



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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BERKELEY COUNTY COUNCIL
BERKELEY COUNTY, WEST VIRGINIA

REGULAR AUDIT

For the Year Ended June 30, 2015
Fiscal Year Audited Under GAGAS: 2015

BERKELEY COUNTY COUNCIL
BERKELEY COUNTY, WEST VIRGINIA
 FOR THE YEAR ENDED JUNE 30, 2015
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INDEPENDENT AUDITOR'S REPORT

Berkeley County Council
400 W. Stephen Street, Suite 201
Martinsburg, West Virginia 25401

To the County Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berkeley County Council, West Virginia, (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Berkeley County Building Commission, which represent 100%, 100% and 100% respectively, of the assets, net position, and revenues of the business-type activities and the Berkeley County Building Commission major fund. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Berkeley County Building Commission, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Summary of Opinions

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion on the Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units* paragraph, the financial statements referred to above do not present fairly, in conformity with the accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Berkeley County, West Virginia, as of June 30, 2015 or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In addition, in our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berkeley County Council, West Virginia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Fund 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 III.E. to the financial statements, during the year ended June 30, 2015, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, to supplement the basic financial statements. Although this information that is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historic context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Accounting principles generally accepted in the United States of America require that the information related to the defined benefit pension plan on pages 48 and 49 be presented to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historic context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Budgetary Comparison Schedule – Assessor's Valuation Fund, the (Schedule) presents additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
January 25, 2016

Berkeley County, West Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
(unaudited)

Our discussion and analysis of Berkeley County, West Virginia's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the County's financial statements, which begins on page 16.

FINANCIAL HIGHLIGHTS

The County's net position decreased by \$5.8 million as a result of this year's operations and about a \$5.2 million restatement to implement GASB 68. Before implementing GASB 68, our net position decreased by \$.5 million, or 3%.

During the year, the County had expenses for programs that were \$.6 million more than the \$31 million generated by program revenues, which include fees for services, intergovernmental aid, and Building Commission revenues. In the prior year the County had revenues exceeding expenses in the amount of \$0.7 million, largely due to an extra \$1.3 million in grant revenue received in that year. The remaining cost of governmental activities was financed with County taxes, which totaled \$18.4 million this year, and other general revenues, which totaled \$5.5 million this year.

The general fund ended the year with a fund balance of about \$5.0 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 16 through 18) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 19. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the County as a Whole

Our analysis of the County as a whole begins on page 11. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. You can think of the County's net position—the difference between assets, deferred outflows of resources, and liabilities—as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads to assess the overall health of the County.

Berkeley County, West Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
(unaudited)

USING THIS ANNUAL REPORT (Continued)

In the Statement of Net Position and the Statement of Activities, we divide the County into two kinds of activities:

Governmental activities—Most of the County's basic services are reported here, including the sheriff, public works, and parks departments, and general administration. Property taxes, business and occupation taxes, and state and federal grants finance most of these activities.

Business-type activities—The Berkeley County Building Commission serves the citizens of the County, and acquires property and debt on behalf of the County. The related lease revenues, depreciation, and debt service expenses are reported here.

Reporting the County's Most Significant Funds

Our analysis of the County's major funds begins on page 11. The fund financial statements begin on page 19 and provide detailed information about the most significant funds—not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds—governmental and proprietary—use different accounting approaches.

Governmental funds—Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

Proprietary funds—When the County charges customers for the services it provides—whether to outside customers or to other units of the County—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The County as Trustee

The County's agency funds are custodial in nature and do not present results of operations or have a measurement focus. All of the County's agency funds are reported in separate Statement of Fiduciary Funds Net Position on page 28. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Berkeley County, West Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
(unaudited)

THE COUNTY AS A WHOLE

The County's combined net position decreased \$5.7 million from a year ago—decreasing from \$21.6 million to \$15.9 million. In contrast, last year net position increased by \$0.8 million. Looking at the net position and net expenses of governmental and business-type activities separately provides more detail about these changes. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

Table 1 Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$10.5	\$11.7	\$ 2.8	\$ 0.6	\$13.3	\$12.3
Capital assets	<u>8.6</u>	<u>7.0</u>	<u>38.9</u>	<u>38.9</u>	<u>47.5</u>	<u>45.9</u>
Total assets	19.1	18.7	41.7	39.5	60.8	58.2
Deferred outflows of resources	<u>1.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>1.9</u>	<u>0.1</u>
Total assets and deferred Outflows	<u>21.0</u>	<u>18.7</u>	<u>41.7</u>	<u>39.6</u>	<u>62.7</u>	<u>58.3</u>
Current liabilities	2.0	1.2	1.8	1.3	3.8	2.5
Non-current liabilities	<u>4.8</u>	<u>0.9</u>	<u>35.3</u>	<u>33.3</u>	<u>40.1</u>	<u>34.2</u>
Total liabilities	6.8	2.1	37.1	34.6	43.9	36.7
Deferred inflows of resources	<u>2.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>2.9</u>	<u>0.0</u>
Total liabilities and Inflows	<u>9.7</u>	<u>2.1</u>	<u>37.1</u>	<u>34.6</u>	<u>46.8</u>	<u>36.7</u>
Net position:						
Invested in capital assets, net of debt	7.0	6.4	3.5	4.6	10.5	11.0
Restricted	3.4	3.7	0.6	0.6	4.0	4.3
Unrestricted	<u>0.9</u>	<u>6.5</u>	<u>0.5</u>	<u>(0.2)</u>	<u>1.4</u>	<u>6.3</u>
Total net position	<u>11.3</u>	<u>16.6</u>	<u>4.6</u>	<u>5.0</u>	<u>15.9</u>	<u>21.6</u>
Total liabilities, inflows and Net position	<u>\$21.0</u>	<u>\$ 18.7</u>	<u>\$41.70</u>	<u>\$39.6</u>	<u>\$ 62.7</u>	<u>\$ 58.3</u>

Berkeley County, West Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2015
 (unaudited)

THE COUNTY AS A WHOLE (Continued)

Table 2 Changes in Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues:						
Charges for services	\$ 4.1	\$ 4.3	\$ 2.6	\$ 2.4	\$ 6.7	\$ 6.7
Grants	0.7	2.0	0.0	0.0	0.7	2.1
General revenue	5.5	5.8	0.0	0.0	5.5	5.8
Property taxes	18.4	17.4	0.0	0.0	18.4	17.4
Fines/forfeitures	<u>0.8</u>	<u>0.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.8</u>	<u>0.7</u>
Total revenues	<u>29.5</u>	<u>30.2</u>	<u>2.6</u>	<u>2.4</u>	<u>32.1</u>	<u>32.7</u>
Expenses						
Program expenses:						
General government	18.0	17.9	3.0	2.3	21.0	20.2
Public safety	10.2	10.3	0.0	0.0	10.2	10.3
Health and sanitation	0.2	0.2	0.0	0.0	0.2	0.2
Culture and recreation	1.1	1.1	0.0	0.0	1.1	1.1
Social services	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
Total expenses	<u>29.6</u>	<u>29.6</u>	<u>3.0</u>	<u>2.3</u>	<u>32.6</u>	<u>31.9</u>
Change in net position	(0.1)	0.6	(0.4)	0.1	(0.5)	0.7
Beginning net position	16.6	16.0	5.0	4.9	21.6	20.9
GASB 68 restatement	<u>(5.2)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(5.2)</u>	<u>0.0</u>
Ending net position	<u>\$11.3</u>	<u>\$16.6</u>	<u>\$ 4.6</u>	<u>\$ 5.0</u>	<u>\$15.9</u>	<u>\$21.6</u>

The County's total revenues decreased by 3 percent (\$0.7 million). The total cost of all programs and services increased by 3 percent (\$0.7 million) with no new programs added this year. Our analysis below separately considers the operations of governmental and business-type activities.

