amount representing interest	<u>67,507</u>
Present value of minimum lease payments	<u>\$ 607,563</u>

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

*Changes in General Long-Term Liabilities, Governmental Activities:*

	Beginning Balances <u>7/1/2013</u>	Current Additions	Current Reductions	Ending Balance <u>6/30/2014</u>	Due Within <u>One Year</u>
Capital leases	\$ 1,012,605	\$ -	\$ 337,535	\$ 675,070	\$ 337,535
Annual Leave	<u>527,360</u>	<u>118,107</u>	<u>-</u>	<u>645,467</u>	<u>-</u>
Governmental activities					
Long-term liabilities	<u>\$ 1,581,421</u>	<u>\$ 118,107</u>	<u>\$ 337,535</u>	<u>\$ 1,362,357</u>	<u>\$ 337,535</u>

*Building Commission, a Blended Component Unit Lease Revenue Bonds*

The Building Commission had the following long-term debt outstanding at June 30, 2014:

1 Series 2004A lease revenue bonds, original face value of \$9,995,000, with interest payable in semi annual installments, and principal payable in annual installments, beginning December 1, 2004, at 1.45% increasing to 4.95% interest and concluding December 1, 2031, issued to refinance a \$9,995,000 general revenue bond and to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	\$ 7,695,000
2 Series 2004B lease revenue bonds, original face value of \$9,000,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning March 1, 2005 at 3.75% and increasing to 5% interest and concluding September 1, 2034, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	7,390,000
3 Series 2005 lease revenue bonds, original face value of \$9,800,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning December 1, 2005 at 3.25% and increasing to 5.55% interest and concluding December 1, 2035, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	8,240,000
4 Series 2006 lease revenue bonds, original face value of \$5,300,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning in 2007 at 4.77% and concluding 2037, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	4,575,000
5 Series 2009 lease revenue bonds, original face value of \$1,500,000 with interest payable in semi annual installments, and principal payable in annual installments, beginning December 2010 at 4.75% increasing to 5.50% interest and concluding December 1, 2029, issued to provide funding for the building known as the Blue Ridge Outlet Center.	1,300,000
6 Series 2011 lease revenue bond, in the principal amount of \$5,500,000, with interest and principal payable monthly at interest rate currently 3.29% concluding November 1, 2035. The bond refunded Series 2007 bond and provided financing of Public Safety Building.	<u>5,256,145</u>
Total long term debt	<u>\$ 34,456,145</u>

The total of principal and interest due on bonds during the next five years and in subsequent five-year periods is as follows:

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Blended Component Unit Activities		
	Principal	Interest	Total
Due in fiscal year ending June 30, 2015	\$ 1,091,929	\$ 1,486,656	\$ 2,578,585
Due in fiscal year ending June 30, 2016	1,132,671	1,444,846	2,577,517
Due in fiscal year ending June 30, 2017	1,173,606	1,400,884	2,574,490
Due in fiscal year ending June 30, 2018	1,229,738	1,353,146	2,582,884
Due in fiscal year ending June 30, 2019	1,271,076	1,301,722	2,572,798
Due in fiscal years ending June 30, 2020-2024	7,228,099	5,644,232	12,872,331
Due in fiscal years ending June 30, 2025-2029	8,966,474	3,866,053	12,832,527
Due in fiscal years ending June 30, 2030-2034	9,349,374	1,702,165	11,051,539
Due in fiscal years ending June 30, 2035-2037	3,013,178	160,858	3,174,036
Totals	<u>\$ 34,456,145</u>	<u>\$ 18,360,562</u>	<u>\$ 52,816,707</u>

*Changes in General Long-Term Liabilities, Building Commission-Blended Component Units*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Payable	\$ 35,508,907	-	\$ (1,052,762)	\$ 34,456,145	\$ 1,091,929
Total bonds payable	<u>\$ 35,508,907</u>	<u>-</u>	<u>\$ (1,052,762)</u>	<u>\$ 34,456,145</u>	<u>\$ 1,091,929</u>

E. Restated balances:

Capital Assets, Accumulated Depreciation, and Net Position

The County restated the following capital assets and accumulated depreciation as of July 1, 2013 to correct calculation errors from prior years:

Governmental Activities:

	Beginning Balance as Previously Stated	Increases	Decreases	Beginning Balance Restated
Capital assets, not being depreciated:				
Land	\$ 850,602	-	-	\$ 850,602
Construction in progress	1,015,567	-	-	1,015,567
Total capital assets not being depreciated	<u>1,866,169</u>	<u>-</u>	<u>-</u>	<u>1,866,169</u>
Capital assets being depreciated:				
Buildings	3,463,868	-	-	3,463,868
Improvements - restated	1,780,561	-	36,274	1,744,287
Equipment - restated	10,505,409	36,021	-	10,541,430
Total capital assets being depreciated	<u>15,749,838</u>	<u>36,021</u>	<u>36,274</u>	<u>15,749,585</u>
Less: accumulated depreciation				
Buildings	1,924,713	-	-	1,924,713
Improvements - restated	512,491	-	36,274	476,217
Equipment - restated	8,315,721	36,274	-	8,351,995
Total accumulated depreciation	<u>10,752,925</u>	<u>36,274</u>	<u>36,274</u>	<u>10,752,925</u>
Total capital assets being depreciated, net	<u>4,996,913</u>	<u>(253)</u>	<u>-</u>	<u>4,996,660</u>
Gov. activities capital assets, net	<u>\$ 6,863,082</u>	<u>\$ (253)</u>	<u>\$ -</u>	<u>\$ 6,862,829</u>

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

These changes resulted in a net change to beginning Net Position in the Governmental Activities of (\$253), as follows:

Net Position, as previously stated:	\$15,980,400
Adjustment to correct capital assets	<u>(253)</u>
Net Position, restated:	<u>\$15,980,147</u>

V. 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 is insured with the West Virginia Counties Group, Self Insurance Risk Pool (WVCoRP).

B Contingent Liabilities

Amounts received or receivable from grant 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 grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government's counsel, as of June 30, 2014, was not aware of pending or threatened litigation that would have a material effect on the financial condition of the government if judgment was rendered against the county.

C Deferred Compensation Plan

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

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

D Other Post Employment Benefits (OPEB)

The OPEB Liability reported in the fund level and government-wide financial statements is based on the most recent Actuarial Study performed for the County. Detailed information on the basis of the Actuarial Study and the County Council Policies considered in the review can be obtained from the Berkeley County Council Offices responsible for determining future OPEB Liability Estimates.

The government does not provide post retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

VI. Employee Retirement Systems and Plans

A.1 *Plan Descriptions, Contribution Information and Funding Policies*

Public Employee Retirement System (PERS)

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

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

Eligibility to participate:	All full-time county employees, except Deputy Sheriffs who are covered by other pension plans
Authority establishing contributions, obligations, and benefit provisions	State Statute
Plan member's contribution rate	4.50%
County's contribution rate	14.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of Living	No
Death	Yes

A.2 *Trend Information*

Public Employees' Retirement System (PERS)

<u>Fiscal Year</u>	Annual Pension <u>Cost</u>	Percentage <u>Contributed</u>
2014	\$ 1,486,951	100%
2013	\$ 1,332,357	100%
2012	\$ 1,355,596	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Ave. S. E., Charleston, WV 25304.

**BERKELEY COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**B.1 Plan Descriptions, Contribution Information and Funding Policies**

West Virginia Deputy Sheriff Retirement System (WVDRS)

Berkeley County, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of deputy sheriff employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, fees for certain reports generated by the sheriff's offices and state appropriations, as necessary.

Eligibility to participate:

West Virginia Deputy sheriffs first employed after the effective date and any deputy sheriffs hired prior to the effective date who elect to become members.

Authority establishing contributions, obligations, and benefit provisions:

State Statute

Funding policy and contributions :

Plan member's contribution rate	8.50%
County's contribution rate	13.00%

Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code.

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 if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.

Deferred retirement option:

No deferred 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.

**B.2 Trend Information**

West Virginia Deputy Sheriff Retirement System (WVDRS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2014	\$ 553,439	100%
2013	\$ 485,311	100%
2012	\$ 496,596	100%

WVDRS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the West Virginia Deputy Sheriff Retirement System, 4101 MacCorkle Avenue, S. E., Charleston, WV 25304.

