

MONONGALIA COUNTY BOARD OF EDUCATION

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

FOR THE YEAR ENDED JUNE 30, 2018
RFP #16-045 (Monongalia County)

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MONONGALIA COUNTY BOARD OF EDUCATION
INDEX OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENTAL FUND TYPES

General Current Expense

Special Revenue Funds

Restricted Projects

Debt Service

Capital Projects Funds

Permanent Improvement

FIDUCIARY FUND TYPE

School Activity Funds

**MONONGALIA COUNTY BOARD OF EDUCATION
BOARD OFFICIALS
JUNE 30, 2018**

Title	Elected Officials	Term
Board Member	Nancy A. Walker	July 1, 2016 – June 30, 2020
Board Member	Dr. Clarence Harvey, Jr.	July 1, 2014 – June 30, 2018
Board Member	Dr. Barbara L. Parsons	July 1, 2014 – June 30, 2018
Board Member	Michael Kelly	July, 1, 2014 – June 30, 2018
Board Member	Ronald Lytle	July 1, 2016 – June 30, 2020
Appointed Officials		
Board President	Dr. Barbara L. Parsons	July 1, 2016 – June 30, 2018
Superintendent	Dr. Frank D. Devono	July 1, 2017 – June 30, 2018
Treasurer	Nicole Kemper	July 1, 2017 – June 30, 2018



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Monongalia County Board of Education (the Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Monongalia County Board of Education as of June 30, 2018, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 of the financial statements, during the fiscal year ended June 30, 2018, the Monongalia County Board of Education adopted the new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 17 and 88 and 89, respectively, the schedule of the district's proportionate share of the net pension liability, schedule of district contributions to Teachers' Retirement System, the schedule of the district's proportionate share of the net OPEB liability, schedule of the district's contributions – retiree health benefit trust fund, schedule of the District's contributions group dental and vision plans and notes to required supplementary information on pages 90 through 97 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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monongalia County Board of Education's basic financial statements. The schedule of revenues, expenditures, and changes in fund balances – budget and actual – debt service fund, schedule of revenues, expenditures, and changes in fund balances – budget and actual – permanent improvement fund, notes to other supplementary information, schedule of changes in school activity funds and schedule of excess levy revenues and expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of revenues, expenditures, and changes in fund balances – budget and actual – debt service fund, schedule of revenues, expenditures, and changes in fund balances – budget and actual – permanent improvement fund, notes to other supplementary information, schedule of changes in school activity funds, schedule of excess levy revenues and expenditures, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019, on our consideration of the Monongalia County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Monongalia County Board of Education's 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 Monongalia County Board of Education's internal control over financial reporting and compliance.

Tetrick & Bartlett,
Clarksburg, West Virginia PLLC
March 21, 2019

MONONGALIA COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Our discussion and analysis of the Monongalia County Board of Education's (Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2018. Please read this discussion and analysis in conjunction with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

Financial Highlights

- The Board's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by approximately \$175.2 million (*net position*) at the close of the most recent fiscal year. Of this amount, the Board had a deficit unrestricted net asset position balance of approximately \$6.3 million (*unrestricted net position*) which is primarily a result of the Net Other Post Employment Benefit (OPEB) liability for Dental and Vision benefits.
- The Board's total net position decreased by approximately \$6.0 million. This decrease over the prior year is primarily a result of the capital grants and contributions received for capitalized construction in the prior year and a decrease in unrestricted state aid.
- The Board restated its beginning net position with the implementation of GASB Statement 75 accounting for the Other Post Employment Benefit (OPEB) liabilities and due to an error that resulted in a court ruling in favor of an entity that was not required to pay property taxes. The total reductions in net position for these entries was a decrease of approximately \$14.4 million.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of approximately \$37.2 million, an increase of approximately \$5.8 million in comparison with the prior year. The largest portion of this increase was due to a restatement from the implementation of GASB 75 in the amount of \$4.8 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund represented a fund balance of approximately \$5.5 million. During the year ended June 30, 2018, the Board received notice that the County Commission had erroneously misclassified certain real estate taxes as debt service fund versus the correct classification of regular and excess levy funds. As such, the Board restated the beginning fund balance and reduced the debt service fund balance and increased the general current expense fund by approximately \$4.5 million.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

District-wide financial statements – The district-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing or related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on the pages following this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, debt service fund, and the permanent improvement fund, all of which are considered major funds.

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the Board cannot use these funds to finance its operations.