Since the County is made up of several governmental activities and one business-type activity we will concentrate our analysis to the both the Governmental Activities and Business-type Activates.

Governmental Activities

The County adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No.27. The objective of this statement is to improve decision-usefulness of information in employer entity financial reports. The Effect of this statement required the County to record its portion of its net pension liability from the West Virginia Public Retirement System (PERS) and Deputy Sheriffs Retirement System (DSR).

Berkeley County, West Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
(unaudited)

Governmental Activities - Continued

GASB Statement No. 68 also required the County to record additional amounts on the statement of net position for deferred outflows and inflows. Detailed information about the pension plans and related liabilities, deferred outflows and inflows are provided in the notes of the financial statements and related supplemental information.

The County's deferred outflows of resources increased by almost \$1.9 million. \$1.5 million of this amount is related to amounts the County paid into the WVPERS and DSR. The County's deferred outflows increased by \$2.8 million related to the County's portion of the estimated net difference between projected and actual earnings on pension plan investments. This amount will change from time to time base on the actuary measurements provided by WVPERS and DSR.

The County's-non current liabilities increased by \$3.9 million. \$3.0 of this amount was recording the County's share of the net pension liability in relation to the WVPERS and DSR. The County also issued a capital lease to finance equipment and improvements for the County's Emergency Operations Center.

Net position of the County's governmental activities decreased by about 32 percent (\$11.3 million compared to \$16.6 million). Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—decreased from \$6.5 million at June 30, 2014, to \$0.9 million at the end of this year. With the implementation of GASB No. 68, The County had to restate the beginning net assets by \$5.2 million.

Revenues for the County's governmental activities decreased by 3 percent (\$0.8 million), while total expenses stayed the same at \$29.6 million.

Grant revenue can change year to year depending on funding available and the County's needs. Fiscal year ended June 30, 2014, the County expended about \$1.0 million in funds with the U.S. Department of Homeland Security. \$0.8 million of these grants was related to the FEMA Hazard Mitigation Grant Program.

Business-type Activities

The only business activity is the Berkeley County Building Commission and is a considered a blended component unit because it provided services entirely for almost entirely to the County. The Building Commission finances the acquisition and construction of capital assets for the County Commission and leases then to the County Commission and others.

The Building Commission issued three bonds during the current fiscal year. Two of the bonds refinance earlier bonds which provided the County with savings of debt service cash flow. The third bond was a \$3.0 bond to be use for the construction and acquisition of improvements of the County's 911Central Dispatch, Emergency Communication Center. The County's bond rating is AA2.

The increase in the current and other assets of \$2.2 million is mainly from construction funds on deposit at June 30, 2015 from the issuance of the \$3.0 million bond mentioned above. This issuance is reflected in the increase of business-type activates non-current liabilities.

Berkeley County, West Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
(unaudited)

Business-type Activities - Continued

The net position of our business-type activities decreased by 9 percent (\$4.6 million compared to \$5.0 million). This decrease is in large part the result of expenses in excess of revenues. With the issuance of the three bonds during the current year, the Building Commission expensed \$0.4 in bond issue costs. Also, with additional debt load and completion of other projects, interest expense was about \$0.2 higher than the previous year.

General Fund Budgetary Highlights

Over the course of the year, the County Council revised the County budget several times. These budget amendments fall into several categories. The first category includes amendments that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in March 2014). The second category includes changes that the Council made during the year for any additional grants received after the budget was prepared. In addition, the Council revised the budget to take into account certain revenues that exceeded the original estimated amounts and other revenues that were less than the original estimated amounts. Finally, the Council approved several increases in appropriations to prevent budget overruns.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the County had \$47.5 million invested in a broad range of capital assets, including police and emergency equipment, buildings, and park facilities. (See Table 3 below.) This amount represents a net increase (including additions and deductions) of \$1.6 million, or about 3 percent, above last year.

Table 3
Capital Assets at Year-end
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 0.9	\$ 0.9	\$ 1.9	\$ 1.9	\$ 2.8	\$ 2.8
Construction in progress	1.9	1.9	5.1	4.2	7.0	6.1
Buildings	2.1	1.5	31.9	32.8	34.0	34.3
Improvements	1.1	1.2	0.0	0.0	1.1	1.2
Equipment	<u>2.6</u>	<u>1.5</u>	<u>0.0</u>	<u>0.0</u>	<u>2.6</u>	<u>1.5</u>
Totals	<u>\$ 8.6</u>	<u>\$ 7.0</u>	<u>\$38.9</u>	<u>\$38.9</u>	<u>\$47.5</u>	<u>\$45.9</u>

Berkeley County, West Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2015
 (unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

This year's major additions included (in millions):

Communication equipment and tower	\$ 1.1
Public safety vehicles and related equipment	0.3
Other	<u>0.2</u>
Total	<u>\$ 1.6</u>

Debt

At year-end, the County had \$36.4 million in bonds and notes outstanding versus \$34.5 million last year—an increase of 6 percent—as shown in Table 4.

Table 4
 Outstanding Debt at Year-end
 (in Millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Bonds and notes	\$ 0.0	\$ 0.0	\$36.4	\$34.5	\$36.4	\$34.5

ECONOMIC FACTORS

The County's elected and appointed officials considered many factors when setting the fiscal-year 2014 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The County's population growth from 2000 to 2010 was 15.1 percent. Berkeley County's population growth during that same period was 37.2 percent. The County's increasing population has a direct impact on the County's economic growth.

In September 2015, Procter & Gamble broke ground on a \$500 million manufacturing facility in the County. This is expected to create 700 new jobs by 2019. The facility itself and the long-term residential growth will result in increased property tax revenues for the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Clerk's office at 100 West King Street, Martinsburg, West Virginia.

