

**AUDIT REPORT OF
TYLER COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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TYLER COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

**TYLER COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Emergency Communication 911

NONMAJOR FUNDS

Special Revenue Funds

Dog and Kennel
General School
Magistrate Court
Worthless Check
Home Confinement
EMS Levy
Enhanced E-911
Concealed Weapons
Assessor's Valuation
Jury & Witness
Special Law Enforcement
Tyler County Building Commission

FIDUCIARY FUND TYPE

Agency Funds

State
School
Municipal
Other Agency

DISCRETELY PRESENTED COMPONENT UNITS

Tyler County Development Authority

BLENDED COMPONENT UNITS

Tyler County Building Commission

**TYLER COUNTY, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Page(s)</u>
Introductory Section	
County Officials.	1
Financial Section	
Independent Auditor's Report.	2-5
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position.	6-7
Statement of Activities	8
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.	9
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coal Severance Tax Fund	14
Statement of Fiduciary Net Position - Fiduciary Funds.	15
<i>Notes to the Financial Statements.</i>	16-37
Required Supplementary Information	
Schedules of the Government's Proportionate Share of the Net Pension Liability.	38-39
Schedules of Government Contributions.	40-41
Notes to Required Supplementary Information.	42-43

**TYLER COUNTY, WEST VIRGINIA
TABLE OF CONTENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Page(s)</u>
Supplementary Information	
Budgetary Comparison Schedule - Assessor's Valuation Fund	44
Accompanying Information	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-47
Schedule of Findings and Responses	48-50
Summary Schedule of Prior Audit Findings	51

INTRODUCTORY SECTION

**TYLER COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2017**

OFFICE	NAME	TERM
	<u>Elective</u>	
County Commission:	Eric Vincent	01-01-11 / 12-31-16 01-01-17 / 12-31-22
	Charles A. Smith	01-01-13 / 12-31-18
	John F. Stender	01-01-15 / 12-31-20
Clerk of the County Commission:	Teresa Hamilton	01-01-11 / 12-31-16
	Neil A Archer, II	01-01-17 / 12-31-22
Clerk of the Circuit Court:	Candy Warner	01-01-11 / 12-31-16 01-01-17 / 12-31-22
Sheriff:	Earl P. Kendle, Jr.	01-01-13 / 12-31-16
	Brian M. Weigle	01-01-17 / 12-31-20
Prosecuting Attorney:	D. Luke Furbee	01-01-13 / 12-31-16 01-01-17 / 12-31-20
Assessor:	Jackson Hayes	01-01-13 / 12-31-16 01-01-17 / 12-31-20

FINANCIAL SECTION



State of West Virginia

John B. McCuskey

**State Auditor and
Chief Inspector**

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Chief Inspector Division
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INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Tyler County Commission
Middlebourne, West Virginia 26149

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tyler County, West Virginia (the County), as of and for the year ended June 30, 2017, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Tyler County Development Authority, which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Tyler County Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tyler County, West Virginia, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of the Government's Proportionate Share of the Net Pension Liability and the Schedules of Government Contributions on pages 38-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The budgetary comparison for the Assessor's Valuation Fund and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

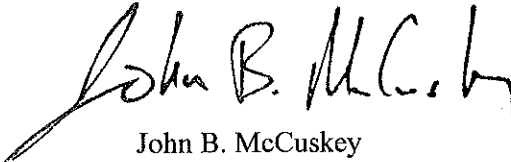
The budgetary comparison for the Assessor's Valuation Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Respectfully submitted,



John B. McCuskey
West Virginia State Auditor
Charleston, West Virginia

August 17, 2019

TYLER COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2017

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Development Authority
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,061,187	\$ 363,835
Receivables:		
Taxes	154,457	--
Noncurrent assets:		
Capital assets:		
Nondepreciable:		
Land	193,766	2,390,800
Construction in progress	--	200,000
Intangibles	290,691	--
Depreciable:		
Buildings	992,484	116,537
Structures and improvements	918,708	--
Infrastructure	--	1,656,050
Machinery and equipment	2,936,708	--
Less: accumulated depreciation	(2,651,161)	(312,477)
 Total assets	 7,896,840	 4,414,745
 DEFERRED OUTFLOWS		
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,810	--
Employer contributions subsequent to measurement period	253,896	--
Difference between expected and actual experience	96,616	--
Net difference between projected and actual investment earnings on pension plan investments	372,965	--
 Total deferred outflows of resources	 791,287	 --
 LIABILITIES		
Current liabilities payable		
from current assets:		
Accounts payable	35,649	--
OPEB payable	1,107,019	--
Noncurrent liabilities:		
Loans payable - due within one year	--	144,697
Loans payable - due in more than one year	--	2,187,889
Net pension liability	1,243,509	--
Compensated absences payable	51,754	--
 Total liabilities	 2,437,931	 2,332,586

TYLER COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2017

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Development Authority</u>
DEFERRED INFLOWS		
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 17,610	\$ --
Deferred difference in assumptions	<u>44,567</u>	<u>--</u>
Total deferred inflows of resources	<u>62,177</u>	<u>--</u>
NET POSITION		
Net investment in capital assets	2,681,196	1,718,324
Restricted for:		
Public safety	381,393	--
Unrestricted	<u>3,125,430</u>	<u>363,835</u>
Total net position	<u>\$ 6,188,019</u>	<u>\$ 2,082,159</u>