The Board uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on pages following the basic financial statements.

Notes to the basic financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on the pages following the basic financial statements.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by approximately \$175.2 million at the close of the most recent fiscal year.

	2018 Governmental Activities	2017 Governmental Activities	Variance
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 54,820,235	\$ 52,407,570	\$ 2,412,665
Capital assets	205,278,544	198,635,774	6,642,770
Deferred outflows of resources	<u>4,363,493</u>	<u>4,925,623</u>	(562,130)
Total assets and deferred outflows of resources	\$ <u>264,462,272</u>	\$ <u>255,968,967</u>	\$ <u>8,493,305</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities and deferred inflows of resources:			
Current and other liabilities	\$ 14,280,115	\$ 17,814,032	\$ (3,533,917)
Long-term liabilities outstanding	43,051,216	43,223,704	(172,488)
Net pension liability – proportionate share	10,822,078	13,561,578	(2,739,500)
Net other post employment benefit liability – Dental & Vision Benefits	10,605,510	-0-	10,605,510
Net other post employment benefit (OPEB) liability – proportionate share	7,184,747	-0-	7,184,747
Deferred inflows of resources	<u>3,266,563</u>	<u>353,220</u>	<u>2,913,343</u>
Total liabilities and deferred inflows of resources	<u>89,210,229</u>	<u>74,952,534</u>	<u>14,257,695</u>
Net position:			
Net investment in capital assets	165,908,630	159,335,768	6,572,862
Restricted	15,624,719	19,132,350	(3,507,631)
Unrestricted	<u>(6,281,306)</u>	<u>2,548,315</u>	<u>(8,829,621)</u>
Total net position	<u>175,252,043</u>	<u>181,016,433</u>	<u>(5,764,390)</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>264,462,272</u>	\$ <u>255,968,967</u>	\$ <u>8,493,305</u>

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

The key elements of the increase of the Board's net position for the year ended June 30, 2018 are as follows:

- Current and other assets increased by approximately \$2.4 million which primarily represents increases in cash and receivables.
- Capital assets increased by approximately \$6.6 million which primarily represents an increase in land and construction in progress for various projects in the County.
- GASB 68/71 requires the Board to record its proportionate share of the net pension liability, deferred outflows and deferred inflows. The net pension liability decreased by approximately \$2.7 million.
- The Board implemented GASB 75 during the year ended June 30, 2018 the Board was required to record its proportionate share of the Net OPEB liability, deferred outflows and deferred inflows. The Net OPEB liability was approximately \$7.2 million at June 30 for the sick leave portion. The Board also had a Net OPEB liability for its dental and vision benefit plan, this liability was approximately \$10.6 million at June 30, 2018.
- Deferred outflows decreased by approximately \$562 thousand and deferred inflows increased by approximately \$2.9 million.
- Current and other liabilities decreased by approximately \$3.5 million which primarily represents a decrease from the removal of the OPEB liability in the fund statements with the implementation of GASB 75. This was offset by the Board recording a \$1.3 million liability for a judgement received due to an error in property taxes paid by a third party entity that was exempt from property tax.
- The largest portion of the Board's net position (95%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles), less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the Board's net position (9%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects, debt service, and the excess levy.
- The remaining balance of *unrestricted net position deficit* (-4%) may be used to meet the Board's obligations to students, employees, and creditors and to honor next year's budget.

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

The Board's net position increased by approximately \$8.6 million during the current year. The following summarizes the activity compared to the prior year:

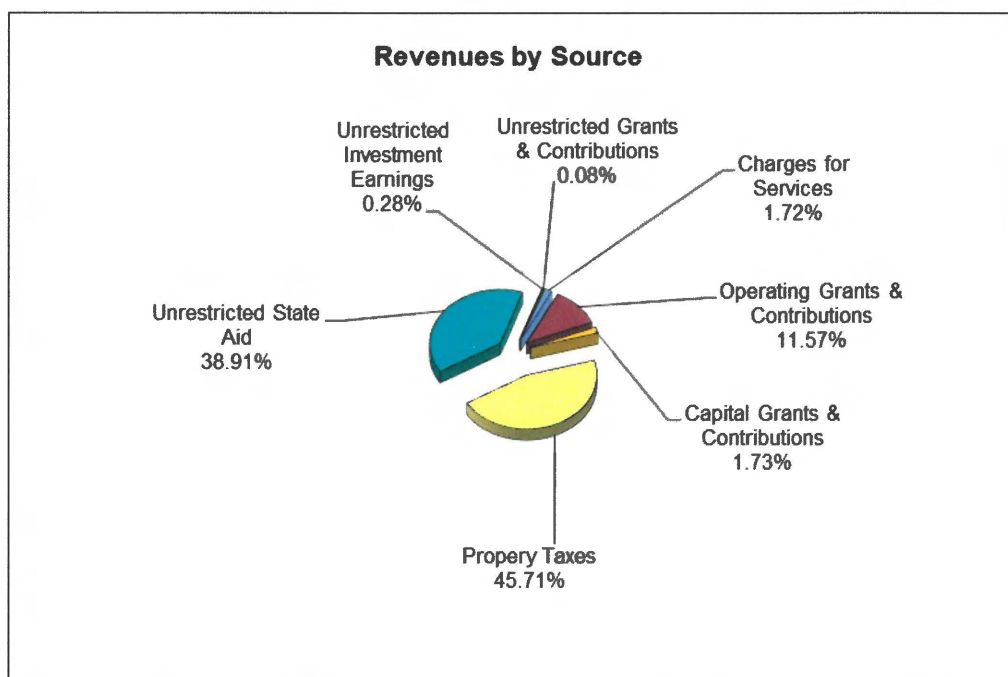
	2018 Governmental Activities	2017 Governmental Activities	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 2,623,100	\$ 3,265,191	\$ (642,091)
Operating grants and contributions	17,649,852	15,559,779	2,090,073
Capital grants and contributions	2,720,342	7,252,293	(4,531,951)
General revenues:			
Property taxes	69,763,391	69,355,451	407,940
Unrestricted state aid	59,372,108	63,303,428	(3,931,320)
Unrestricted investment earnings	427,376	199,814	227,562
Unrestricted grants and contributions	129,340	137,326	(7,986)
Gain (loss) on sale of assets	(108,310)	(56,264)	(52,046)
Total revenues	<u>152,577,199</u>	<u>159,017,018</u>	<u>(6,439,819)</u>
Expenses:			
Instruction	<u>83,325,361</u>	<u>83,597,108</u>	<u>(271,747)</u>
Supporting services:			
Students	8,732,180	8,861,229	(129,049)
Instructional staff	3,348,389	3,400,601	(52,212)
District administration	1,637,432	1,556,330	81,102
School administration	7,498,890	7,766,014	(267,124)
Business services	1,921,188	2,096,914	(175,726)
Operation and maintenance	15,381,123	15,976,609	(595,486)
Transportation	<u>11,606,254</u>	<u>11,080,239</u>	<u>526,015</u>
Total supporting services	<u>50,125,456</u>	<u>50,737,936</u>	<u>(612,480)</u>
Food services	8,122,751	8,501,900	(379,149)
Community services	1,079,945	1,237,940	(157,995)
Interest on long-term debt	<u>1,328,279</u>	<u>1,393,967</u>	<u>(65,688)</u>
Total expenses	<u>143,981,792</u>	<u>145,468,851</u>	<u>(1,487,059)</u>
Change in net position	8,595,407	13,548,167	(4,952,760)
Net position – July 1	181,016,433	167,468,266	13,548,167
Restatement – see notes	<u>(14,359,797)</u>	<u>-0-</u>	<u>(14,359,797)</u>
Net position – June 30	<u>\$ 175,252,043</u>	<u>\$ 181,016,433</u>	<u>\$ (5,764,390)</u>

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

The key elements of the increase of the Board's revenues and expenses for the year ended June 30, 2018 are as follows:

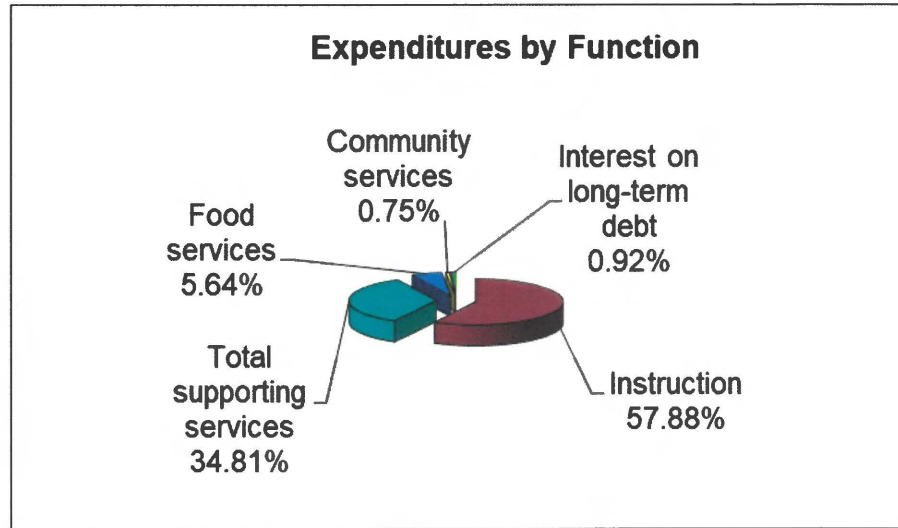
- Operating grants and contributions increased by approximately \$2.1 million primarily as a result of the increase in various federal and state grants and due to changes in the Board's child nutrition program.
- Capital grants and contributions decreased by approximately \$4.5 million which was primarily the result of the decrease and timing of certain SBA capital projects.
- Unrestricted state aid decreased by approximately \$3.9 million which was primarily the result of decreases in certain allocations and the GASB 68/71 activity.
- Overall expenses decreased by approximately \$1.5 million primarily as a result of the decreases in instruction and supporting services and the GASB 68/71 activity.

The following chart shows the Board's revenues for fiscal year ended June 30, 2018 by source:



**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

The following chart shows the Board's expenditures for fiscal year ended June 30, 2018 by function:



Financial Analysis of the Board's Funds

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Board completed the year, its governmental funds reported a combined fund balance of approximately \$37.2 million. The net change in fund balance was an increase of approximately \$5.8 million which was primarily a result of the restatement of the beginning fund balance of approximately \$4.8 million due to the implementation of GASB 75.

Governmental funds report the differences between their assets, deferred outflows, liabilities, and deferred inflows as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned portions. Nonspendable, restricted, committed, and assigned indicate the portion of the Board's fund balances that are not available for appropriation. The unassigned fund balance is available expendable financial resources in governmental funds. The Board had an unassigned fund balance of approximately \$5.5 million. During the year ended June 30, 2018, the Board received notice that the County Commission had erroneously misclassified certain real estate taxes as debt service fund versus the correct classification of regular and excess levy funds. As such, the Board restated the beginning fund balance and reduced the debt service fund balance and increased the general current expense fund by approximately \$4.5 million. The Board also restated the beginning fund balance to remove the OBEB liability of approximately \$4.8 million from the fund statements with the implementation of GASB 75.

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

The Board had four major funds for the fiscal year ended June 30, 2018. Those funds are the General Current Expense Fund, Special Revenue Fund, Debt Service Fund, and the Permanent Improvement Fund.

General Current Expense Fund

This is the principal operation fund which accounts for all financial resources of the Board except those required to be accounted for in another fund. The fund balance increased from approximately \$16.1 million (prior year fund balance) to \$24.8 million (current year fund balance) during the fiscal year ended June 30, 2018. As previously discussed, this increase of approximately \$8.7 million was due primarily to the restatements of approximately \$8.9 million related to the implementation of GASB 75 and the error made by the County Commission on the allocation of property taxes.

Special Revenue Fund

This is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditures for specific purposes. The fund balance increased from approximately \$2.6 million (prior year fund balance) to \$3.1 million (current year fund balance) during the fiscal year ended June 30, 2018. This increase of approximately \$443 thousand was due primarily to the timing of receipt of certain State and Local grant awards received in advance of disbursement.

Debt Service Fund

This is a separate fund used to account for the accumulated resources, and the payment of, general long-term debt, principal, and interest. The fund balance decreased from approximately \$7.3 million (prior year fund balance) to \$3.2 million (current year fund balance) during the fiscal year ended June 30, 2018. This decrease of approximately \$4.5 million was due to the error by the County Commission as discussed above.

Permanent Improvement Fund

This is a separate fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources and subsequent expenditures for capital improvement activities. The proceeds of the fund must be used only for the support of building and capital improvements and cannot be transferred out of the fund. The fund balance increased from approximately \$5.4 million (prior year fund balance) to \$6.1 million (current year fund balance) during the fiscal year ended June 30, 2018. This increase of approximately \$703 thousand was due primarily to the transfer in from the general current expense fund for future projects.