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	Primary Government		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Building Commission</u> <u>Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,466,629	\$ 2,187	\$ 9,468,816
Restricted assets			
Construction cash	-	2,181,214	2,181,214
Investments	-	639,773	639,773
Receivables, net			-
Taxes	1,074,404	-	1,074,404
Capital assets, net of depreciation:			
Land	850,602	1,889,399	2,740,001
Buildings	2,111,927	31,871,122	33,983,049
Machinery and equipment	2,564,846	-	2,564,846
Construction in progress	1,932,810	4,922,793	6,855,603
Building improvements	1,168,719	-	1,168,719
Total assets	19,169,937	41,506,488	60,676,425
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond discount	-	126,659	126,659
Employer contributions to pension plan subsequent to measurement date	1,510,127	-	1,510,127
Changes in employer proportion and differences between contributions and proportionate share of contributions	388,736	-	388,736
Total deferred outflows of resources	1,898,863	126,659	2,025,522
Total assets and deferred outflows of resources \$	21,068,800	\$ 41,633,147	\$ 62,701,947

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	Primary Government		<u>Total</u>
	<u>Governmental Activities</u>	<u>Building Commission Activities</u>	
LIABILITIES			
Current liabilities payable from current assets:			
Accounts payable	\$ 1,226,830	\$ 900	\$ 1,227,730
Other accrued expenses	1,026	-	1,026
Accounts payable construction	-	15,471	15,471
OPEB payable	309,461	-	309,461
Interest payable	-	179,570	179,570
Dormant checks	4,502	-	4,502
Current portion of long-term debt	495,552	1,407,394	1,902,946
Total current liabilities	2,037,371	1,603,335	3,640,706
Noncurrent liabilities:			
Leases payable	1,159,192	-	1,159,192
Compensated absences	612,335	-	612,335
Net pension liability	3,074,405	-	3,074,405
Long term debt	-	35,041,511	35,041,511
	4,845,932	35,041,511	39,887,443
Total non-current liabilities	4,845,932	35,041,511	39,887,443
Total liabilities	6,883,303	36,644,846	43,528,149
DEFERRED INFLOWS OF RESOURCES			
Unamortized bond premium	-	438,419	438,419
Differences between projected and actual investment earnings	2,886,949	-	2,886,949
Total deferred inflows of resources	2,886,949	438,419	3,325,368
NET POSITION			
Net investment in capital assets	6,974,160	4,103,863	11,078,023
Restricted	3,381,011	639,773	4,020,784
Unrestricted	943,377	(193,754)	749,623
Total net position	11,298,548	4,549,882	15,848,430
Total liabilities, deferred inflows of resources and net position	\$ 21,068,800	\$ 41,633,147	\$ 62,701,947

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Functions / Programs						
Primary government:						
Governmental activities:						
General government	\$ 17,968,686	\$ -	\$ -	\$ (17,968,686)	\$ -	\$ (17,968,686)
Public safety	10,150,820	4,148,556	711,958	(5,290,306)	-	(5,290,306)
Health and sanitation	210,111	-	-	(210,111)	-	(210,111)
Culture and recreation	1,140,944	-	-	(1,140,944)	-	(1,140,944)
Social services	112,000	-	-	(112,000)	-	(112,000)
Total governmental activities	<u>29,582,561</u>	<u>4,148,556</u>	<u>711,958</u>	<u>(24,722,047)</u>	<u>-</u>	<u>(24,722,047)</u>
Business type activities:						
Building Commission	<u>3,023,284</u>	<u>2,588,536</u>	<u>11,100</u>	<u>-</u>	<u>(423,648)</u>	<u>(423,648)</u>
Total primary government	<u>\$ 32,605,845</u>	<u>\$ 6,737,092</u>	<u>\$ 723,058</u>	<u>(24,722,047)</u>	<u>(423,648)</u>	<u>(25,145,695)</u>
General revenues:						
Ad valorem property taxes				18,381,861	-	18,381,861
Other taxes				1,985,150	-	1,985,150
Licenses and permits				136,822	-	136,822
Fines and forfeitures				823,671	-	823,671
Unrestricted investment earnings				34,224	62	34,286
Miscellaneous				<u>3,209,445</u>	<u>-</u>	<u>3,209,445</u>
Total general revenues				<u>24,571,173</u>	<u>62</u>	<u>24,571,235</u>
Decrease in net position				<u>(150,874)</u>	<u>(423,587)</u>	<u>(574,461)</u>
Net position, beginning , previously stated				16,622,890	4,973,469	21,596,359
GASB 68 Restatement, See Note III.E				<u>(5,173,468)</u>	<u>-</u>	<u>(5,173,468)</u>
Net position, beginning restated				<u>11,449,422</u>	<u>4,973,469</u>	<u>16,422,891</u>
Net position - ending				<u>\$ 11,298,548</u>	<u>\$ 4,549,882</u>	<u>\$ 15,848,430</u>

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015**

	Major Funds			Nonmajor Funds	Total
	General County Fund 001	Coal Severance Tax Fund 002	E-911 Fees Fund 019A	Governmental Funds	Governmental Funds
ASSETS					
Current:					
Cash and cash equivalents	\$ 5,958,462	\$ 514,088	\$ 920,626	\$ 2,073,453	\$ 9,466,629
Receivables:					
Taxes	<u>1,074,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074,404</u>
Total assets	<u>\$ 7,032,866</u>	<u>\$ 514,088</u>	<u>\$ 920,626</u>	<u>\$ 2,073,453</u>	<u>\$ 10,541,033</u>
 LIABILITIES					
Accounts payable	\$ 1,144,932	7,528	50,569	\$ 23,813	\$ 1,226,842
Other accrued expenses	-	-	-	1,026	1,026
OPEB payable	265,241	-	28,253	15,967	309,461
Due to:					
Dormant checks	<u>4,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,502</u>
Total liabilities	<u>1,414,675</u>	<u>7,528</u>	<u>78,822</u>	<u>40,806</u>	<u>1,541,831</u>
 DEFERRED INFLOWS OF RESOURCES					
Difference between projected and and actual investment earnings	2,886,949	-	-	-	2,886,949
Taxes	<u>666,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,144</u>
Total deferred inflows of resources	<u>3,553,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,553,093</u>
 Total liabilities and deferred inflows of resources	<u>2,080,819</u>	<u>7,528</u>	<u>78,822</u>	<u>40,806</u>	<u>2,207,975</u>
 FUND BALANCES					
Restricted	-	506,560	841,804	2,032,647	3,381,011
Committed	311,606	-	-	-	311,606
Assigned	635,591	-	-	-	635,591
Unassigned	<u>4,004,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,004,850</u>
Total fund balances	<u>4,952,047</u>	<u>506,560</u>	<u>841,804</u>	<u>2,032,647</u>	<u>8,333,058</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,032,866</u>	<u>\$ 514,088</u>	<u>\$ 920,626</u>	<u>\$ 2,073,453</u>	<u>\$ 10,541,033</u>