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

TYLER COUNTY, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

	Program Revenues				Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Development Authority
Functions / Programs						
Primary government:						
Governmental activities:						
General government	\$ 2,974,636	\$ 671,496	\$ --	\$ --	\$ (2,303,140)	
Public safety	1,767,253	494,159	113,482	--	(1,159,612)	
Health and sanitation	22,703	--	--	--	(22,703)	
Administrative and general	--	8,836	--	--	8,836	
Culture and recreation	14,543	--	--	--	(14,543)	
Total primary government	\$ 4,779,135	\$ 1,174,491	\$ 113,482	\$ --	(3,491,162)	
Component units:						
Development Authority	256,544	269,916	75,000	999,360	--	\$ 1,087,732
Total component units	\$ 256,544	\$ 269,916	\$ 75,000	\$ 999,360	--	1,087,732
General revenues:						
Ad valorem property taxes					3,715,729	--
Alcoholic beverages tax					1,431	--
Animal tax					3,767	--
Gas and oil severance tax					384,553	--
Other taxes					278,452	--
Coal severance tax					13,730	--
Licenses and permits					6,355	--
Unrestricted investment earnings					3,202	989
Refunds					44,088	--
Reimbursement					223	--
Contributions from other entities					4,975	--
Miscellaneous					141,978	--
Total general revenues					4,598,483	989
Change in net position					1,107,321	1,088,721
Net position - beginning					5,080,698	993,438
Net position - ending					\$ 6,188,019	\$ 2,082,159

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

TYLER COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	General	Coal Severance	Emergency Communication 911	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS					
Assets:					
Current:					
Cash and cash equivalents	\$ 4,387,978	\$ 3,902	\$ 268,038	\$ 401,269	\$ 5,061,187
Receivables:					
Taxes	149,487	--	--	4,970	154,457
Total assets and deferred outflows of resources	\$ 4,537,465	\$ 3,902	\$ 268,038	\$ 406,239	\$ 5,215,644
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	32,497	--	164	2,988	35,649
OPEB payable	822,234	--	241,906	42,879	1,107,019
Total liabilities	854,731	--	242,070	45,867	1,142,668
Deferred Inflows:					
Unavailable revenue - taxes	122,677	--	--	4,861	127,538
Total deferred inflows of resources	122,677	--	--	4,861	127,538
Fund balances:					
Restricted	--	--	25,968	359,772	385,740
Assigned	3,560,057	3,902	--	--	3,563,959
Unassigned	--	--	--	(4,261)	(4,261)
Total fund balances	3,560,057	3,902	25,968	355,511	3,945,438
Total liabilities, deferred inflows and fund balances	\$ 4,537,465	\$ 3,902	\$ 268,038	\$ 406,239	\$ 5,215,644

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

TYLER COUNTY, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total fund balances on the governmental fund's balance sheet	\$ 3,945,438
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note III.C.)	2,681,196
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note III.B.)	127,538
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III.F.)	(1,295,263)
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:	
Deferred outflow (inflow) - Changes in employer portion and differences between contributions and proportionate share of pension expense. (Note V.)	50,200
Deferred outflow (inflow) - Employer contributions to pension plan after measurement date. (Note V.)	253,896
Deferred outflow (inflow) - Differences between projected and actual investment earnings. (Note V.)	372,965
Deferred outflow (inflow) - Differences between expected and actual experience. (Note V.)	96,616
Deferred outflow (inflow) - Difference in assumptions. (Note V.)	<u>(44,567)</u>
Net position of governmental activities	<u><u>\$ 6,188,019</u></u>

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

TYLER COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General	Coal Severance	Emergency Communication 911	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	\$ 3,755,071	\$ --	\$ --	\$ 14,567	\$ 3,769,638
Alcoholic beverages tax	1,431	--	--	--	1,431
Animal tax	--	--	--	3,767	3,767
Gas and oil severance tax	384,553	--	--	--	384,553
Other taxes	146,571	--	--	131,881	278,452
Coal severance tax	--	13,730	--	--	13,730
Licenses and permits	30	--	--	6,325	6,355
Intergovernmental:					
Federal	35,940	--	--	--	35,940
State	77,542	--	--	--	77,542
Charges for services	635,484	--	457,814	42,500	1,135,798
Fines and forfeits	5,246	--	--	33,447	38,693
Interest and investment earnings	2,941	2	221	38	3,202
Refunds	44,059	--	--	29	44,088
Reimbursements	--	--	223	--	223
Contributions and donations	4,975	--	--	--	4,975
Miscellaneous	132,068	--	--	9,910	141,978
Total revenues	5,225,911	13,732	458,258	242,464	5,940,365
EXPENDITURES					
Current:					
General government	2,910,025	22,174	--	139,443	3,071,642
Public safety	1,267,121	--	441,561	178,752	1,887,434
Health and sanitation	19,091	--	--	--	19,091
Culture and recreation	13,000	--	--	--	13,000
Total expenditures	4,209,237	22,174	441,561	318,195	4,991,167
Excess (deficiency) of revenues over expenditures	1,016,674	(8,442)	16,697	(75,731)	949,198
OTHER FINANCING SOURCES (USES)					
Transfers in	27,106	1,586	--	--	28,692
Transfers (out)	(1,586)	--	--	(27,106)	(28,692)
Total other financing sources (uses)	25,520	1,586	--	(27,106)	--
Net change in fund balances	1,042,194	(6,856)	16,697	(102,837)	949,198
Fund balances - beginning	2,517,863	10,758	9,271	458,348	2,996,240
Fund balances - ending	\$ 3,560,057	\$ 3,902	\$ 25,968	\$ 355,511	\$ 3,945,438

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

TYLER COUNTY, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$	949,198
Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year. (Note III.C.)		563,600
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note III.C.)		(297,999)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note III.C.)		(77,629)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year unavailable/unearned revenues. (Note III.B.)		(53,669)
Prior year unavailable/unearned revenues:	181,207	
Current year unavailable/unearned revenues:	127,538	
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68. (Note V.)		
Amount of pension expenditures at fund level.		253,896
PERS: <u>176,952</u>		
DSRS: <u>76,944</u>		
Amount of pension expenses recognized at government-wide level.		(218,838)
PERS: <u>(172,413)</u>		
DSRS: <u>(46,425)</u>		
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note III.F.)		(11,238)
Change in net position of governmental activities	\$	<u><u>1,107,321</u></u>

