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, 2014
RFP #14-065 (Berkeley County)
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Board Member | Term Expires
---|---
Steven M. Roach | 09/04/18
Rebecca Linton | 09/04/15
Bill Klingelsmith | 09/04/17
Lester A. Henry | 09/04/19
M. Sharon Brown | 09/04/16
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 the Berkeley County Building Commission, a component unit of the Berkeley County Commission as of and for the year ended June 30, 2014, 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 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 polices 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 the Berkeley County Building Commission, as of June 30, 2014, and the change 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**


**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 requires 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.
To the Board of Directors

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2015, 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 the Berkeley County Building Commission's internal control over financial reporting and compliance.

*Signature*

January 24, 2015
## Liabilities

### Current Liabilities
- Accounts payable $900
- Accrued interest $214,534
- Current portion of long-term debt $1,091,929
- Total current liabilities $1,307,363

### Noncurrent Liabilities
- Long-term debt $33,364,216
- Total noncurrent liabilities $33,364,216

### Total liabilities
$34,671,579

### Deferred Inflows of Resources
- Unamortized bond premium $8,084
- Total deferred inflows of resources $8,084

### Total liabilities and deferred inflows of resources
$34,679,663

### Net Position
- Net investment in capital assets $4,580,805
- Restricted $605,915
- Unrestricted $(213,251)
- Total net position $4,973,469

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, 2014

Operating Revenue
Lease income $ 2,473,251
Intergovernmental:
Local 11,120
Total operating revenue 2,484,371

Operating Expense
Professional fees 11,100
Depreciation expense 956,616
Total operating expenses 967,716

Operating income 1,516,655

Other Income (Expense)
Interest income 31
Bank trustee fees (4,820)
Interest expense (1,401,649)
Total other income (expense) (1,406,438)

Increase in net position 110,217

Net position at beginning of year, restated 4,863,252

Net position at end of year $ 4,973,469

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, 2014

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 (11,100)
  Net cash provided by operating activities 2,473,271

Cash Flows from Investing Activities
- Investment income 31
- Payments for land, buildings, and equipment (864,353)
- Decrease in restricted assets 846,833
  Net cash (used in) investing activities (17,489)

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 (1,398,193)
  Net cash (used in) capital and related financing activities (2,455,775)

Net increase in cash and cash equivalents 7

Cash and cash equivalents – beginning of year 2,176

Cash and cash equivalents – end of year $ 2,183

Reconciliation of operating income to net cash provided by operating activities:
- Operating income $ 1,516,655
- Adjustments to reconcile:
  - Depreciation 956,616
  Net cash provided by operating activities $ 2,473,271

Supplemental Schedule of Noncash, Investing and Financing Activities
- Amortization of bond discount costs $(7,601)
- Amortization of bond premium $377

The accompanying independent auditor's report and notes are integral parts of this statement.
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 4th 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.
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, 2014, the Commission adopted the following GASB Statements:

**GASB 65 – Items Previously Reported as Assets and Liabilities** – The purpose of this Statement was to establish 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.


**GASB 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25** – This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain requirements.

**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 cash, GASB prevails.

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

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.

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

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. $121,173 of the total interest of $1,401,649 was capitalized by the Building Commission during the current fiscal year.

The accompanying independent auditor's report is an integral part of these notes.
Property, plant and equipment of the Building Commission is depreciated using the straight-line method over the following useful lives:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>40</td>
</tr>
<tr>
<td>Building improvements</td>
<td>20</td>
</tr>
<tr>
<td>Equipment</td>
<td>5-10</td>
</tr>
</tbody>
</table>

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. 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 23rd Circuit Magistrate.

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.

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.

The accompanying independent auditor's report is an integral part of these notes.
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, as well as issuance costs, 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.

8. Prior Period Adjustment – GASB 65 Implementation

Implementation of GASB 65 recognizes cost of debt issuance as an expense; therefore the adoption of this statement resulted in a decrease of bond issuance cost and net position of $896,016 as of July 1, 2013. Beginning balances were changed to reflect this as of July 1, 2013.

2. Detailed Notes on all Funds

A. Deposits and Investments

At year end, the Building Commission's bank balance of deposits was $2,183, 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.
At year end the Building Commission's investment balances were as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Maturities</th>
<th>Fair Value</th>
<th>Credit Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal U.S. Treasury</td>
<td>Daily</td>
<td>$605,915</td>
<td>AAAm Standard and Poor's</td>
</tr>
<tr>
<td>Cash Reserves</td>
<td>Daily</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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, 2014, $358,098 of the Commission's bank balance of $608,098 was exposed to custodial credit risk. $250,000 of the bank balance was covered by Federal Deposit Insurance (FDIC), and $358,098 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.
B. Capital Assets

A summary of changes in Capital Assets for the fiscal year ended June 30, 2014 and the changes in Capital Assets values based on current and prior year depreciation allowances are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance at 7/1/2013</th>
<th>Additions</th>
<th>Deductions</th>
<th>Balance at 6/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 1,889,399</td>
<td>$ -0-</td>
<td>$ -0-</td>
<td>$ 1,889,399</td>
</tr>
<tr>
<td>Buildings, improvements, and equipment</td>
<td>34,756,527</td>
<td>4,716,447</td>
<td>-0-</td>
<td>39,472,974</td>
</tr>
<tr>
<td>Construction work in progress-capitalized interest</td>
<td>453,058</td>
<td>-0-</td>
<td>453,058</td>
<td>-0-</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>7,994,227</td>
<td>-0-</td>
<td>3,835,019</td>
<td>4,159,208</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 45,093,211</td>
<td>$ 4,716,447</td>
<td>$ 4,288,077</td>
<td>$ 45,521,581</td>
</tr>
</tbody>
</table>