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

Total fund balances on the governmental fund's balance sheet.	\$		8,333,058
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets purchased in fund level statements are expensed when purchased and not reported as financial resources in the funds. In the government wide financial statements capital assets are capitalized and depreciated over their useful life. Therefore, capital assets purchased in fund level statements must be added to fund level statement at asset cost net of depreciation. This is the current value of capital assets net of depreciation as reported in the Statement of Net Position.</p>			8,628,904
<p>Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This is the amount of delinquent property taxes that was estimated to be collectable, but would be collected more than sixty days after the end of the fiscal year. Government wide financial statements are reported on a full accrual basis with no deferred revenues. This is the amount of taxes deferred in the fund level financial statements that is reported as revenue in the government wide financial statements.</p>			666,156
<p>Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level</p>			
<p>Deferred outflow - Changes in employer portion and differences between contributions and proportionate share of pension expense</p>	\$	388,736	
<p>Deferred outflow - Employer contributions to pension plan after measurement date</p>		1,510,127	
<p>Deferred inflow - Differences between projected and actual investment earnings</p>		<u>(2,886,949)</u>	(988,086)
<p>Compensated absences are not due and payable in the current period and therefore are not reported in fund level statements. In government wide financial statement, all measurable costs are report as expenses regardless of when they may be paid. This is the gross amount of compensated absences that was calculated as payable by county government as of the end of the current fiscal year.</p>			(612,335)
<p>The net pension liability is not due and payable in the current period and therefore not reported in the fund level statements.</p>			(3,074,405)
<p>Lease payments are reported in the fund level statements as current expenses when actually paid. In government wide financial statements, all future lease payments related to the purchase of capital assets are reported as debt against the capital asset value.</p>			<u>(1,654,744)</u>
<p>Net position of governmental activities</p>	\$		<u><u>11,298,548</u></u>

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Major Governmental Funds			Nonmajor Funds	Total
	General County Fund 001	Coal Severance Tax Fund 002	E-911 Fees Fund 019A	Governmental Funds	Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	\$ 18,610,119	\$ -	\$ -	\$ -	\$ 18,610,119
Other taxes	1,624,536	314,153	-	46,461	1,985,150
License and permits	-	-	-	136,822	136,822
Intergovernmental:					
Federal	169,889	-	-	213,198	383,087
State	150,843	-	-	178,028	328,871
Local	-	-	-	-	-
Charges for services	1,732,499	-	2,200,166	215,891	4,148,556
Fines and forfeits	279,443	-	-	544,228	823,671
Interest and investment earnings	27,989	1,026	2,126	3,083	34,224
Miscellaneous	2,228,372	32,050	22,126	926,897	3,209,445
Total revenues	24,823,690	347,229	2,224,418	2,264,608	29,659,945
EXPENDITURES					
General government	15,231,091	191,853	-	1,396,385	16,819,329
Public safety	7,622,439	375	2,086,654	905,462	10,614,930
Health and sanitation	206,006	4,105	-	-	210,111
Culture and recreation	1,140,944	-	-	-	1,140,944
Social services	112,000	-	-	-	112,000
Capital outlay	1,837,706	51,426	503,887	35,449	2,428,468
Total expenditures	26,150,186	247,759	2,590,541	2,337,296	31,325,782
Excess (deficit) of revenues over expenditures	(1,326,496)	99,470	(366,123)	(72,688)	(1,665,837)
FUND BALANCES:					
Fund balances - beginning	6,278,543	407,090	1,207,927	2,105,335	9,998,895
Fund balances - ending	\$ 4,952,047	\$ 506,560	\$ 841,804	\$ 2,032,647	\$ 8,333,058

See Accompanying Notes.

BERKELEY COUNTY, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds.	\$	(1,665,837)
Amounts reported for governmental activities in the statement of revenues, expenses and changes in net position are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of revenues, expenses and changes in net position, the cost of those assets are capitalized and depreciated over their estimated useful lives and reported as depreciation expense in the government wide financials. This is the amount of depreciation that was charged as an expense to the different governmental activities for the current fiscal year.		(846,131)
Governmental funds report capital outlay as expenditures. However, in the statement of revenues, expenses and changes in net position, the cost of those assets are capitalized and depreciated over their estimated useful lives. This is the amount reported as expenditures for capital assets in the current fiscal year.		2,428,468
Compensated absences liability is not reported in the governmental funds because it does not require the use of current resources. However, the liability for compensated absences are accrued in the government wide financial statements on a year to year basis. This is the increase in the amount of compensated absences for annual leave accrued as an expense in the current fiscal year in the government wide financial statements.		33,144
Lease payments are expensed when paid in fund level financial statements. However, assets obtained through a lease purchase agreement are capitalized and depreciated in the government wide financial statements. This is the gross amount of lease payments, including interest, that were expensed in the current fiscal year.		349,054
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Unavailable revenues decreased by this amount in current period.		(228,258)
Book value of assets which was disposed during the current year. This amount is considered as a loss on disposal for government wide financial statements.		(3,563)
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68.		
Amount of pension expenditures at fund modified accrual level	\$ 1,510,127	
Amount of pension expenses recognized at government-wide level	<u>(399,150)</u>	1,110,977
Current year capital leases acquired during the fiscal year that are considered as liabilities at government wide financial statements		<u>(1,328,728)</u>
Change in net position of governmental activities	\$	<u><u>(150,874)</u></u>

See Accompanying Notes.

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL COUNTY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original</u>	<u>Final Budget</u>	<u>Actual Modified Accrual Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES					
Taxes:					
Ad valorem property	\$ 18,752,204	\$ 18,752,204	\$ 18,610,119	\$ 18,610,119	\$ (142,085)
Other taxes	1,545,000	1,545,000	1,624,536	1,624,536	79,536
Intergovernmental:					
Federal	-	-	169,889	169,889	169,889
State	25,000	25,000	150,843	150,843	125,843
Charges for services	1,736,540	1,736,540	1,732,499	1,732,499	(4,041)
Fines and forfeits	336,000	336,000	279,443	279,443	(56,557)
Interest	24,000	24,000	27,989	27,989	3,989
Miscellaneous	1,639,775	3,480,780	2,228,372	2,228,372	(1,252,408)
Transfers	110,000	110,000	-	-	(110,000)
	<u>24,168,519</u>	<u>26,009,524</u>	<u>24,823,690</u>	<u>24,823,690</u>	<u>(1,185,834)</u>
EXPENDITURES					
General government	16,086,330	17,807,577	15,231,091	15,231,091	2,576,486
Public safety	8,572,409	8,552,903	7,622,439	7,622,439	930,464
Health and sanitation	209,256	209,325	206,006	206,006	3,319
Culture and recreation	1,178,524	1,178,524	1,140,944	1,140,944	37,580
Social services	113,000	113,000	112,000	112,000	1,000
Capital projects	509,000	2,440,646	1,837,706	1,837,706	602,940
	<u>26,668,519</u>	<u>30,301,975</u>	<u>26,150,186</u>	<u>26,150,186</u>	<u>4,151,789</u>
(Deficiency) of revenues over expenditures	(2,500,000)	(4,292,451)	(1,326,496)	(1,326,496)	2,965,955
Fund balances - beginning	<u>4,240,565</u>	<u>4,292,451</u>	<u>6,278,543</u>	<u>6,278,543</u>	<u>1,986,092</u>
Fund balances - ending	<u>\$ 1,740,565</u>	<u>\$ -</u>	<u>\$ 4,952,047</u>	<u>\$ 4,952,047</u>	<u>\$ 4,952,047</u>

See Accompanying Notes.