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

TYLER COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 3,671,954	\$ 3,671,954	\$ 3,755,071	\$ (4,870)	\$ 3,750,201	\$ 78,247
Alcoholic beverages tax	--	--	1,431	--	1,431	1,431
Gas and oil severance tax	500,000	500,000	384,553	--	384,553	(115,447)
Other taxes	85,000	85,000	146,571	--	146,571	61,571
Licenses and permits	--	--	30	--	30	30
Intergovernmental:						
Federal	--	43,920	35,940	--	35,940	(7,980)
State	--	9,600	77,542	--	77,542	67,942
Charges for services	391,000	391,000	626,648	--	626,648	235,648
Fines and forfeits	10,100	10,100	5,246	--	5,246	(4,854)
Interest and investment earnings	500	500	2,941	(1,616)	1,325	825
Refunds	35,000	35,873	44,059	--	44,059	8,186
Contributions and donations	--	--	4,975	--	4,975	4,975
Miscellaneous	137,500	194,373	140,904	--	140,904	(53,469)
Total revenues	4,831,054	4,942,320	5,225,911	(6,486)	5,219,425	277,105
EXPENDITURES						
Current:						
General government	3,746,006	6,259,300	2,910,025	315,754	3,225,779	3,033,521
Public safety	1,059,048	1,424,508	1,267,121	--	1,267,121	157,387
Health and sanitation	27,000	27,000	19,091	--	19,091	7,909
Culture and recreation	14,000	14,000	13,000	--	13,000	1,000
Total expenditures	4,846,054	7,724,808	4,209,237	315,754	4,524,991	3,199,817
Excess (deficiency) of revenues over expenditures	(15,000)	(2,782,488)	1,016,674	(322,240)	694,434	3,476,922
OTHER FINANCING SOURCES (USES)						
Transfers in	15,000	15,000	27,106	--	27,106	12,106
Transfers (out)	--	--	(1,586)	--	(1,586)	(1,586)
Total other financing sources (uses)	15,000	15,000	25,520	--	25,520	10,520
Net change in fund balance	--	(2,767,488)	1,042,194	(322,240)	719,954	3,487,442
Fund balance - beginning	--	2,767,488	2,517,863	249,626	2,767,489	1
Fund balance - ending	\$ --	\$ --	\$ 3,560,057	\$ (72,614)	\$ 3,487,443	\$ 3,487,443

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

TYLER COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Coal severance tax	\$ 31,218	\$ 31,218	\$ 13,730	\$ (17,488)
Interest and investment earnings	--	--	2	2
Total revenues	<u>31,218</u>	<u>31,218</u>	<u>13,732</u>	<u>(17,486)</u>
EXPENDITURES				
Current:				
General government	<u>31,218</u>	<u>43,562</u>	<u>22,174</u>	<u>21,388</u>
Total expenditures	<u>31,218</u>	<u>43,562</u>	<u>22,174</u>	<u>21,388</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>(12,344)</u>	<u>(8,442)</u>	<u>3,902</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>--</u>	<u>1,586</u>	<u>1,586</u>	<u>--</u>
Total other financing sources (uses)	<u>--</u>	<u>1,586</u>	<u>1,586</u>	<u>--</u>
Net change in fund balance	<u>--</u>	<u>(10,758)</u>	<u>(6,856)</u>	<u>3,902</u>
Fund balance - beginning	<u>--</u>	<u>10,758</u>	<u>10,758</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,902</u>	<u>\$ 3,902</u>

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

TYLER COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Non-pooled cash	\$ <u>441,012</u>
Total cash	<u>441,012</u>
Receivables:	
Taxes	<u>509,251</u>
Total receivables	<u>509,251</u>
Total assets	\$ <u><u>950,263</u></u>
LIABILITIES	
Due to: other governments	<u>950,263</u>
Total liabilities	\$ <u><u>950,263</u></u>

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

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Tyler 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

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

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

Blended Component Unit

The entity below is legally separate from the County and meets GASB criteria for component units. This entity is blended with the primary government because it provides services entirely or almost entirely to the County.

The *Tyler County Building Commission* serves Tyler County, West Virginia, and is governed by a board comprised of three members appointed by the County Commission for a term of five years each. The Building Commission acquires property and debt on behalf of the County.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Discretely Presented Component Unit

Discretely presented component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Because of the nature of services they provide and the County's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement No. 39 and GASB Statement No. 61). The discretely presented component units are presented on the government-wide statements.

The *Tyler County Development Authority* serves Tyler County, West Virginia, and is governed by a board comprised of five members appointed by the County Commission for a term of three years each. The Tyler County Development Authority was created to promote, develop and advance the business prosperity and economic welfare of the county and also provides services to external parties.

Complete financial statements for each of the individual component units can be obtained at the entity's administrative offices.

Jointly Governed Organizations

The County, in conjunction with the Wetzel County Commission has created the Wetzel-Tyler Board of Health. The board is composed of five members with two members appointed by the Tyler County Commission and three members from the Wetzel County Commission. The County appropriated \$12,000 for an operating grant for the Wetzel-Tyler Board of Health for the fiscal year.

