

**Tetrick & Bartlett, PLLC**  
Certified Public Accountants  
Consultants

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February 11, 2017

Mr. Alan J. Davis  
County Administrator  
Berkeley County Council  
400 W. Stephen Street  
Suite 201  
Martinsburg, WV 25401

RECEIVED FEB 15 2017

Dear Alan:

Please find enclosed the June 30, 2016 audit reports for Berkeley County Building Commission. Also, find enclosed the following documents that need signed and returned to me:

1. A standard client engagement letter
2. A standard client representation letter
3. A copy of our final trial balances
4. A copy of our final adjusting journal entries
5. An unbound copy of our audit report.

If you should have any questions, please feel free to contact me.

Sincerely,

*David A. Shriver*

David A. Shriver, CPA  
Member

2/11/2017  
7:16 AM

Client: **26950 - Berkeley County Building Commission**  
Engagement: **26950 - Berkeley County Building Commission - 2016**  
Period Ending: **6/30/2016**  
Trial Balance: **Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**

NLB  
2/2/2017

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
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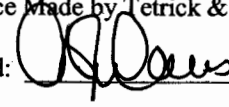
I/We Have Reviewed and Accept the  
Adjusting Journal Entries Made by Tetric  
& Bartlett, PLLC

Signed: 

I/We Have Reviewed and Accept the Trial Balance Made by Tetrick & Bartlett, PLLC

2/11/2017  
7:16 AM

Client: **26950 - Berkeley County Building Commission**  
 Engagement: **26950 - Berkeley County Building Commission - 2016**  
 Period Ending: **6/30/2016**  
 Trial Balance: **Trial Balance**  
 Workpaper: **Printable Trial Balance**

Signed: 