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original</u>	<u>Final Budget</u>	<u>Actual Modified Accrual Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES					
Taxes:					
Coal severance tax	\$ 244,308	\$ 244,308	\$ 314,153	\$ 314,153	\$ 69,845
Interest and investment	1,000	1,000	1,026	1,026	26
Refunds	-	78,000	-	-	(78,000)
Miscellaneous	-	-	32,050	32,050	32,050
	<u>245,308</u>	<u>323,308</u>	<u>347,229</u>	<u>347,229</u>	<u>23,921</u>
EXPENDITURES					
Current:					
General government	149,633	486,543	191,853	191,853	294,690
Public Safety	-	-	375	375	(375)
Health and Sanitation	-	-	4,105	4,105	(4,105)
Capital outlay	95,675	206,764	51,426	51,426	155,338
	<u>245,308</u>	<u>693,307</u>	<u>247,759</u>	<u>247,759</u>	<u>445,548</u>
Excess (deficiency) of revenues over (under) expenditures	-	(369,999)	99,470	99,470	469,469
Fund balances - beginning	-	419,647	407,090	407,090	(12,557)
Fund balances - ending	<u>\$ -</u>	<u>\$ 49,648</u>	<u>\$ 506,560</u>	<u>\$ 506,560</u>	<u>\$ 456,912</u>

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUND
AS OF JUNE 30, 2015**

	<u>Berkeley County Building Commission</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>2,187</u>
Restricted assets:	
Construction cash	2,181,214
Investments	<u>639,773</u>
Total restricted assets	<u>2,820,987</u>
Capital assets:	
Land	1,889,399
Buildings and equipment, net of accumulated depreciation of \$7,601,852	31,871,122
Construction work in progress	<u>4,922,793</u>
Total capital assets	<u>38,683,314</u>
Total assets	<u><u>41,506,488</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized bond discount	<u>126,659</u>
Total deferred outflows of resources	<u>126,659</u>
Total assets and deferred outflows of resources	<u><u>41,633,147</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	900
Accounts payable construction	15,471
Interest payable	179,570
Current portion of long-term debt	<u>1,407,394</u>
Total current liabilities	<u>1,603,335</u>
Noncurrent liabilities:	
Long-term debt	<u>35,041,511</u>
Total noncurrent liabilities	<u>35,041,511</u>
Total liabilities	<u><u>36,644,846</u></u>
DEFERRED INFLOWS OF RESOURCES	
Unamortized bond premium	<u>438,419</u>
Total deferred inflows of resources	<u>438,419</u>
NET POSITION	
Net investment in capital assets	4,103,863
Restricted	639,773
Unrestricted	<u>(193,754)</u>
Total net position	<u>4,549,882</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 41,633,147</u></u>

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Berkeley County Building Commission
Operating revenues:	
Lease income	\$ 2,588,536
Intergovernmental:	
Local	11,100
Total operating revenues	2,599,636
Operating expenses:	
Professional fees	11,100
Depreciation expense	992,700
Total operating expenses	1,003,800
Operating income	1,595,836
Other income (expenses):	
Interest income	62
Bank trustee fees	(3,920)
Bond issuance costs	(446,171)
Interest expense	(1,569,393)
Total other income (expenses)	(2,019,422)
Increase in net position	(423,587)
Net position at beginning of year	4,973,469
Net position at end of year	\$ 4,549,882

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Berkeley County Building Commission
Cash flows from operating activities:	
Cash received for leases	\$ 2,588,536
Cash received from intergovernmental contributions and grants - local	11,100
Cash paid to vendors	(11,100)
Net cash provided (used) by operating activities	2,588,536
Cash flows from investing activities:	
Investment income	62
Payments for land, buildings, and equipment	(748,114)
Increase in restricted assets	(2,215,072)
Net cash (used) in investing activities	(2,963,124)
Cash flows from capital and related financing activities:	
Proceeds from bond issuance	17,655,000
Principal paid on notes payable	(15,662,240)
Payments for bank trustee fees	(3,920)
Interest paid on revenue bonds	(1,614,248)
Net cash (used) in capital and related financing activities	374,592
Net increase in cash and cash equivalents	4
Cash and cash equivalents - beginning of year	2,183
Cash and cash equivalents - end of year	\$ 2,187
Reconciliation of operating income to net provided by Operating activities:	
Operating income	\$ 1,595,836
Adjustments to reconcile: operating income to net cash provided by operating activities	
Depreciation expense	992,700
Net cash provided by operating activities	\$ 2,588,536
Supplemental schedule of noncash investing and financing activities:	
Amortization of bond discount costs	\$ (7,652)
Amortization of bond premium	\$ 18,454
Financing of bond issuance costs	\$ (446,171)

See Accompanying Notes.

**BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2015**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>3,298,929</u>
Total assets	<u><u>3,298,929</u></u>
LIABILITIES	
Due to other governments	<u>3,298,929</u>
Total liabilities and net position	\$ <u><u>3,298,929</u></u>

See Accompanying Notes.

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The accompanying financial statements present the government and its component unit as required by generally accepted accounting principles. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued, and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the County.

Blended Component Unit

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

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

BERKELEY COUNTY, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 2015

Discretely Presented Component Units

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

Related Organizations

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

Name of Organization

Eastern WV Regional Airport
Berkeley County Emergency Ambulance Authority
Berkeley County Senior Services
Building Code Appeals Board
Berkeley County Building Permit Advisory Committee
Berkeley County Central Dispatch Advisory Committee
Berkeley County Deputy Sheriff's Civil Service Commission
Martinsburg-Berkeley County Convention and Visitor's Center
Berkeley County Development Authority
Berkeley County Eastern Panhandle Inland Port Coalition
Berkeley County Emergency Services Advisory Council
Berkeley County Fire Service Board
Berkeley County Health Department
Historic Landmark Commission
Martinsburg-Berkeley County Recreation Board
NEREMS, Inc.
Berkeley County Planning Commission
Berkeley County Public Service Sewer District
Metropolitan Planning Organization (MPO)
Work Force Investment Board (WIB)
Berkeley County Public Service Water District
Eastern Panhandle Regional Planning & Development Council Region 9
Berkeley County Solid Waste Authority
Berkeley County Board of Zoning Appeals
Berkeley County Roundhouse Authority
Berkeley County Farmland Preservation Board (BCFPB)
Berkeley County Dog Nuisance Appeal Board
WV Eastern Panhandle Transportation Authority
Local Emergency Planning Committee
Clean Air Task Force
Homeland Security
Eastern Panhandle Home Consortium Council
Jefferson County Community Criminal Justice Board
Public Defender Corporation

BERKELEY COUNTY, WEST VIRGINIA
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Martinsburg Berkeley County Public Library
Regional Water Resources Policy Commission (RWRPC)
Potomac Headwaters RC&D Council
Berkeley County Emergency Food and Shelter

B. Governmental-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and certain component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Combining financial statements for the non-major governmental funds are included as supplementary information.

C. Measurement Focus and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

BERKELEY COUNTY, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 2015

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties. The State Auditor's Office requires an annual budget be submitted for approval for this fund.