Joint Ventures

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:

Mid-Ohio Valley Medical Services Board	Friendly Public Service District
Mid-Ohio Valley Regional Council	Bel-O-Mar Regional Council
Northern Panhandle Workforce Investment Board	Little Kanawha R.C. & D.
Tyler County Solid Waste Authority	WV State Route 2 & Interstate 68 Authority
Local Emergency Planning Commission	Community Resources
4-H Farm Community Center Association	Economic Development and Planning Commission
Tyler County Public Library	911 Board
Sistersville Public Library	Homeland Security & OEM
Extension Service Committee	Animal Control
Senior Citizens & Nutrition	Americans with Disabilities Act Committee

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component unit. 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. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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

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

The government reports the following major governmental funds:

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

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

The *Emergency Communication 911 fund*, a special revenue fund, accounts for the operation of a communication center with trained personnel for emergencies in the County. The fees for its operations are received from a service charge billed to consumers. The fee is to be used solely and directly for the capital, installation, administration, operation, and maintenance costs of the enhanced emergency telephone system.

Additionally, the government reports the following fund types:

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

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

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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

1. Deposits and Investments

Tyler 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.

The government reports its investments at fair value, except for: 1) non-participating investment contracts (nonnegotiable certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value and 2) investments held by 2a7-like external investment pools such as the WV Money Market and WV Government Money Market pools are measured at amortized cost, as permissible under Governmental Accounting Standards Board (GASB) Statement No. 31, as amended by GASB Statement Nos. 72 and 79. Investments of the Municipal Bond Commission are reported at fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

If it is determined that the available interest rate offered by an acceptable depository in the county is less than the interest rate, net of administrative fees referred to in article six, chapter twelve of the West Virginia Code, offered it through the state board of investments, the county treasurer may, with the approval of each fiscal body whose funds are involved, make such funds available to the state board of investments for investment in accordance with the provisions of article six, chapter twelve of the code.

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

Property Tax Receivable

The property tax receivable allowance is equal to 10 percent of the property taxes outstanding at June 30, 2017.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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	\$ --	13.88 cents
Class II	158,351,612	27.76 cents
Class III	383,214,584	55.52 cents
Class IV	36,453,751	55.52 cents

3. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities 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 for equipment and vehicles, \$12,500 for land improvements, and \$25,000 or more for buildings and building improvements, 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.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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

<u>Asset</u>	<u>Straight-line Years</u>	<u>Inventory Purposes</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	\$ 1	\$ Capitalize only
Land improvement	20 to 30 years	1	12,500.00
Building	40 years	1	25,000.00
Building improvements	20 to 25 years	1	25,000.00
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	2,500.00
Vehicles	5 to 10 years	1,000	2,500.00

4. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, and fiduciary fund financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

5. 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.

6. Fund Balances

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

Nonspendable fund balance Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors, laws or regulations. It also is imposed by law through constitutional 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/other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
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.

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

The County has not adopted a minimum fund balance policy.

7. Stabilization Arrangements

The government has created a stabilization arrangement in accordance with West Virginia Code §7-21-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for whatever the County Commission chooses. The stabilization balance at fiscal year-end was \$868,038.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

8. Pensions

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Coal Severance Tax Special Revenue Fund.

Tyler County, West Virginia prepares its budget on the cash basis of accounting, except the funds reserved for financial stabilization of \$868,038 are not included, while accounts payable are included in the General Fund budget. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund. All annual appropriations lapse at fiscal year end.

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

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

<u>Description</u>	<u>General Amount</u>	<u>Coal Severance Tax Amount</u>
General government expenditure increase	\$ 2,513,294	\$ 12,344
Public safety expenditure increase	365,460	--

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

B. Deficit Fund Equity

The Assessor's Valuation Fund had a deficit fund balance of \$4,261 as of June 30, 2017. The fund deficit was caused by an OPEB payable of \$42,879.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year-end, the government had no investments.

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to comply with statutory provisions for depository bond coverage, which provides that no public money should be deposited until the banking institution designated executes a bond with good and sufficient sureties which may not be less than the maximum sum that is deposited in the depository at any one time.

At year end, the government's bank balances were \$5,502,199. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution's trust department or agent in the government's name.

A reconciliation of cash and investments as shown on the Statement of Net Position of the primary government and Statement of Net Position of the Fiduciary Funds is as follows:

Cash and cash equivalents	\$ <u>5,502,199</u>
 Total	 \$ <u><u>5,502,199</u></u>
 Cash and cash equivalents	 \$ 5,061,187
Cash and cash equivalents-restricted	<u>441,012</u>
 Total	 \$ <u><u>5,502,199</u></u>

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

B. Receivables

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

	General	Nonmajor Governmental Funds	Total	Agency Funds
Receivables:				
Taxes	\$ 165,988	\$ 5,522	\$ 171,510	\$ 565,834
Gross receivables	<u>165,988</u>	<u>5,522</u>	<u>171,510</u>	<u>565,834</u>
Less: Allowance for uncollectible	<u>(16,501)</u>	<u>(552)</u>	<u>(17,053)</u>	<u>(56,583)</u>
Net total receivables	<u>\$ 149,487</u>	<u>\$ 4,970</u>	<u>\$ 154,457</u>	<u>\$ 509,251</u>

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

	Deferred Inflows - <u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 122,677
Delinquent property taxes receivable (Excess Levy Fund)	<u>4,861</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 127,538</u>

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 193,766	\$ --	\$ --	\$ 193,766
Intangibles	290,691	--	--	290,691
Construction in progress	314,590	--	(314,590)	--
Total capital assets not being depreciated	<u>799,047</u>	<u>--</u>	<u>(314,590)</u>	<u>484,457</u>
Capital assets being depreciated:				
Buildings	790,083	202,401	--	992,484
Structures and improvements	569,165	349,543	--	918,708
Machinery and equipment	2,806,005	326,246	(195,543)	2,936,708
Less: Total accumulated depreciation	<u>(2,471,076)</u>	<u>(297,999)</u>	<u>117,914</u>	<u>(2,651,161)</u>
Total capital assets being depreciated, net	<u>1,694,177</u>	<u>580,191</u>	<u>(77,629)</u>	<u>2,196,739</u>
Governmental activities capital assets, net	<u>\$ 2,493,224</u>	<u>\$ 580,191</u>	<u>\$ (392,219)</u>	<u>\$ 2,681,196</u>