NLB  
2/2/2017

Account	Description	1st PP-Adj 6/30/2015	UNADJ 6/30/2016	JE Ref # AJE	FINAL 6/30/2016
<b>Group : [A] Balance Sheet</b>					
<b>Subgroup : [A1] Assets</b>					
1000JC	Cash Equivalents JC	2,187.23	2,192.06	0.00	2,192.06
1011	2014C Construction	2,181,213.68	1,513,318.97	0.00	1,513,318.97
1122	2014A Debt Service	130,006.65	145,001.19	0.00	145,001.19
1124	2014B P&I	207,519.91	210,002.63	0.00	210,002.63
1126	2014C Revenue	62,500.00	60,000.83	0.00	60,000.83
1127	2015 P&I	0.00	201,508.22	0.00	201,508.22
1185JC	Bond Account 1085-00-3043 2005 JC	122,501.25	0.00	0.00	0.00
1196JC	Bond Account 1085-00-3196 2006A JC	65,000.66	65,001.28	0.00	65,001.28
1199JC	Bond Account 1085-00-5407 2009 JC	52,244.78	0.00	0.00	0.00
1200JC	Land JC	1,889,399.31	1,889,399.31	0.00	1,889,399.31
1450DB	BuildingEquipment DB	5,528,828.00	5,528,828.00	0.00	5,528,828.00
1450JB	Building Equipment JB	6,990,407.87	6,990,407.87	0.00	6,990,407.87
1450JC	Building Equipment JC	26,953,737.85	26,953,737.85	0.00	26,953,737.85
1455JC	Accumulated Depreciation	(7,601,852.15)	(8,594,554.15)	0.00	(8,594,554.15)
1550JC	CWIP - Capitalized Interest JC	41,053.08	123,123.08	0.00	123,123.08
1560	Construction WIP Crawford Building	4,159,208.00	4,159,208.00	0.00	4,159,208.00
1565	E911 Building Remodele	722,531.92	1,375,000.68	0.00	1,375,000.68
<b>Subtotal [A1] Assets</b>		<b>41,506,488.04</b>	<b>40,622,175.82</b>	<b>0.00</b>	<b>40,622,175.82</b>
<b>Subgroup : [A2] Liabilities</b>					
2000JC	Accounts Payable JC	(900.00)	(1,800.00)	0.00	(1,800.00)
2005JC	Accounts Payable Construction	(15,470.55)	0.00	0.00	0.00
2010JC	Accrued Interest JC	(179,570.92)	(157,818.46)	0.00	(157,818.46)
2025JC	Notes Payable - 2011 MVB Bond	(5,093,904.87)	(4,905,610.54)	0.00	(4,905,610.54)
2050JC	Long Term Debt-Current Portion	(1,407,394.07)	0.00	0.00	0.00
2051	Current portion of long term debt	1,407,394.07	0.00	0.00	0.00
2150JC	2003 Series Bond Discount JC	48,695.20	45,724.00	0.00	45,724.00
2205JC	2004-A Series Bond Discount JC	31,578.75	0.00	0.00	0.00
2255JC	2004-B Series Bond Discount JC	2,548.75	0.00	0.00	0.00
2260JC	2005 Series Bond JC	(8,005,000.00)	0.00	0.00	0.00
2265JC	2005 Series Bond Premium JC	(7,706.50)	0.00	0.00	0.00
2270JC	2006-A Series Bond JC	(4,450,000.00)	(4,320,000.00)	0.00	(4,320,000.00)
2275JC	2006-A Series Bond Discount JC	14,992.73	14,295.00	0.00	14,295.00
2277JC	2009 Series Bond	(1,245,000.00)	0.00	0.00	0.00
2278JC	2009 Series Bond Discount JC	27,187.50	0.00	0.00	0.00
2290	2014A Bond Premium	(120,061.60)	(113,453.00)	0.00	(113,453.00)
2291	2014B Bond Premium	(310,651.30)	(289,103.00)	0.00	(289,103.00)
2292	2014C Bond Discount	1,656.25	1,571.00	0.00	1,571.00
2293	2015 Bond Premium	0.00	(59,356.25)	0.00	(59,356.25)
2305	2014C Series Bond	(3,000,000.00)	(2,875,000.00)	0.00	(2,875,000.00)
2306	2014B Series Bond	(7,365,000.00)	(6,950,000.00)	0.00	(6,950,000.00)
2307	2014A Series Bond	(7,290,000.00)	(7,030,000.00)	0.00	(7,030,000.00)
2308	2015 Series Bond	0.00	(9,140,000.00)	0.00	(9,140,000.00)
<b>Subtotal [A2] Liabilities</b>		<b>(36,956,606.56)</b>	<b>(35,780,551.25)</b>	<b>0.00</b>	<b>(35,780,551.25)</b>
<b>Subgroup : [A3] Equity</b>					
	Net Income	423,586.59	(291,743.09)	0.00	(291,743.09)
3000JC	Invested in Capital Assets, Net of Related Debt JC	(4,580,805.00)	(4,159,719.00)	0.00	(4,159,719.00)
3050JC	Restricted for Debt Service JC	(605,915.00)	(681,513.00)	0.00	(681,513.00)
3200SS	Fund Balance	213,251.93	291,350.52	0.00	291,350.52
<b>Subtotal [A3] Equity</b>		<b>(4,549,881.48)</b>	<b>(4,841,624.57)</b>	<b>0.00</b>	<b>(4,841,624.57)</b>
<b>Total [A] Balance Sheet</b>		<b>(0.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Group : [B] Income Statement</b>					
<b>Subgroup : [B1] Revenue</b>					
4100JC	Lease Income JC	(2,588,535.79)	(2,656,835.81)	0.00	(2,656,835.81)
4201JC	Misc Income JC	(11,100.00)	(9,895.00)	0.00	(9,895.00)
4275JC	Interest Income JC	(61.87)	(178.28)	0.00	(178.28)
<b>Subtotal [B1] Revenue</b>		<b>(2,599,697.66)</b>	<b>(2,666,909.09)</b>	<b>0.00</b>	<b>(2,666,909.09)</b>
<b>Subgroup : [B2] Expenses</b>					
4200JC	Amortization Expense	446,171.00	183,712.00	0.00	183,712.00
4202JC	Loss on refinance of bonds	0.00	53,609.00	0.00	53,609.00
5350JC	Depreciation Expense	992,700.00	992,702.00	0.00	992,702.00
5400JC	Interest Expense JC	1,569,393.35	1,122,498.00	0.00	1,122,498.00