The *E-911 Fee Fund*, a special revenue fund, accounts for revenues and expenditures for fees charged to phone customers and remitted by the phone company to the County. Expenditures from this fund are restricted to those costs authorized and allowed by the Public Service Commission.

Additionally, the County reports the following fund types:

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

The agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the full accrual basis of accounting. These funds are used to account for assets that Berkeley County, West Virginia holds for others in an agency capacity.

The County reports the following major component unit:

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

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

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Deposits and Investments

Berkeley County, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

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

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

State statutes authorize the government to enter into agreements with the State Treasurer for the investment of monies. Authority is provided for investment in the Investment Management Board, the West Virginia Board of Treasury or the Municipal Bond Commission, or to invest such funds in the following classes of securities: Any investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §80a, the portfolio of which is limited: (i) To obligations issued by or guaranteed as to the payment of both principal and interest by the United States of America or its agencies or instrumentalities; and (ii) to repurchase agreements fully collateralized by obligations of the United States government or its agencies or instrumentalities: Provided, That the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian: Provided, however, That the investment company or investment trust is rated within one of the top two rating categories of any nationally recognized rating service such as Moody's or Standard & Poor's.

2. Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" and are considered current. Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Property Tax Receivable

Property taxes receivable were estimated to be \$1,074,404. The County estimated the deferred property taxes in the amount \$666,144.

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

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

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

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ -	13.95 cents
Class II	2,805,288,370	27.90 cents
Class III	1,447,487,606	55.80 cents
Class IV	427,929,555	55.80 cents

Note Receivable

Berkeley County signed a promissory note on June 11, 2012 to loan \$500,000 to the Berkeley County Development Authority for the purposes of purchasing land in Tabler Station Business Park. This note receivable was erroneously not previously reported on the County's financial statements. The note was paid in full on March 1, 2015, therefore no adjustment has been made in the current year to record the balance.

3. Inventories

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

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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4. Restricted Assets

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

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

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

5. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$2,500 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period. The County capitalized \$41,053 of interest expense for the year ended June 30, 2015.

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

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

BERKELEY COUNTY, WEST VIRGINIA
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6. Construction Work in Process

The construction-work-in-process consists of the Crawford Building which as 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 Council's intermediate plans consist of additional office and court room space for the 23rd Circuit Magistrate.

The Building Commission is in the construction phase for improvements, furnishings, and equipment of the Berkeley County 911 Dispatch facilities located at 802 Emmett Rousch 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 \$964,796 was capitalized as of the balance sheet date.

7. Compensated Absences

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

Years of Service	Vacation Benefits per Month
0 to 5	1.25 days
5 to 10	1.50 days
10 to 15	1.75 days
15 and over	2.00 days

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

	<u>FYE 6/30/14</u>	<u>FYE 6/30/15</u>	<u>Decrease</u>
Annual leave	<u>\$645,467</u>	<u>\$612,323</u>	<u>\$(33,144)</u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

8. Long-term Obligations

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

9. Deferred Outflows/inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

10. Fund Balances/Net Position

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

Nonspendable	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through contributinal provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the County Commission, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government does not have any committed fund balance this fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the County Commission authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

The Council is the County's highest level of decision-making authority. The Council would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The County has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Council has the authority to deviate from this policy if it is in the best interest of the County.

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

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position – consists of net position with constraints placed on their use of either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The County’s policy is to first apply restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available.

11. 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.

12. Pensions

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

13. Change in Accounting Principle

During fiscal year 2015, the County adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this statement is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The State of West Virginia requires annual budgets to be adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

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

No formal budget is required for the E-911 Fund, thus no budget to actual comparison schedules are included in these financial statements.

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

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest Rate Risk

The County does not have a policy for interest rate risk.

Credit Risk

State law limits investments as described in Note I.D.1. The County does not have a policy for credit risk in addition to state regulations.

Concentration of Credit Risk

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

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Custodial Credit Risk

Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a policy for custodial credit risk; however, WV State Code 7-6-2 requires the County Council to request and approve a bond with good and sufficient sureties payable to the State of West Virginia, in a sum as the County Council shall direct, and which may not be less than the maximum sum that is deposited in the depository at any one time. As of June 30, 2015, the County reported deposits of \$9,667,498; of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$9,417,498 was collateralized by one or more "Irrevocable Standby Letters of Credit" issued by Federal Home Loan Bank of Pittsburgh, PA., for its member MVB Bank, Inc., the County's Depository.

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>Credit Rating</u>
Federal U.S. Treasury Cash Reserves	Daily	\$2,820,987	AAA S&P

B. Receivables

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

	<u>General</u>
Receivables:	
Taxes, Net	<u>\$ 1,074,404</u>
Net Total Receivables	<u><u>\$ 1,074,404</u></u>

Governmental funds report deferred revenues in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>General</u>
Deferred tax revenue	<u>\$666,144</u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

C. Capital Assets

Primary Government:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 850,602	\$ -	\$ -	\$ 850,602
Construction in progress	1,932,810	-	-	1,932,810
Total capital assets not being depreciated	<u>2,783,412</u>	<u>-</u>	<u>-</u>	<u>2,783,412</u>
Capital assets being depreciated:				
Buildings	3,463,868	725,000	-	4,188,868
Improvements	1,744,287	-	-	1,744,287
Equipment	10,560,225	1,703,468	(1,128,871)	11,134,822
Less: Total accumulated depreciation	<u>(11,501,662)</u>	<u>(846,131)</u>	<u>1,125,308</u>	<u>(11,222,485)</u>
Total capital assets being depreciated, net	<u>4,266,718</u>	<u>1,582,337</u>	<u>(3,563)</u>	<u>4,101,205</u>
Governmental activities capital assets, net	<u>\$ 7,050,130</u>	<u>\$ 1,582,337</u>	<u>\$ (3,563)</u>	<u>\$ 8,628,904</u>

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

Governmental activities:	
General government	\$ 479,934
Public safety	328,837
Health and sanitation	12,975
Social services	<u>24,385</u>
Total depreciation expense - governmental activities	<u>\$ 846,131</u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Blended Component Unit – Berkeley County Building Commission:

A summary of changes in Capital Assets for the fiscal year ended June 30, 2015 and the changes in capital asset values based on current and prior year depreciation allowances are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 1,889,399	\$ -	\$ -	\$ 1,889,399
Buildings, improvements, and equipment	39,472,974	-	-	39,472,974
Construction in progress, capitalized interest	-	41,053	-	41,053
Construction in progress	4,159,208	722,532	-	4,881,740
Totals	<u>45,521,581</u>	<u>763,585</u>	<u>-</u>	<u>46,285,166</u>

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

	Beginning Balance	Accumulated Depreciation		Ending Balance
		Prior Years	Current Year	
Land	\$ 1,889,399	\$ -	\$ -	\$ 1,889,399
Buildings, improvements, and equipment	39,472,974	6,609,152	992,700	31,871,122
Construction in progress, capitalized interest	41,053	-	-	41,053
Construction in progress	4,881,740	-	-	4,881,740
Totals	<u>46,285,166</u>	<u>6,609,152</u>	<u>992,700</u>	<u>38,683,314</u>