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

General Fund Budgetary Highlights

During the year, the Board revised the budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of approximately \$18.2 million or (15%) in total general fund expenditures. The most significant differences, included budget carryovers.

Capital Asset and Debt Administration

Capital assets – The Board's investment in capital assets for its governmental activities as of June 30, 2018, amounts to approximately \$205.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The total increase in the Board's investment in capital assets for the current fiscal year was approximately \$6.6 million.

	2018 Governmental Activities	2017 Governmental Activities	Variance
Land	\$ 16,640,331	\$ 14,238,338	\$ 2,401,993
Buildings and improvements	165,883,115	158,998,093	6,885,022
Land improvements	7,344,986	7,502,825	(157,839)
Furniture and equipment	4,671,560	4,682,673	(11,113)
Vehicles	5,024,937	4,969,535	55,402
Construction in process	<u>5,713,615</u>	<u>8,244,310</u>	<u>(2,530,695)</u>
Total capital assets	\$ <u>205,278,544</u>	\$ <u>198,635,774</u>	\$ <u>6,642,770</u>

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Major capital asset events during the current fiscal year included the following:

- Capital assets increased by approximately \$6.6 million which represents the net amount of capital asset additions above depreciation expense.
- Construction in process decreased by approximately \$2.5 net as \$11.6 million of buildings were put into service and construction continued on several other building projects.
- The Board also purchased approximately \$948 thousand in vehicles and buses, approximately \$873 million in furniture and equipment.
- The Board also purchased approximately \$2.4 million in land for future projects.

Additional information on the Board's capital assets can be found in notes to the basic financial statements.

Long-term debt – At the end of the current fiscal year, the Board had total bonded debt outstanding of approximately \$33.4 million and capital lease obligations of approximately \$6.0 million. The obligation for compensated absences for vacations was approximately \$778 thousand at June 30, 2018. The obligation for the Board's proportionate share of the net pension liability was \$10.8 million. The obligation for the Board's proportionate share of the net OPEB liability for dental and vision benefits was \$10.6 million.

	2018 Governmental Activities	2017 Governmental Activities	Variance
General obligation bonds	\$ 33,370,000	\$ 34,990,000	\$ (1,620,000)
Capital lease obligations	5,999,914	4,310,006	1,689,908
Compensated absences	778,408	741,025	37,383
Net pension liability - proportionate share	10,822,078	13,561,578	(2,739,500)
Net OPEB liability - Dental & Vision benefits	10,605,510	-0-	10,605,510
Net OPEB liability - proportionate share	<u>7,184,747</u>	<u>-0-</u>	<u>7,184,747</u>
Total debt outstanding	\$ <u>68,760,657</u>	\$ <u>53,602,609</u>	\$ <u>15,158,048</u>

Additional information on the Board's long-term debt can be found in notes to the basic financial statements.

**MONONGALIA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Factors Bearing on the Board's Future

At the time these financial statements were prepared and audited, the Board was aware of circumstances that could significantly affect its financial health in the future:

- The Board has committed a significant amount of resources to the construction of various projects throughout the County. Cost overruns on these projects, if they were to occur, could have a substantial impact on the Board.
- As disclosed in the notes to the financial statements, these financials include the June 30, 2017 adjustments for the Medicaid Cost Report settlement. The financials do not reflect any adjustments for the June 30, 2018 adjustments for the Medicaid Cost Report settlement.
- As disclosed in the notes to the financial statements, the Board was indirectly involved in litigation challenging the assessed tax valuations on certain properties owned by entities that believe they are exempt from property taxes. The Board has received its portion of property tax revenues from these properties and the courts determined that the entities were exempt resulting in the Board recording a judgement due back to the entities for reimbursement of the property taxes of approximately \$1.3 million at June 30, 2018.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board Office at 13 South High Street, Morgantown, West Virginia 26501 or (304) 291-9210.

MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2018

Governmental
Activities

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets

Cash and cash equivalents	\$ 37,442,247
Investments	5,085,890
Prepaid expenses	852,422
Taxes receivable, net of allowance for uncollectible taxes	3,081,431
Food services receivable	1,007,418
Other receivables	1,045,667
Due from other governments:	
State aid receivable	370,805
PEIA allocation receivable	1,549,156
Reimbursements receivable	4,385,199

Capital Assets

Land	16,640,331
Buildings and improvements	230,644,151
Land improvements	10,604,726
Furniture and equipment	21,393,479
Vehicles	12,828,031
Construction in process	5,713,615
Less accumulated depreciation	(92,545,789)
Total capital assets, net of depreciation	<u>205,278,544</u>

Total assets	<u>260,098,779</u>
---------------------	---------------------------

Deferred Outflows of Resources

Pension	3,380,477
Other post employment benefit (OPEB)	983,016
Total deferred outflows of resources	<u>4,363,493</u>

Total assets and deferred outflows of resources	<u>264,462,272</u>
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Governmental
Activities

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**

Liabilities

Salaries payable and related payroll liabilities	\$ 4,517,150
PEIA premiums payable	2,053,865
Judgements payable	1,289,085
Other liabilities	1,406,663
Compensated absences	778,408
Accounts payable	4,234,944
Long-term obligations:	
Due within one year:	
Bonds, capital leases, and contracts	4,220,811
Accrued interest	248,019
Bond premium	228,886
Due beyond one year:	
Bonds, capital leases, and contracts	35,149,103
Bond premium	3,204,397
Net pension liability – proportionate share	10,822,078
Net other post employment benefit liability – dental and vision benefits	10,605,510
Net other post employment benefit (OPEB) liability – proportionate share	7,184,747
Total liabilities	<u>85,943,666</u>

Deferred Inflows of Resources

Pension	1,214,240
Other post employment benefit (OPEB)	2,052,323
Total deferred inflows of resources	<u>3,266,563</u>

Total liabilities and deferred inflows of resources

89,210,229

Net Position

Invested in capital assets	165,908,630
Restricted for:	
Debt service	3,212,243
Special projects	3,082,050
Excess levy	3,256,130
Capital projects	6,074,296
Unrestricted	(6,281,306)

Total net position

\$ 175,252,043

See accompanying notes and independent auditor's report.

MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense), Revenue & Changes in Net Position Governmental Activities</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Instruction	\$ 83,325,361	\$ 798,697	\$ 11,190,058	\$ 1,698,310	\$ (69,638,296)
Supporting services:					
Students	8,732,180	82,657	1,124,489	177,910	(7,347,124)
Instructional staff	3,348,389	31,723	431,570	68,281	(2,816,815)
District administration	1,637,432	15,546	211,486	33,460	(1,376,940)
School administration	7,498,890	71,029	966,304	152,883	(6,308,674)
Business services	1,921,188	18,200	247,594	39,173	(1,616,221)
Operation and maintenance of facilities	15,381,123	145,723	1,982,471	313,655	(12,939,274)
Student transportation	11,606,254	109,956	1,495,880	236,670	(9,763,748)
Food services	8,122,751	1,349,569	-0-	-0-	(6,773,182)
Community services	1,079,945	-0-	-0-	-0-	(1,079,945)
Interest on long-term debt	1,328,279	-0-	-0-	-0-	(1,328,279)
Total governmental activities	\$ <u>143,981,792</u>	\$ <u>2,623,100</u>	\$ <u>17,649,852</u>	\$ <u>2,720,342</u>	<u>(120,988,498)</u>
General Revenues:					
Property taxes					69,763,391
Unrestricted state aid					59,372,108
Unrestricted investment earnings					427,376
Unrestricted grants and contributions					129,340
Gain (loss) on sale of assets					(108,310)
Transfers in					(7,666,914)
Transfers (out)					<u>7,666,914</u>
Total general revenues, other items, and transfers					<u>129,583,905</u>
Change in net position					8,595,407
Net position – beginning					181,016,433
Restatement – beginning net position					<u>(14,359,797)</u>
Net position – ending					\$ <u>175,252,043</u>

See accompanying notes and independent auditor's report.