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NLB  
2/2/2017

Account	Description	1st PP-Adj	UNADJ	JE Ref #	AJE	FINAL
		<b>6/30/2015</b>	<b>6/30/2016</b>			<b>6/30/2016</b>
5410	Bank/Trust Fees	3,920.00	11,850.00		0.00	11,850.00
5450JC	Professional Fees	11,100.00	10,795.00		0.00	10,795.00
5600	Miscellaneous Expense	(0.10)	0.00		0.00	0.00
<b>Subtotal [B2] Expenses</b>		<b>3,023,284.25</b>	<b>2,375,166.00</b>		<b>0.00</b>	<b>2,375,166.00</b>
<b>Total [B] Income Statement</b>		<b>423,586.59</b>	<b>(291,743.09)</b>		<b>0.00</b>	<b>(291,743.09)</b>
<b>Sum of Account Groups</b>		<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>
<b>Net (Income) Loss</b>		<b>423,586.59</b>	<b>(291,743.09)</b>		<b>0.00</b>	<b>(291,743.09)</b>

**BERKELEY COUNTY  
BUILDING COMMISSION**

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**INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS**

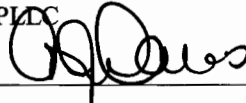
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**FOR THE YEAR ENDED JUNE 30, 2016**  
*RFP #16-107 (Berkeley County)*

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I/We Have Reviewed and Accept the Draft  
Financial Statement Made by Tetrick &  
Bartlett, PLLC

Signed: \_\_\_\_\_

A handwritten signature in black ink, appearing to be "J. D. ...", is written over a horizontal line.

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**BERKELEY COUNTY BUILDING COMMISSION  
BOARD OF DIRECTORS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Board Member</b>	<b>Term Expires</b>
Steven M. Roach	09/04/18
David Irwin	09/05/20
Bill KlingelSmith	09/04/17
M. Sharon Brown	09/04/16



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Berkeley County Building Commission  
Martinsburg, West Virginia

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

We have audited the accompanying financial statements of the business-type activities of Berkeley County Building Commission, a component unit of the Berkeley County Commission as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Berkeley County Building Commission's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial



statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Berkeley County Building Commission as of June 30, 2016, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 1 to the financial statements for the year ended June 30, 2016, Berkeley County Building Commission adopted new accounting guidance, GASB 72 - *Fair Value Measurement and Application*, GASB 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB 75 - *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, GASB 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB 77 - *Tax Abatement Disclosures*, GASB 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB 79 - *Certain External Investment Pools and Pool Participants*, and GASB 80 - *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. Our opinion is not modified with respect to these matters.

### **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 the 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2017 on our consideration of the Berkeley County Building Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berkeley County Building Commission's internal control over financial reporting and compliance.

*Getnick & Bartlett, PLLC*

Clarksburg, West Virginia  
February 3, 2017

**BERKELEY COUNTY BUILDING COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ <u>2,192</u>
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**Restricted Assets**

Investments	681,513
Construction cash	<u>1,513,319</u>
Total restricted assets	<u>2,194,832</u>

**Capital Assets**

Land	1,889,399
Building and equipment, net of accumulated depreciation of \$8,594,554	30,878,420
Construction work in progress	<u>5,657,332</u>
Total capital assets	<u>38,425,151</u>

Total assets	<u>40,622,175</u>
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**Deferred Outflows of Resources**

Unamortized bond discount	<u>61,590</u>
Total deferred outflows of resources	<u>61,590</u>

Total assets and deferred outflows of resources	<u>40,683,765</u>
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The accompanying independent auditor's report and notes are integral parts of this statement.