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

Governmental activities:		
General government		\$ 137,460
Public safety		155,384
Health and sanitation		2,475
Culture and recreation		<u>2,680</u>
Total depreciation expense-governmental activities		<u>\$ 297,999</u>

D. Interfund Receivables, Payables, and Transfers

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

Interfund Transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General School	General	Care of prisoners	\$ 23,067
General	Coal Severance	Reimbursement	1,586
Magistrate Court	General	Rent	<u>4,039</u>
Total			<u>\$ 28,692</u>

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

E. Fund Balance Detail

At year-end, the detail of the government's fund balances are as follows:

	<u>General</u>	<u>Coal Severance</u>	<u>E-911</u>	<u>Non-major Funds</u>	<u>Total</u>
Restricted:					
General government	\$ --	\$ --	\$ --	\$ 86	\$ 86
Public safety	--	--	25,968	359,686	385,654
Assigned:					
General government	--	3,902	--	--	3,902
Budget carryover	3,560,057	--	--	--	3,560,057
Unassigned	--	--	--	(4,261)	(4,261)
 Total fund balances	 <u>\$ 3,560,057</u>	 <u>\$ 3,902</u>	 <u>\$ 25,968</u>	 <u>\$ 355,511</u>	 <u>\$ 3,945,438</u>

F. Long-term Debt

Changes in Long-term Liabilities

	<u>Governmental Activities</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability	\$ 739,436	\$ 504,073	\$ --	\$ 1,243,509	\$ --
Compensated absences	40,516	11,238	--	51,754	--
 Governmental activities Long-term liabilities	 <u>\$ 779,952</u>	 <u>\$ 515,311</u>	 <u>\$ --</u>	 <u>\$ 1,295,263</u>	 <u>\$ --</u>

IV. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with the West Virginia Counties Risk Pool Group for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): Workers compensation coverage is provided for this entity by the West Virginia Counties Self Insurance Risk Pool Group.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

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 government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

C. Deferred Compensation Plan

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

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

D. Retiree Health Plan (RHP)

Plan Description:

Tyler County, West Virginia contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PELA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia, 25305-0710.

**TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

Authority Establishing the Plan and Funding Policy:

Chapter 5, Article 16D of the West Virginia State Code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members were required to contribute \$313.00 per month per active health policy from July-December 2016 and \$357 from January-June 2017. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT board sets the employer contribution rate based on the annual required contributions of the plan (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Trend Information

The County contributed the following amounts:

Fiscal Year Ending June 30,	Annual OPEB Cost	Percentage Contributed
2017	\$ 91,570	63% July - December 2016, and 38% January - June 2017
2016	116,688	38%
2015	106,975	42%

E. Major Taxpayer

Antero Water, LLC comprise 10 percent of the government's property tax base during the current fiscal year ended. The consistency of this revenue source could be affected adversely if this major taxpayer would discontinue payments to the government for any reason.

V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

General Information about the Pension Plans

Tyler County, West Virginia 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.

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.
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**TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

Authority establishing contribution obligations and benefit provisions West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the State of West Virginia.

	<u>Tier I</u>	<u>Tier II</u>
Plan member's contribution rate	4.50%	6.00%
County's contribution rate	12.00%	12.00%

Period required to vest Five Years

Benefits and eligibility for distribution Tier I
Normal retirement if member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

Tier II
Normal retirement if member who has attained age 62 and has earned 10 years or more of contributing service. The final average salary (five highest consecutive years in the last 15) 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

West Virginia Deputy Sheriff Retirement System (WVDSRS)

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 West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia. The WVDRS is also discussed in West Virginia State Code §7-14d.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Funding policy and contributions

Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDSRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 12%. The contribution requirements of WVDSRS 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 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (five highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.

Deferred retirement option

No deferred retirement option is available.

Provisions for cost of living adjustments or death benefits

This plan has no provisions for cost of living adjustments. There are provisions for death benefits.

Annual pension cost and amount contributed:

For the current fiscal year ended, the annual cost was \$131,446 for all covered employees with a contributed percentage of 100%.

Trend Information

<u>Fiscal Year</u>	<u>Public Employees Retirement System (PERS)</u>		<u>West Virginia Deputy Sheriff Retirement System (WVDSRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
	2017	\$ 244,842	100%	\$ 131,446
2016	\$ 247,137	100%	\$ 103,301	100%
2015	\$ 249,097	100%	\$ 90,152	100%

PERS and WVDSRS 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.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the government's reported the following proportions, per the actuarial valuation, and increase/decreases from its proportion measured as of June 30, 2015: Note: these amounts differ from the net pension liability reported on the Statement of Net Position due to rounding and changes to the allocation schedules; however, the differences in these amounts are considered immaterial.

	<u>PERS</u>	<u>WVDSRS</u>
Amount for proportionate share of net pension liability	\$ 914,783	\$ 326,228
Percentage for proportionate share of net pension liability	0.099528%	1.024713%
Increase/decrease % from prior proportion measured	0.24273%	13.75538%

For the year ended June 30, 2017, the government recognized the following pension expenses.