D. Long-term Debt

Governmental Activities:

Capital Leases

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

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

The total of principal and interest due on leases during future years are as follows:

Due in fiscal year ending June 30, 2016	\$ 495,552
Due in fiscal year ending June 30, 2017	158,018
Due in fiscal year ending June 30, 2018	146,497
Due in fiscal year ending June 30, 2019	122,096
Due in fiscal year ending June 30, 2020	122,097
Due in fiscal years ending June 30, 2021 - 2025	<u>610,484</u>
Total minimum lease payments	1,654,744
Less amount representing interest	<u>168,760</u>
Present value of minimum lease payments	<u><u>\$1,485,984</u></u>

Changes in General Long-term Liabilities, Governmental Activities:

	Beginning Balance 7/1/14	Current Additions	Current Reductions	Ending Balance 6/30/15	Due Within One Year
Capital leases	\$675,070	\$1,328,728	\$349,054	\$1,654,744	\$495,552
Net Pension Liability	6,632,247	-	3,557,842	3,074,405	-
Annual Leave	645,467	-	33,132	612,335	-
Total	<u>\$7,952,784</u>	<u>\$1,328,728</u>	<u>\$3,940,028</u>	<u>\$5,341,484</u>	<u>\$495,552</u>

Building Commission, a Blended Component Unit Lease Revenue Bonds:

The Building Commission had the following long-term debt outstanding at June 30, 2015:

- | | | |
|---|--|-------------|
| 1 | Series 2005 lease revenue bonds, original face value of \$9,800,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning December 1, 2005 at 3.25% and increasing to 5.55% interest and concluding December 1, 2035, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center. | \$8,005,000 |
| 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 in 2007 at 4.77% and concluding 2037, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center. | 4,450,000 |
| 3 | Series 2009 lease revenue bonds, original face value of \$1,500,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning December 2010 at 4.75% and increasing to 5.50% interest and concluding December 1, 2029, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center. | 1,245,000 |
| 4 | Series 2011 lease revenue bonds, in the principal amount of \$5,500,000 with interest 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. | 5,093,905 |

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

5	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, 2015 at 3.0% and increasing to 4.0% interest and concluding September 1, 2033, issued to refinance the 2004B lease revenue bonds.	7,290,000
6	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, 2015 at 3.0% increasing to 5.0% interest and concluding December 1, 2029, issued to refinance the 2004A lease revenue bonds.	7,365,000
7	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, 2015 at 1.3% and increasing to 3.35% interest and concluding December 1, 2034, issued to provide funding for the construction of the Berkeley County 911 Dispatch facilities.	3,000,000
	Total long term debt	\$36,448,905

Total debt service requirements for the Berkeley County Building Commission is as follows:

	Principal	Interest	Total
Due in fiscal year ending June 30, 2016	\$ 1,407,394	\$ 1,325,845	\$ 2,733,239
Due in fiscal year ending June 30, 2017	1,458,319	1,277,679	2,735,998
Due in fiscal year ending June 30, 2018	1,519,442	1,234,606	2,754,048
Due in fiscal year ending June 30, 2019	1,545,770	1,193,292	2,739,062
Due in fiscal year ending June 30, 2020	1,592,308	1,140,161	2,732,469
Due in fiscal years ending June 30, 2021 - 2025	8,882,529	4,810,268	13,692,797
Due in fiscal years ending June 30, 2026 - 2030	10,497,051	3,002,834	13,499,885
Due in fiscal years ending June 30, 2031 - 2035	8,217,195	1,137,339	9,354,534
Due in fiscal years ending June 30, 2036 - 2037	1,328,896	53,777	1,382,673
Total	\$36,448,905	\$15,175,801	\$51,624,706

Changes in General Long-term Liabilities, Building Commission-Blended Component Units:

	Beginning Balance 7/1/14	Current Additions	Current Reductions	Ending Balance 6/30/15	Due Within One Year
Revenue Bonds Payable	\$34,456,145	\$17,655,000	\$15,662,240	\$36,448,905	\$1,407,394

E. Prior Period Adjustment

The following restatement was performed to net position at the beginning of the year due to the adoption of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions:

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

	Governmental Activities
Net position, as previously stated	\$16,662,890
Deferred outflow of resources-employer contributions made during measurement period	1,458,779
Net Pension Liability	(6,632,247)
Net position, restated	\$11,489,422

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County is insured with the West Virginia Counties Group, Self Insurance Risk Pool (WVCoRP).

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County's counsel, as of June 30, 2015, was not aware of pending or threatened litigation that would have a material effect on the financial condition of the County if judgement was rendered against the County.

C. Deferred Compensation Plan

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

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

D. Other Post Employment Benefits (OPEB)

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

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

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information, and Funding Policies

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

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

Public Employees' Retirement System (PERS)

Eligibility to participate	All county full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
County's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contribution service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

West Virginia Deputy Sheriff Retirement System (WVDRS)

Eligibility to participate	West Virginia deputy sheriffs first employed after the effective date and any deputy sheriffs hired prior to the effective date who elect to become members.
Authority establishing contribution obligations and benefit provisions	State Statute
Funding policy and contributions	Certain fees for reports generated by sheriffs offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 12.5%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature.
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contribution service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (five highest consecutive years in the last 10) times the years of service times 2.25% equals the annual retirement benefit.
Deferred retirement option	No deferred retirement option is available.
Provisions for cost of living adjustments or death benefits.	This plan has no provisions for cost of living adjustments. There are provisions for death benefits.

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Trend Information

Fiscal Year	Public Employees Retirement System (PERS)		West Virginia Public Sheriff Retirement System (WVDRS)	
	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2015	\$ 1,555,409	100%	\$ 559,542	100%
2014	\$ 1,486,951	100%	\$ 553,439	100%
2013	\$ 1,332,356	100%	\$ 485,311	100%

PERS and WVDRS issue a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

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

At fiscal year end, the County reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 using the actuarial assumptions and methods described in the appropriate section of this note. The County's portion of the net pension liabilities was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the County reported the following proportions and increases/decreases from its proportion measured as of June 30, 2013:

	PERS	DSRS
Amount for proportionate share of net pension liability	\$2,156,891	\$917,514
Percentage for proportionate share of net pension liability	0.584401%	5.380697%
Increase/(decrease)% from prior portion measured	-8.606956%	-4.393707%

For the year ended June 30, 2015, the County recognized the following government-wide pension expense:	\$344,547	\$54,603
--	-----------	----------

The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Public Employees Retirement System (PERS)	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$2,281,620
Changes in proportion and differences between government contributions and proportionate share of contributions	323,326	-
County contributions subsequent to the measurement date	1,177,066	-
	<u>\$1,500,392</u>	<u>\$2,281,620</u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

The amount reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ 471,529
2017	471,529
2018	471,529
2019	543,707
	<u>\$1,958,294</u>

Deputy Sheriffs' Retirement System (DSRS)	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$605,329
Changes in proportion and differences between government contributions and proportionate share of contributions	65,410	-
County contributions subsequent to the measurement date	<u>333,061</u>	<u>-</u>
	<u>\$398,471</u>	<u>\$605,329</u>

The amount reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$131,329
2017	131,329
2018	131,329
2019	145,932
	<u>\$539,919</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 for all plans, using the following actuarial assumptions, applied to all pensions included in the measurement.