## Liabilities

### Current Liabilities

Accounts payable	\$ 1,800
Accrued interest	157,818
Current portion of long-term debt	<u>1,538,683</u>
Total current liabilities	<u>1,698,301</u>

### Noncurrent Liabilities

Long-term debt	<u>33,681,928</u>
Total noncurrent liabilities	<u>33,681,928</u>

Total liabilities 35,380,229

### Deferred Inflows of Resources

Unamortized bond premium	<u>461,912</u>
Total deferred inflows of resources	<u>461,912</u>

Total liabilities and deferred inflows of resources 35,842,141

### Net Position

Net investment in capital assets	4,159,719
Restricted	681,513
Unrestricted	<u>392</u>
Total net position	\$ <u>4,841,624</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**BERKELEY COUNTY BUILDING COMMISSION  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Operating Revenue</b>	
Lease income	\$ 2,656,836
Intergovernmental:	
Local	<u>9,895</u>
Total operating revenue	<u>2,666,731</u>
<b>Operating Expense</b>	
Professional fees	10,795
Depreciation expense	<u>992,702</u>
Total operating expenses	<u>1,003,497</u>
Operating income	<u>1,663,234</u>
<b>Other Income (Expense)</b>	
Interest income	177
Bank trustee fees	( 11,850)
Bond issuance costs	( 183,712)
Loss on refinance of bonds	( 53,609)
Interest expense	(1,122,498)
Total other income (expense)	<u>(1,371,492)</u>
Increase in net position	291,742
Net position at beginning of year	<u>4,549,882</u>
Net position at end of year	\$ <u>4,841,624</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**BERKELEY COUNTY BUILDING COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Cash Flows from Operating Activities**

Cash received for leases	\$ 2,656,836
Cash received from intergovernmental contributions and grants – local	9,895
Cash paid to vendors	( 9,895)
Net cash provided by operating activities	<u>2,656,836</u>

**Cash Flows from Investing Activities**

Investment income	177
Payments for land, buildings, and equipment	( 667,939)
Decrease in restricted assets	<u>626,155</u>
Net cash (used in) investing activities	<u>( 41,607)</u>

**Cash Flows from Capital and Related Financing Activities**

Proceeds from bond issuance	9,309,018
Principal paid on notes payable	(10,568,294)
Payments for bank trustee fees	( 11,850)
Bond issuance costs	( 90,312)
Interest paid on revenue bonds	( 1,253,786)
Net cash (used in) capital and related financing activities	<u>( 2,615,224)</u>

Net increase in cash and cash equivalents 5

Cash and cash equivalents – beginning of year 2,187

Cash and cash equivalents – end of year \$ 2,192

**Reconciliation of operating income to net cash provided by operating activities:**

Operating income	\$ 1,663,234
Adjustments to reconcile:	
Depreciation	992,702
Increase in accounts payable	<u>900</u>
Net cash provided by operating activities	\$ <u>2,656,836</u>

**BERKELEY COUNTY BUILDING COMMISSION  
STATEMENT OF CASH FLOWS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Supplemental Schedule of Noncash, Investing and Financing Activities**

Amortization of bond discount costs	\$ ( <u>    3,752</u> )
Amortization of bond premium	\$ <u>    31,217</u>
Financing of bond issuance costs	\$ ( <u>   93,400</u> )

The accompanying independent auditor's report and notes are integral parts of this statement.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**1. Summary of Significant Accounting Policies**

The accounting policies and the presentation of the financial report of Berkeley County Building Commission have been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB). GASB embodies the official pronouncements previously issued by the National Council on Governmental Accounting (NCGA).

**A. Reporting Entity**

The Berkeley County Building Commission ("Building Commission") was created pursuant to Chapter 8, Article 33 of the West Virginia Code of 1931, as amended, by an order entered by the County Commission of Berkeley County, West Virginia ("County Commission") on the 4<sup>th</sup> day of September 1979. The Building Commission finances the purchase and construction of capital assets for the County Commission and leases them to the County Commission and others. Ownership of the assets passes to the County Commission when the bonds mature and are returned. The lease or loan payments the Building Commission receives are used to pay the revenue bonds' principal and interest.