	<u>PERS</u>	<u>WVDSRS</u>
Pension expense	<u>\$ 172,413</u>	<u>\$ 46,425</u>

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

Public Employees Retirement System

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 36,269	\$ (12,927)
Net difference between projected and actual investment earnings on pension plan investments	287,459	--
Difference between expected and actual experience	76,286	--
Deferred difference in assumptions	--	(44,567)
Government contributions subsequent to the measurement date	176,952	--
	<u>\$ 576,966</u>	<u>\$ (57,494)</u>

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2018	\$ 71,215
2019	51,035
2020	131,567
2021	<u>88,703</u>
Total	<u>\$ 342,520</u>

West Virginia Deputy Sheriff Retirement System

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 31,541	\$ (4,683)
Net difference between projected and actual investment earnings on pension plan investments	85,506	--
Difference between expected and actual experience	20,330	--
Deferred difference in assumptions	--	--
Government contributions subsequent to the measurement date	76,944	--
	<u>\$ 214,321</u>	<u>\$ (4,683)</u>

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2018	\$ 18,003
2019	18,034
2020	46,808
2021	34,839
2022	8,855
Thereafter	<u>6,155</u>
Total	<u>\$ 132,694</u>

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Summary of Deferred Outflow / Inflow of Resources

	PERS	WVDSRS	Total
Changes in employer portion and differences between contributions and proportionate share of pension expense.	\$ 23,342	\$ 26,858	\$ 50,200
Employer contributions subsequent to the measurement date.	176,952	76,944	253,896
Differences between projected and actual investment earnings.	287,459	85,506	372,965
Difference between expected and actual experience	76,286	20,330	96,616
Difference in assumptions	(44,567)	--	(44,567)

Actuarial assumptions. Net pension liability was determined by actuarial valuations as of June 30, 2015 rolled forward to June 30, 2016, which is the measurement date, using the following actuarial assumptions.

Public Employees Retirement System

Actuarial assumptions

Inflation rate	3.00%
Salary increases	State: 3.0% - 4.6%
	Nonstate: 3.35% - 6.0%
Investment Rate of Return	7.50%

Mortality Rates	Healthy males - 110% of RP-2000 of Non-Annuitant, scale AA fully generational
	Healthy females - 101% of RP-2000 of Non-Annuitant, scale AA fully generational
	Disabled males - 96% of RP-2000 of Disabled Annuitant, scale AA fully generational
	Disabled females - 107% of RP-2000 of Disabled Annuitant, scale AA fully generational

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

West Virginia Deputy Sheriff Retirement System

Actuarial assumptions

Inflation rate	3.00%
Salary increases	5.0% for first 2 years of service
	4.5% for next 3 years of service
	4.0% for the next 5 years of service, and
	3.5% thereafter
Investment Rate of Return	7.50%

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Mortality rates: Active - RP2000 Non-annuitant tables, projected to 2020 scale BB; Retired - RP2000 healthy annuitant tables, projected to 2025 scale BB; Disabled - RP2000 Healthy annuitant table, projected to 2025, scale BB set forward one year.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2006 to June 30, 2011.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future real rates of returns (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. The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

<u>Investment</u>	Long-term Expected Real Rate <u>of Return</u>	PERS Target Asset <u>Allocation</u>	DSRS Target Asset <u>Allocation</u>
US Equity	7.0%	27.5%	27.5%
International Equity	7.7%	27.5%	27.5%
Core Fixed Income	2.7%	7.5%	7.5%
High Yield Fixed Income	5.5%	7.5%	7.5%
Real Estate	7.0%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%
TIPS	2.7%	0.0%	0.0%
		<u>100.0%</u>	<u>100.0%</u>

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the 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.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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 or 1-percentage point higher than the current rate:

	<u>1%</u> <u>Decrease</u> <u>6.50%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.50%</u>	<u>1%</u> <u>Increase</u> <u>8.50%</u>
Government's proportionate share of PERS's net pension liability	\$ 1,655,898	\$ 914,783	\$ 285,378
Government's proportionate share of WVDSRS's net pension liability	\$ 613,086	\$ 326,228	\$ 89,191

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

REQUIRED SUPPLEMENTARY INFORMATION

TYLER COUNTY, WEST VIRGINIA
SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2017

Public Employees Retirement System
Last 4 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.099528%	0.099287%	0.102691%	0.089742%
Government's proportionate share of the net pension liability (asset)	\$ 914,783	\$ 554,423	\$ 378,998	\$ 818,116
Government's covered payroll	\$ 1,371,483	\$ 1,346,470	\$ 1,375,147	\$ 1,201,124
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	66.70%	41.18%	27.56%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%	84.58%

The notes to the required supplementary information are an integral part of this schedule.

TYLER COUNTY, WEST VIRGINIA
SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2017

West Virginia Deputy Sheriff Retirement System
Last 4 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	1.024713%	0.900804%	0.867914%	0.891852%
Government's proportionate share of the net pension liability (asset)	\$ 326,228	\$ 184,773	\$ 147,988	\$ 298,806
Government's covered payroll	\$ 505,292	\$ 429,290	\$ 395,140	\$ 404,479
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	64.74%	43.04%	37.45%	73.87%
Plan fiduciary net position as a percentage of the total pension liability	84.48%	89.31%	90.52%	80.20%

The notes to the required supplementary information are an integral part of this schedule.

TYLER COUNTY, WEST VIRGINIA
SCHEDULES OF GOVERNMENT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2017

Public Employees Retirement System
 Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 176,952	\$ 185,150	\$ 188,506	\$ 199,396	\$ 168,157	\$ 157,568	\$ 133,950	\$ 110,568	\$ 102,067	\$ 99,098
Contributions in relation to the contractually required contribution	<u>(176,952)</u>	<u>(185,150)</u>	<u>(188,506)</u>	<u>(199,396)</u>	<u>(168,157)</u>	<u>(157,568)</u>	<u>(133,950)</u>	<u>(110,568)</u>	<u>(102,067)</u>	<u>(95,098)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Government's covered payroll	\$ 1,474,602	\$ 1,371,483	\$ 1,346,470	\$ 1,375,147	\$ 1,201,124	\$ 1,086,679	\$ 1,071,600	\$ 1,005,168	\$ 972,067	\$ 905,693
Contributions as a percentage of covered payroll	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%	10.50%

The notes to the required supplementary information are an integral part of this schedule.