Capital Assets-Net of Depreciation

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

<table>
<thead>
<tr>
<th></th>
<th>Balance at 6/30/2014</th>
<th>Accumulated Depreciation</th>
<th>Balance at 6/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 1,889,399</td>
<td>$ -0-</td>
<td>$ 1,889,399</td>
</tr>
<tr>
<td>Buildings, improvements, and equipment</td>
<td>39,472,974</td>
<td>5,652,536</td>
<td>32,863,822</td>
</tr>
<tr>
<td>Construction work in progress-capitalized interest</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>4,159,208</td>
<td>-0-</td>
<td>4,159,208</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 45,521,581</td>
<td>$ 5,652,536</td>
<td>$ 38,912,429</td>
</tr>
</tbody>
</table>

The accompanying independent auditor's report is an integral part of these notes.
C. Long-Term Debt – 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, 2014 at 1.45% increasing to 4.95% interest and concluding December 31, 2031, issued to refinance a $9,995,000 lease revenue bond and to provide additional funding for 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% increasing to 5% interest and concluding September 1, 2034, issued to provide additional funding for the renovation of the building 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% increasing to 5.55% interest and concluding December 1, 2035, issued to provide additional funding for the renovation of the building 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 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. 4,575,000

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 1, 2010 at 4.75% increasing to 5.50% interest and concluding December 1, 2029, issued to provide additional funding for the building known as the Blue Ridge Outlet Center. 1,300,000

6. 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. 5,256,145

Total long-term debt $34,456,145

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, 2014

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

<table>
<thead>
<tr>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in fiscal year ending June 30, 2015</td>
<td>$1,091,929</td>
<td>$1,486,656</td>
</tr>
<tr>
<td>Due in fiscal year ending June 30, 2016</td>
<td>1,132,671</td>
<td>1,444,846</td>
</tr>
<tr>
<td>Due in fiscal year ending June 30, 2017</td>
<td>1,173,606</td>
<td>1,400,884</td>
</tr>
<tr>
<td>Due in fiscal year ending June 30, 2018</td>
<td>1,229,738</td>
<td>1,353,146</td>
</tr>
<tr>
<td>Due in fiscal year ending June 30, 2019</td>
<td>1,271,076</td>
<td>1,301,722</td>
</tr>
<tr>
<td>Due in fiscal years ending June 30, 2019 – 2023</td>
<td>7,228,099</td>
<td>5,644,232</td>
</tr>
<tr>
<td>Due in fiscal years ending June 30, 2024 – 2028</td>
<td>8,966,474</td>
<td>3,866,053</td>
</tr>
<tr>
<td>Due in fiscal years ending June 30, 2029 – 2033</td>
<td>9,349,374</td>
<td>1,702,165</td>
</tr>
<tr>
<td>Due in fiscal years ending June 03, 2034 – 2037</td>
<td>3,013,178</td>
<td>160,858</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,456,145</strong></td>
<td><strong>18,360,562</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Balance at 6/30/2013</th>
<th>Additions</th>
<th>Deductions</th>
<th>Balance at 6/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004A Series Bonds</td>
<td>$ 7,975,000</td>
<td>$ -0-</td>
<td>$( 280,000)</td>
</tr>
<tr>
<td>2004B Series Bonds</td>
<td>7,600,000</td>
<td>-0-</td>
<td>$( 210,000)</td>
</tr>
<tr>
<td>2005 Series Bonds</td>
<td>8,465,000</td>
<td>-0-</td>
<td>$( 225,000)</td>
</tr>
<tr>
<td>2006 Series Bonds</td>
<td>4,695,000</td>
<td>-0-</td>
<td>$( 120,000)</td>
</tr>
<tr>
<td>2009 Series Bonds</td>
<td>1,350,000</td>
<td>-0-</td>
<td>$( 50,000)</td>
</tr>
<tr>
<td>2011 Series Bonds</td>
<td>5,423,907</td>
<td>-0-</td>
<td>$( 167,762)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>35,508,907</strong></td>
<td><strong>-0-</strong></td>
<td><strong>$(1,052,762)</strong></td>
</tr>
</tbody>
</table>

D. Subsequent Events

In July 2014, the Berkeley County Building Commission issued Series 2014A Lease Revenue Refunding Bonds in the original amount $7,290,000. Interest between 3% to 3.375% will be payable on March 1 and September 1, commencing on March 1, 2015, and concluding on September 1, 2033. These bonds refunded the Building Commission’s 2004B Series Bonds.

The accompanying independent auditor’s report is an integral part of these notes.
The Commission is in the planning phase to finance and construct 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 is estimated to cost $3,000,000 to complete and no amounts were incurred as of balance sheet date.

The Commission has considered all subsequent events through January 24, 2015, the date the financial statements were made available.

The accompanying independent auditor's report is an integral part of these notes.
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 Berkeley County Building Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Berkeley County Building Commission's basic financial statements, and have issued our report thereon dated January 24, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Berkeley County Building Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.
To the Board of Directors

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 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 the 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.

January 24, 2015

[Signature]