The Building Commission, for financial statement purposes, is a component unit of the County Council. The Building Commission is controlled by and is dependent on the County Council of Berkeley County. The County Council appoints the members of the Building Commission's board and provides intergovernmental revenue to pay certain Building Commission obligations.

The Commission complies with GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34." This statement established standards for defining and reporting component units in the financial statements of the reporting entity. It defines component units as legally separate organizations for which the component unit not only has a fiscal dependency on the reporting entity but also a financial benefit or burden relationship must be present between the reporting entity and the entity that is to be included as a component unit. In addition, an entity may be included as a component unit in the financial statements of the reporting entity, if the reporting entity's management determines that it would be misleading to exclude them.

The accompanying independent auditor's report is an integral part of these notes.



**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The Commission considered all potential component units in determining what entities should be included in the Commission's financial statements. Based on these criteria, there are no component units to include in the Commission's financial statements.

During the year ended June 30, 2016, the Commission adopted the following GASB Statements:

***GASB 72 – Fair Value Measurement and Application*** – This Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques and fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This GASB is effective for fiscal years beginning after June 15, 2015 and had no effect on the accompanying financial statements.

***GASB 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*** – This Statement improves financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension related information reported by employers and nonemployee contributing entities. The provisions for this Statement are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployee contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016 and had no effect on the accompanying financial statements. The Commission has elected early implementation of this GASB Statement.

***GASB 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*** – This Statement improves financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. This GASB is effective for fiscal years beginning after June 15, 2016 and had no effect on the accompanying financial statements.

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

***GASB 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*** – This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This GASB is effective for fiscal years beginning after June 15, 2016 and had no effect on the accompanying financial statements. The Commission has elected early implementation of this GASB Statement.

***GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*** – This Statement improves financial reporting by raising the category of GASB Implementation Guides in the GAAP hierarchy, emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP, and requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. This GASB is effective for periods beginning after June 15, 2015.

***GASB 77 – Tax Abatement Disclosures*** – This Statement improves financial reporting by giving users of financial statements essential information that is not consistently comprehensively reported to the public at present. This GASB is effective for periods beginning after December 15, 2015 and has no effect on the accompanying financial statements.

***GASB 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*** – This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that is not a state or local governmental pension plan, is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and has no predominant state or local governmental employer. This GASB is effective for reporting periods beginning after December 15, 2015 and has no effect on the accompanying financial statements.

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**GASB 79 – *Certain External Investment Pools and Pool Participants*** – This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. This GASB is effective for reporting periods beginning after June 15, 2015. Certain provisions relating to portfolio quality, custodial credit risk, and shadow pricing are effective for reporting periods beginning after December 15, 2015. This GASB has no effect on the accompanying financial statements.

**GASB 80 – *Blending Requirement for Certain Component Units – an amendment of GASB Statement No. 14*** – This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. This GASB is effective for reporting periods beginning after June 15, 2016 and has no effect on the accompanying financial statements.

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

The financial statements of the Commission are prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a proprietary fund type, the Commission applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

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

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 ongoing revenue of the Building Commission enterprise fund are charges to the Berkeley County Council and the Blue Ridge Community and Technical College for lease payments. Operating expenses of the Building Commission include depreciation and any maintenance and repair costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**C. Assets, Liabilities and Net Position**

**1. Deposits and Investments**

The government'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.

In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the government reports its investments at fair value, except for nonparticipating 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. Cash deposits are reported at carrying amount which reasonably estimates fair value.

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 of 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 national 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 the SEC which have fund assets over three hundred million dollars.

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**2. Receivables and Payables**

All receivables and payables are shown at the new amount due. Since all lease revenue comes from the Berkeley County Council or the Blue Ridge Community and Technical College, no allowance has been made for uncollectible as there is minimal risk that these lease payments will not be received.

**3. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the Building Commission's financial statements. Capital assets costing over \$5,000 with useful lives longer than one year are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the assets.

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.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. \$82,070 of the total interest of \$1,204,568 was capitalized by the Building Commission during the current fiscal year.