TYLER COUNTY, WEST VIRGINIA
SCHEDULES OF GOVERNMENT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2017

West Virginia Deputy Sheriff Retirement System
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 76,944	\$ 60,635	\$ 53,661	\$ 51,368	\$ 52,582	\$ 46,535	\$ 37,063	\$ 33,191	\$ 22,670	\$ 16,543
Contributions in relation to the contractually required contribution	<u>(76,944)</u>	<u>(60,635)</u>	<u>(53,661)</u>	<u>(51,368)</u>	<u>(52,582)</u>	<u>(46,535)</u>	<u>(37,063)</u>	<u>(33,191)</u>	<u>(22,670)</u>	<u>(16,543)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Government's covered payroll	\$ 641,200	\$ 505,292	\$ 429,290	\$ 395,140	\$ 404,479	\$ 357,963	\$ 352,979	\$ 316,105	\$ 215,905	\$ 157,553
Contributions as a percentage of covered payroll	12.00%	12.00%	12.50%	13.00%	13.00%	13.00%	10.50%	10.50%	10.50%	10.50%

The notes to the required supplementary information are an integral part of this schedule.

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

Public Employees Retirement System (PERS)

Changes of benefit terms . Legislation passed during the 2015 Legislative session created a second tier of retirement benefits for those hired for the first time and first become a member of PERS on or after July 1, 2015 (Tier II). For tier II employees, normal retirement if member who has attained age 62 and has earned 10 years or more of contributing service. The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

Changes of assumptions:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Inflation	3.0%	3.0%	3.0%
Salary Increases	4.25% - 6.00%	4.25% - 6.00%	4.25% - 6.00%
Investment Rate of Return	7.50%	7.50%	7.50%
Mortality	Healthy males - 1983 GAM; Healthy females - 1971 GAM, set back 1 year; Disabled males - 1971 GAM, set forward 8 years; Disabled females - revenue ruling 96- 7.	Healthy males - 1983 GAM; Healthy females - 1971 GAM, set back 1 year; Disabled males - 1971 GAM, set forward 8 years; Disabled females - revenue ruling 96- 7.	Healthy males - 1983 GAM; Healthy females - 1971 GAM, set back 1 year; Disabled males - 1971 GAM, set forward 8 years; Disabled females - revenue ruling 96- 7.
Discount Rate	7.5%	7.5%	7.5%

TYLER COUNTY, WEST VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

West Virginia Deputy Sheriff Retirement System (WVDSRS)

Changes of assumptions:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Inflation	3.0%	3.0%	3.0%
Salary Increases	5.00% for first 2 years; 4.50% next 3 years; 4.00% next 5 years and 3.50% thereafter.	5.00% for first 2 years; 4.50% next 3 years; 4.00% next 5 years and 3.50% thereafter.	5.00% for first 2 years; 4.50% next 3 years; 4.00% next 5 years and 3.50% thereafter.
Investment Rate of Return	7.50%	7.50%	7.50%
Mortality	Active - RP-2000 Annuitant, scale BB; Retired - RP-2000 Healthy Annuitant, scale BB; Disabled - RP-2000 Healthy Annuitant, scale BB, set forward 1 year.	Active - RP-2000 Annuitant, scale BB; Retired - RP-2000 Healthy Annuitant, scale BB; Disabled - RP-2000 Healthy Annuitant, scale BB, set forward 1 year.	Active - RP-2000 Annuitant, scale BB; Retired - RP-2000 Healthy Annuitant, scale BB; Disabled - RP-2000 Healthy Annuitant, scale BB, set forward 1 year.
Discount Rate	7.5%	7.5%	7.5%

SUPPLEMENTARY INFORMATION

TYLER COUNTY, WEST VIRGINIA
BUDGETARY COMPARISON SCHEDULE -
ASSESSOR'S VALUATION FUND
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Adjustments	Actual Amounts	Variance with
	Original	Final	Modified Accrual Basis	Budget Basis	Budget Basis	Final Budget Positive (Negative)
REVENUES:						
Other taxes	\$ 124,303	\$ 124,303	\$ 131,881	\$ --	\$ 131,881	\$ 7,578
Miscellaneous	--	--	29	--	29	29
Map sales	--	--	4	--	4	4
Interest	--	--	13	--	13	13
Total revenues	124,303	124,303	131,927	--	131,927	7,624
EXPENDITURES:						
Current:						
General government	109,303	109,303	113,747	(5,022)	108,725	578
Capital outlay	25,000	33,613	--	--	--	33,613
Total expenditures	134,303	142,916	113,747	(5,022)	108,725	34,191
Net change in fund balance	(10,000)	(18,613)	18,180	5,022	23,202	41,815
Fund balance at beginning of year	10,000	18,613	(22,441)	40,845	18,404	(209)
Fund balance at end of year	\$ --	\$ --	\$ (4,261)	\$ 45,867	\$ 41,606	\$ 41,606

ACCOMPANYING INFORMATION



State of West Virginia

John B. McCuskey

**State Auditor and
Chief Inspector**

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Chief Inspector Division
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Honorable Members of the
Tyler County Commission
Middlebourne, West Virginia 26149

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tyler County, West Virginia (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 17, 2019. Our report includes a reference to other auditors who audited the financial statements of the Tyler County Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2017-001 through 2017-003 that we consider to be significant deficiencies.

Compliance and Other Matters

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

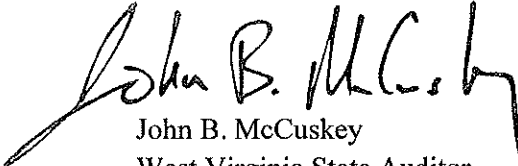
Entity's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



John B. McCuskey
West Virginia State Auditor
Charleston, West Virginia

August 17, 2019

**TYLER COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Segregation of Duties
2017-001**

CONDITION:

We determined during this audit that the functions of collecting revenues, preparing deposits, and depositing, recording and reconciling revenues are not always performed by separate personnel in the various offices of Tyler County.