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Public Employee Retirement System

Actuarial assumptions:

Inflation rate	2.20%
Salary increases	4.25% - 6.0%
Investment Rate of Return	7.5%

Mortality Rates:

- Heathy males – 1983 GAM
- Healthy females – 1971 GAM
- Disabled males – 1971 GAM
- Disabled females – Revenue ruling 96-7

The actuarial assumptions used in the July 1, 2013 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2009.

Deputy Sheriffs' Retirement System

Actuarial assumptions:

Inflation rate	2.20%
Salary increases	5.0% for the first 2 years of service 4.5% for next 3 years of service 4.0% for next 5 years of service 3.5% thereafter
Investment Rate of Return	7.5%

Mortality rates were based on the RP-2000 Non-annuitant mortality table, scale BB; Retired and disabled RP2000 healthy annuitant mortality table scale BB.

The actuarial assumptions used in the July 1, 2013 DSRS valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011.

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

<u>Investment</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>PERS Target Allocation</u>	<u>DSRS Target Allocation</u>
US Equity (Russell 3000)	7.6%	27.5%	27.5%
International Equity (ACWI ex US)	8.5%	27.5%	27.5%
Fixed Income	2.9%	15.0%	15.0%
High Yield	4.8%	0.0%	0.0%
TPS	2.9%	0.0%	0.0%
Real Estate	6.8%	10.0%	10.0%
Private Equity	9.9%	10.0%	10.0%
Hedge Funds	5.0%	10.0%	10.0%
Inflation (CPI)	2.2%	0.0%	0.0%
		100.0%	100.0%

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

Discount rate.

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

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1 – percentage-point lower (6.5 percent) or 1 – percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
County’s proportionate share of PERS net pension liability	\$6,094,438	\$2,156,891	\$(1,198,390)
County’s proportionate share of DSRS net pension liability	\$2,267,295	\$917,514	\$(197,048)

Pension plan fiduciary net position.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued West Virginia Consolidated Public Retirement Board Comprehensive Annual Financial Report. That report can be obtained by visiting the West Virginia Consolidated Public Retirement Board at www.wvretirement.com.

VI. SUBSEQUENT EVENTS

In September 2015, Proctor & Gamble broke ground on a \$500 million manufacturing facility in the County. This is expected to create 700 new jobs by 2019. The facility itself and the long-term residential growth will result in increased property tax revenues for the County.

In September 2015, the Berkeley County Building Commission issued Series 2015 Lease Revenue Refunding Bonds in the amount of \$9,340,000 to refund the Series 2005 and 2009 Bonds. The 2015 Bonds will mature no later than December 1, 2035 and the average interest rate is not to exceed 5% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

BERKELEY COUNTY, WEST VIRGINIA
SCHEDULES OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015

Public Employees Retirement System

Last 2 Fiscal Years

	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.584401%	0.538088%
Government's proportion of the net pension liability (asset)	\$ 2,156,891	\$ 4,905,372
Government's covered-employee payroll	\$ 8,407,616	\$ 7,826,058
Government's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	25.65%	62.68%
Plan fiduciary net position as a percentage of the total pension liability	93.98%	79.70%

West Virginia Deputy Sheriff Retirement System

Last 2 Fiscal Years

	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	5.380897%	5.154235%
Government's proportion of the net pension liability (asset)	\$ 917,514	\$ 1,726,875
Government's covered-employee payroll	\$ 2,664,486	\$ 2,574,135
Government's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	34.43%	67.09%
Plan fiduciary net position as a percentage of the total pension liability	90.52%	80.20%

**BERKELEY COUNTY, WEST VIRGINIA
SCHEDULES OF THE COUNTY'S CONTRIBUTIONS
JUNE 30, 2015**

Public Employees Retirement System

Last 5 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,177,066	\$ 1,134,778	\$ 956,564	\$ 1,034,534	\$ 852,636
Contributions in relation to the contractually required contribution	<u>(1,177,066)</u>	<u>(1,134,778)</u>	<u>(956,564)</u>	<u>(1,034,534)</u>	<u>(852,636)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,407,616	\$ 7,826,058	\$ 6,832,600	\$ 7,134,716	\$ 6,821,088
Contributions as a percentage of covered-employee payroll	14.00%	14.50%	14.00%	14.50%	12.50%

West Virginia Deputy Sheriff Retirement System

Last 5 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 333,061	\$ 334,638	\$ 293,444	\$ 300,267	\$ 220,540
Contributions in relation to the contractually required contribution	<u>(333,061)</u>	<u>(334,638)</u>	<u>(293,444)</u>	<u>(300,267)</u>	<u>(220,540)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,664,486	\$ 2,574,135	\$ 2,257,260	\$ 2,309,749	\$ 2,100,380
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	10.50%

SUPPLEMENTARY INFORMATION

**BERKELEY COUNTY, WEST VIRGINIA
BUDGETARY COMPARISON SCHEDULE -
ASSESSOR'S VALUATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			
REVENUES:					
Charges for Services	\$ 184	\$ 184	\$ 4	\$ 4	\$ (180)
Miscellaneous	863,570	863,570	924,687	924,687	61,117
Interest	<u>1,136</u>	<u>1,136</u>	<u>1,054</u>	<u>1,054</u>	<u>(82)</u>
Total revenues	<u>864,890</u>	<u>\$ 864,890</u>	<u>925,745</u>	<u>925,745</u>	<u>60,855</u>
EXPENDITURES:					
General government	991,183	991,183	906,396	906,396	84,787
Capital outlay	<u>205,760</u>	<u>205,760</u>	<u>-</u>	<u>-</u>	<u>205,760</u>
Total expenditures	<u>1,196,943</u>	<u>1,196,943</u>	<u>906,396</u>	<u>906,396</u>	<u>290,547</u>
Excess (deficiency) of revenues over (under) expenditures	(332,053)	(332,053)	19,349	19,349	351,402
Fund balances - beginning	<u>332,053</u>	<u>332,053</u>	<u>369,390</u>	<u>369,390</u>	<u>37,337</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,739</u>	<u>\$ 388,739</u>	<u>\$ 388,739</u>

ACCOMPANYING INFORMATION



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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

Berkeley County Council
400 W. Stephen Street, Suite 201
Martinsburg, West Virginia 25401

To the County Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berkeley County Council, West Virginia, (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report dated January 25, 2016, wherein we issued an adverse opinion on aggregate discretely presented component units because the financial statements do not include financial data for all of the County's legally separate component units and wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. Our report refers to other auditors who audited the financial statements of the Berkeley County Building Commission as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
January 25, 2016