Property, plant and equipment of the Building Commission is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Equipment	5-10

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**4. Construction Work in Process**

The construction-work-in-progress consists of the Crawford Building which was part of the original purchase of the Blue Ridge Outlet Center Complex and the construction of improvement to the Berkeley County E911 Dispatch facilities. The Building Commission has invested in renovations to stabilize the facility and the County is expected to maintain the property. Currently the County is using the property as a storage facility. The Commission's intermediate plans consist of additional office and court room space for the 23<sup>rd</sup> Circuit Magistrate.

The Commission is in the construction phase for improvements, furnishings and equipment of the Berkeley County 911 Dispatch facilities located at 802 Emmett Roush Drive, Martinsburg, Berkeley County, West Virginia. This project will provide facilities for the 911 Central Dispatch, Emergency Communication Center, Department of Homeland Security and other related operations. The project consist of four phases with a total estimated cost of \$3,000,000 to complete. The Commission estimates the completion late 2017. Total construction cost of \$1,390,471 was capitalized as of balance sheet date.

**5. Equity Classification**

Net position classification:

***GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*** – divided net position for government-wide net position is divided into three components:

- a. Net investment capital assets – Consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

- b. Restricted net position – Consists of net position that are restricted by the Commission's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- c. Unrestricted net position – All other net positions are reported in this category.

**6. 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.

**7. Long-Term Obligations**

Long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**2. Detailed Notes on all Funds**

**A. Deposits and Investments**

At year end, the Building Commission's bank balance of deposits was \$2,192, which was entirely covered by federal depository insurance.

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Building Commission's deposits may not be returned to it. The Building Commission does not have a deposit policy for custodial credit risk.

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

At year end the Building Commission's investment balances were as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Quoted Prices in Active Markets for Identical Assets</u> <u>Fair Value</u>	<u>Credit Rating</u>
Federal U.S. Treasury Cash Reserves	Daily	\$ 2,194,832	AAAm Standard and Poor's

*Interest Rate Risk*

The Building Commission does not have a formal investment policy that limits investment maturities as a means of managing its fair value losses arising from increasing interest rates.

*Credit Risk*

As described above, state statutes prescribe the types of investments which the Building Commission may utilize. The Building Commission has no investment policy that would further limit its investment choices.

*Concentration Risk*

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than 75% of the indebtedness of any private corporation nor can the portfolio have over 25% of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than 9% of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than 60% of the portfolio be invested in equity mutual funds. The Building Commission has no policy that would further limit the amount that they may invest.

*Custodial Credit Risk Deposits and Investments*

Custodial credit risk is the risk that in the event of a bank or counterparty failure, the Commission will not be able to recover the value of its deposits, investments, or collateral securities that are in possession of an outside party. The Commission does not have a formal deposit policy for custodial risk. As of June 30, 2016, \$1,944,832 of the Commission's bank balance of \$2,194,832 was exposed to custodial credit risk. \$250,000 of the bank balance was covered by Federal Deposit Insurance (FDIC), and \$1,944,832 was collateralized with securities held by pledging financial institution in the Berkeley County Building Commission's name.

The accompanying independent auditor's report is an integral part of these notes.



**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**B. Capital Assets**

A summary of changes in Capital Assets for the fiscal year ended June 30, 2016 and the changes in Capital Assets values based on current and prior year depreciation allowances are as follows:

	<u>Balance at</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>6/30/2016</u>
Land	\$ 1,889,399	\$ -0-	\$ -0-	\$ 1,889,399
Buildings, improvements, and equipment	39,472,974	-0-	-0-	39,472,974
Construction work in progress-capitalized interest	41,053	82,070	-0-	123,123
Construction work in progress	<u>4,881,740</u>	<u>652,469</u>	<u>-0-</u>	<u>5,534,209</u>
Totals	<u>\$ 46,285,166</u>	<u>\$ 734,539</u>	<u>\$ -0-</u>	<u>\$ 47,019,705</u>

*Capital Assets-Net of Depreciation*

A summary of changes in Capital Assets Net of Depreciation values based on current and prior year depreciation:

	<u>Balance at</u> <u>6/30/2016</u>	<u>Accumulated Depreciation</u>		<u>Balance at</u> <u>6/30/2016</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Land	\$ 1,889,399	\$ -0-	\$ -0-	\$ 1,889,399
Buildings, improvements, and equipment	39,472,974	7,601,852	992,702	30,878,420
Construction work in progress-capitalized interest	123,123	-0-	-0-	123,123
Construction work in progress	<u>5,534,209</u>	<u>-0-</u>	<u>-0-</u>	<u>5,534,209</u>
Totals	<u>\$ 47,019,705</u>	<u>\$ 7,601,852</u>	<u>\$ 992,702</u>	<u>\$ 38,425,151</u>

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**C. Long-Term Debt – Lease Revenue Bonds**

The Building Commission had the following long-term debt outstanding at June 30, 2016:

1. Series 2015 lease revenue bonds, original face value of \$9,340,000, with interest payable in semi-annual installments, and principal payable in annual installments, beginning December 1, 2015 at not more than 5% interest and concluding 2035. The bond refunded Series 2005 and 2009 bonds.	\$ 9,140,000
2. 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 2007 at 4.77% interest and concluding 2037, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	4,320,000
3. Series 2011 lease revenue bond, in the original 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.	4,905,611
4. Series 2014A lease revenue bonds, original face value of \$7,290,000, with interest payable in semi annual installments, and principal payable in annual installments, beginning September 1, 2016 at 3% increasing to 4% interest and concluding September 1, 2033, issued to refinance the 2004B lease revenue bonds.	7,030,000
5. Series 2014B lease revenue bonds, original face value of \$7,365,000, with interest payable in semi annual installments, and principal payable in annual installments, beginning December 1, 2016 at 3% increasing to 5% interest and concluding December 1, 2029, issued to refinance the 2004A lease revenue bonds.	6,950,000
6. Series 2014C lease revenue bonds, original face value of \$3,000,000, with interest payable in semi annual installments, and principal payable in annual installments, beginning December 1, 2016 at 1.3% increasing to 3.35% interest and concluding December 1, 2034, issued to provide funding for construction of the Berkeley County E911 Dispatch facilities.	<u>2,875,000</u>
Total long-term debt	\$ <u>35,220,611</u>

The accompanying independent auditor's report is an integral part of these notes.

**BERKELEY COUNTY BUILDING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due in fiscal year ending June 30, 2017	\$ 1,538,683	\$ 1,116,219	\$ 2,654,902
Due in fiscal year ending June 30, 2018	1,594,818	1,080,577	2,675,395
Due in fiscal year ending June 30, 2019	1,606,159	1,047,250	2,653,409
Due in fiscal year ending June 30, 2020	1,647,710	1,002,250	2,649,960
Due in fiscal year ending June 30, 2021	1,709,481	952,316	2,661,797
Due in fiscal years ending June 30, 2022 – 2026	9,322,149	3,930,672	13,252,821
Due in fiscal years ending June 30, 2027 – 2031	10,083,745	2,232,188	12,315,933
Due in fiscal years ending June 30, 2032 – 2036	7,412,865	670,881	8,083,746
Due in fiscal years ending June 30, 2037	<u>305,001</u>	<u>6,634</u>	<u>311,635</u>
Total	\$ <u>35,220,611</u>	\$ <u>12,038,987</u>	\$ <u>47,259,598</u>

A summary of changes in Long-Term Debt for the fiscal year follows:

	<u>Balance at</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>6/30/2016</u>
2005 Series Bonds	\$ 8,005,000	\$ -0-	\$( 8,005,000)	\$ -0-
2006 Series Bonds	4,450,000	-0-	( 130,000)	4,320,000
2009 Series Bonds	1,245,000	-0-	( 1,245,000)	-0-
2011 Series Bonds	5,093,905	-0-	( 188,294)	4,905,611
2014A Series Bonds	7,290,000	-0-	( 260,000)	7,030,000
2014B Series Bonds	7,365,000	-0-	( 415,000)	6,950,000
2014C Series Bonds	3,000,000	-0-	( 125,000)	2,875,000
2015 Series Bonds	<u>-0-</u>	<u>9,340,000</u>	<u>( 200,000)</u>	<u>9,140,000</u>
Totals	\$ <u>36,448,905</u>	\$ <u>9,340,000</u>	\$( <u>10,568,294</u> )	\$ <u>35,220,611</u>

**D. Subsequent Events**

The Commission's management has considered all subsequent events through February 3, 2017, the date the financial statements were made available.