CRITERIA:

Proper internal controls dictate that the duties of collecting revenues, preparing deposits, and depositing, recording and reconciling revenues are to be performed by separate personnel.

CAUSE:

The Tyler County Commission, Tyler County elected officials, and/or department heads do not have internal controls in place to ensure that these duties are properly segregated.

EFFECT:

The possibility of discrepancies occurring without being detected in a timely manner, or of an improper use of funds, is greatly increased.

RECOMMENDATION:

The Tyler County Commission, Tyler County elected officials and/or department heads should implement internal controls to ensure that the functions of collecting revenues, preparing deposits, and depositing, recording and reconciling revenues are properly segregated among personnel. Employees with these responsibilities should be mandated to take a vacation at least once a year at which time another employee would be required to perform their duties in their absence. Furthermore, employees should be cross-trained wherever appropriate.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

We are aware and in agreement that it would be beneficial to have specific duties of preparing checks, reconciling bank accounts, preparing and making deposits, collecting fees and other duties to individual employees. With a small staff, separating all these duties is an impossible task. Our offices have taken steps to segregate the duties to the best of our ability.

**TYLER COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Modification of Taxes
2017-002**

CONDITION:

We noted during our audit that the values reported in the 2016 real and personal property tax books do not recalculate using the 2016 levy rates for Class II properties to the amount reported on line 3 of the Sheriff's Settlement for current year taxes. Deleted tax tickets, supplemental tax tickets, and other activity impacting the fiscal year ending June 30, 2017 were posted to the tax accounting software prior to July 1, 2016 but after the printing of the tax books on June 2, 2016. The Sheriff's tax office was unable to provide supporting documentation of this posting activity.

CRITERIA:

Proper internal controls dictate that activity impacting current year taxes be posted in the period affected. Furthermore, any alterations to taxes made after the printing of the tax books should be sufficiently supported.

CAUSE:

Adequate policies and procedures were not in place to prevent changes after the finalization of the upcoming tax period assessments with the printing of the tax books and until the period affected opened. Furthermore, the County's tax software system currently does not have the capability to account for changes made to the tax tickets after the print date of the books but before July 1, or the ability to provide adequate supporting documentation to reconcile or properly explain the differences.

EFFECT:

The likelihood of an incorrect distribution of taxes to the appropriate taxing entities without being detected and corrected in a timely manner is significantly increased.

RECOMMENDATION:

Changes to the upcoming year taxes should not be posted to the tax system between the date of the printing of the tax books and July 1. Additionally, the County officials should contact the tax software vendor to make appropriate changes to the system so that activity that occurs after the print date of the tax books but before July 1 can be adequately documented.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The Tyler County Sheriff's Tax Office has and will continue to review policies and procedures, and coordinate with the Assessor's Office to ensure that activity affecting current year taxes is not processed after the date the tax books are printed and before July 1 of the subsequent audit year. In addition, the software vendor has been contacted and notified of the finding and they have made the necessary changes in the programming to show modifications made during the year, on the receivable reports.

**TYLER COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Miscellaneous Revenue Receipts
2017-003**

CONDITION:

We noted during our audit that the computer system used to generate the miscellaneous revenue receipts in the Tyler County Sheriff's tax office has various internal control weaknesses. Specifically, it was noted that the computer system allows changes to be made to receipts, and there is no documentation stored in the computer that would indicate the receipt had been altered. It also does not print "duplicate: or in any way indicate a receipt is a copy of the original. Further, the receipts do not indicate whether payment was made by cash or check.

CRITERIA:

Proper internal controls dictate that written receipts containing the date of collection, from whom it was collected, the amount collected, and whether paid by check or cash be maintained. After the receipt is generated and a copy given to the payer, proper internal controls dictate that no changes to the original receipt be allowed. If it is necessary to reprint a receipt for any reason, then the reprinted copy should clearly state it is a duplicate of the original receipt.

CAUSE:

The computer system used by the Sheriff's tax office does not have the proper internal controls built into the system to ensure changes are not made to issued receipts and to indicate whether payment was made by cash or check.

EFFECT:

Because changes can be made to issued receipts that are not traceable and because there is no indication of whether payment is made by cash or check, the possibility of discrepancies occurring without being detected, or the improper use of funds, is greatly increased. Failure to include the type of payment, or purpose of the payment, on the original receipt limits the reconciliation process.

RECOMMENDATION:

County officials should review the current computer system regarding issuance of receipts utilized in the Sheriff's tax office. The computer system should be updated so a receipt cannot be altered after it has been printed. If a receipt is erroneous, the receipt should be voided and reissued as a different receipt. The original receipt that is voided should be approved by someone other than the person voiding the receipt and be signed by both parties as to the reason for the void, and the computer system should also be updated so the receipt indicates whether payment was made by cash or check and also distinguishes between the original receipt or a duplicate copy.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

At this time, receipts that are in need of correction cannot be voided and reissued on a separate receipt. The computer system does not allow for it. Corrections to a receipt because of an erroneous entry can only be made on the original receipt. The software also does not allow us to indicate if the payment was made in cash or by check; neither does it have the capability to indicate if the receipt is the original or a duplicate. The software vendor has been notified of the needed changes as per recommendation of the State Auditor's Office.

TYLER COUNTY, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2017

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2016-001	Segregation of Duties	Not Resolved
2016-002	Modification of Taxes	Not Resolved
2016-003	Miscellaneous Revenue Receipts	Not Resolved
2016-004	Expenditures	Resolved