**BERKELEY COUNTY, WEST VIRGINIA  
BUDGETARY COMPARISON SCHEDULE -  
ASSESSOR'S VALUATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES:</b>					
Charges for Services	\$ 50	\$ 50	\$ 1,108	\$ 1,108	\$ 1,058
Miscellaneous	855,727	855,727	918,111	918,111	62,384
Interest	1,437	1,437	1,385	1,385	(52)
<b>Total revenues</b>	<u>857,214</u>	<u>\$ 857,214</u>	<u>920,604</u>	<u>920,604</u>	<u>63,390</u>
<b>EXPENDITURES:</b>					
General government	972,812	972,812	850,605	850,605	122,207
Capital outlay	130,000	205,760	-	-	205,760
<b>Total expenditures</b>	<u>1,102,812</u>	<u>1,178,572</u>	<u>850,605</u>	<u>850,605</u>	<u>327,967</u>
Excess (deficiency) of revenues over (under) expenditures	(245,598)	(321,358)	69,999	69,999	391,357
Fund balances - beginning	299,391	299,391	299,391	299,391	-
Fund balances - ending	<u>\$ 53,793</u>	<u>\$ (21,967)</u>	<u>\$ 369,390</u>	<u>\$ 369,390</u>	<u>\$ 391,357</u>

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

BERKELEY COUNTY, WEST VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through/ Project Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<b>Pass-Through State of West Virginia Division of Homeland Security and Emergency Management:</b>			
Hazard Mitigation Grant Program	97.039	FEMA-4059-DR-WV-01	\$ 844,212
Homeland Security	97.067	EMW-2011-SS-00029	73,998
Emergency Management Performance Grant	97.042	EMW-2013-EP-00069	90,670
<b>Total U. S. Department of Homeland Security</b>			<b><u>1,008,880</u></b>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
<b>Direct:</b>			
BJA Bullet Proof Vest Grant	16.607	N/A	4,450
Edward Byrne Memorial Justice Assistance	16.738	N/A	56,565
<b>Total Direct</b>			<b><u>61,015</u></b>
<b>Pass-Through State of West Virginia:</b>			
State Criminal Alien Assistance Program	16.606	2013-H3343-WV-AP	4,703
<b>Total Pass-Through</b>			<b><u>4,703</u></b>
<b>Total U. S. Department of Justice</b>			<b><u>65,718</u></b>
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<b>Pass-through State of West Virginia Development Office:</b>			
Emergency Solutions Grant Program	14.231	E-12-DC-54-0001	33,668
<b>Total U. S. Department of Housing and Urban Development</b>			<b><u>33,668</u></b>
<b><u>U.S. Department of the Interior, National Park Service</u></b>			
<b>Pass-through State of West Virginia Division Culture and History:</b>			
Historic Preservation Fund Grants-In-Aid	15.904	N/A	7,943
<b>Total U. S. Department of the Interior, National Park Service</b>			<b><u>7,943</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,116,209</u></b>

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

**BERKELEY COUNTY, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2014**

---

**Note 1 – Basis of Presentation**

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



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

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

March 25, 2015

Berkeley County  
400 West Stephen Street, Suite 201  
Martinsburg, WV 25401

To the County Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Berkeley County, West Virginia (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report dated March 25, 2015, wherein we issued an adverse opinion on aggregate discretely presented component units because the financial statements do not include financial data for all the County's legally separate component units. Our report refers to other auditors who audited the financial statements of the Berkeley County Building Commission as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

***Internal Control Over Financial Reporting***

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

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

...*"bringing more to the table"*

Berkeley County Commission  
Berkeley County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 2

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated March 25, 2015.

***Purpose of this Report***

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



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



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

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

March 25, 2015

Berkley County  
400 West Stephen Street, Suite 201  
Martinsburg, WV 25401  
To the County Council:

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

We have audited the **Berkeley County's**, West Virginia (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the County's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the County's major federal program.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

*... "bringing more to the table"*

**Opinion on the Major Federal Program**

In our opinion, the County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

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

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

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

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



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

**BERKELEY COUNTY, WEST VIRGINIA  
SCHEDULE OF AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Modified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #97.039 Hazard Mitigation Grant Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

BERKELEY COUNTY, WEST VIRGINIA

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-01	Insurance Premium Withholdings	Yes	N/A