The accompanying independent auditor's report is an integral part of these notes.



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Berkeley County Building Commission  
Martinsburg, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Berkeley County Building Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Berkeley County Building Commission's basic financial statements, and have issued our report thereon dated February 3, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Berkeley County Building Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Berkeley County Building Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berkeley County Building Commission's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Berkeley County Building Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*T. J. ... , Bartlett, Ph.D.*

Clarksburg, West Virginia  
February 3, 2017



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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To the Board of Directors and Management  
Berkeley County Building Commission  
400 W. Stephen Street, Suite 201  
Martinsburg, West Virginia 25401

We are pleased to confirm our understanding of the services we are to provide Berkeley County Building Commission for the year ended June 30, 2016. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of Berkeley County Building Commission as of and for the year ended June 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Berkeley County Building Commission's basic financial statements. Such 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. As part of our engagement, we will apply certain limited procedures to Berkeley County Building Commission's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Berkeley County Building Commission and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Berkeley County Building Commission's financial statements. Our report will be addressed to the Board of Directors of Berkeley County Building Commission. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Berkeley County Building Commission is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Berkeley County Building Commission's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will also assist in preparing the financial statements and related notes and depreciation schedule of Berkeley County Building Commission in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services and depreciation schedule previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.



Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to Berkeley County Building Commission; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Tetrick & Bartlett, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner West Virginia State Auditor's Office, Chief Inspector Division or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Tetrick & Bartlett, PLLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the West Virginia State Auditor's Office, Chief Inspector Division. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately December 28, 2016 and to issue our reports no later than February 15, 2017. David A. Shriver is the engagement member and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$3,900.00. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

To the Board of Directors and Management  
Berkeley County Building Commission

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We appreciate the opportunity to be of service to Berkeley County Building Commission and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Detrick, Bartlett, PLLC*

Clarksburg, West Virginia  
December 22, 2016

blh


enclosure

RESPONSE:

This letter correctly sets forth the understanding of Berkeley County Building Commission.

Management signature: 

Title: Secretary

Governance signature: 

Title: Chairman of the Board of Directors

**BERKELEY COUNTY BUILDING COMMISSION  
400 W. STEPHEN STREET, SUITE 201  
MARTINSBURG, WEST VIRGINIA 25401**

February 3, 2017

Tetrick & Bartlett, PLLC  
P.O. Box 1916  
Clarksburg, West Virginia 26302-1916

This representation letter is provided in connection with your audit of the financial statements of Berkeley County Building Commission, which comprise the financial position of the business-type activities, as of June 30, 2016, and the changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 3, 2017, the following representations made to you during your audit.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 22, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the Berkeley County Building Commission is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Berkeley County Building Commission from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of Berkeley County Building Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the Berkeley County Building Commission and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Berkeley County Building Commission's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
18. We have disclosed to you the identity of the Berkeley County Building Commission's related parties and all the related party relationships and transactions of which we are aware.

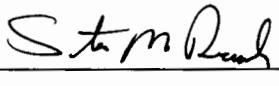
#### **Government – specific**

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The Berkeley County Building Commission has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws, and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
28. The Berkeley County Building Commission has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as disclosed in the notes to the financial statements.
29. The Berkeley County Building Commission has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

- 31. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 32. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 34. Provisions for uncollectible receivables have been properly identified and recorded.
- 35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 38. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 39. We have appropriately disclosed the Berkeley County Building Commission's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI. We have elected not to present a management's discussion and analysis.

Signature: 

Signature: 

Title: Secretary

Title: Chairman of the Board of Directors