MONONGALIA COUNTY BOARD OF EDUCATION
BALANCE SHEETS -
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u> <u>Current</u> <u>Expense</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Permanent</u> <u>Improvement</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash and cash equivalents	\$ 25,822,467	\$ 1,841,518	\$ 2,634,237	\$ 7,144,025	\$ 37,442,247
Investments	5,000	-0-	5,080,890	-0-	5,085,890
Prepaid expenses	852,422	-0-	-0-	-0-	852,422
Taxes receivables, net	2,914,306	-0-	167,125	-0-	3,081,431
Food service receivable, net	-0-	1,007,418	-0-	-0-	1,007,418
Other receivables	835,643	-0-	24	-0-	835,667
Due from other governments:					
State aid receivable	370,805	-0-	-0-	-0-	370,805
PEIA allocation receivable	1,549,156	-0-	-0-	-0-	1,549,156
Reimbursements receivable	-0-	3,174,692	-0-	1,210,507	4,385,199
Due from other funds	4,479,145	-0-	-0-	-0-	4,479,145
Deferred Outflows of Resources					
Deferred outflows of resources	-0-	-0-	-0-	-0-	-0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 36,828,944	\$ 6,023,628	\$ 7,882,276	\$ 8,354,532	\$ 59,089,380
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Salaries payable and related payroll liabilities	\$ 4,502,672	\$ 14,478	\$ -0-	\$ -0-	\$ 4,517,150
PEIA premiums payable	1,208,689	845,176	-0-	-0-	2,053,865
Judgements payable	1,227,599	-0-	61,486	-0-	1,289,085
Other liabilities	1,253,163	153,500	-0-	-0-	1,406,663
Accounts payable	1,639,865	314,843	-0-	2,280,236	4,234,944
Due to other funds	-0-	-0-	4,479,145	-0-	4,479,145
Deferred Inflows of Resources					
Deferred inflows of resources	2,170,363	1,613,581	129,402	-0-	3,913,346
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	12,002,351	2,941,578	4,670,033	2,280,236	21,894,198
Fund Balances					
Nonspendable	852,422	-0-	-0-	-0-	852,422
Restricted	3,256,130	3,082,050	3,212,243	6,074,296	15,624,719
Committed	5,987,948	-0-	-0-	-0-	5,987,948
Assigned	9,194,383	-0-	-0-	-0-	9,194,383
Unassigned	5,535,710	-0-	-0-	-0-	5,535,710
Total fund balances	24,826,593	3,082,050	3,212,243	6,074,296	37,195,182
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 36,828,944	\$ 6,023,628	\$ 7,882,276	\$ 8,354,532	\$ 59,089,380

**MONONGALIA COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEETS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Total governmental fund balance	\$ 37,195,182
Amounts reported for governmental activities in the Statement of Net Position differ due to:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet.	205,278,544
Deferred charges are not reported in the funds:	
Property taxes receivable, food service billings receivable, Medicaid receivables, and certain other receivables will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore deferred in the fund balance sheet.	3,915,285
Deferred outflows and inflows of resources related to pensions and certain other transactions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,380,477
Deferred inflows of resources related to pensions	(1,214,240)
Deferred outflows of resources related to OPEB	983,016
Deferred inflows of resources related to OPEB	(2,052,323)
Deferred inflows – other	278,061
Certain revenues are not reported as revenue in the fund statements until received by the Board but are government wide upon execution of the contract.	(70,000)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds payable	(33,370,000)
Bond premium	(3,433,283)
Accrued interest on bonds	(248,019)
Capital lease payable	(5,999,914)
Compensated absences	(778,408)
Net pension liability – proportionate share	(10,822,078)
Net OPEB liability – dental and vision benefits	(10,605,510)
Net OPEB liability – proportionate share	(7,184,747)
Net position of governmental activities	\$ <u>175,252,043</u>

See accompanying notes and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Current Expense Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Improvement Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 64,903,702	\$ -0-	\$ 3,448,771	\$ -0-	\$ 68,352,473
Other local sources	2,800,092	1,532,406	176,806	82,190	4,591,494
State sources	60,290,589	6,243,575	-0-	2,639,605	69,173,769
Federal sources	811,097	10,477,649	-0-	-0-	11,288,746
Miscellaneous sources	152,584	-0-	-0-	-0-	152,584
Total revenues	<u>128,958,064</u>	<u>18,253,630</u>	<u>3,625,577</u>	<u>2,721,795</u>	<u>153,559,066</u>
Expenditures					
Instruction	69,990,726	10,258,167	-0-	-0-	80,248,893
Supporting services:					
Students	7,775,093	571,045	-0-	-0-	8,346,138
Instructional staff	2,343,696	1,022,811	-0-	-0-	3,366,507
Central administration	1,408,186	153,507	-0-	-0-	1,561,693
School administration	7,282,063	69,895	-0-	-0-	7,351,958
Business	1,787,137	101,503	-0-	-0-	1,888,640
Operation and maintenance of facilities	16,660,297	57,433	-0-	-0-	16,717,730
Student transportation	10,936,030	989,459	-0-	-0-	11,925,489
Food services	510,880	7,460,124	-0-	-0-	7,971,004
Community services	1,077,342	7,527	-0-	-0-	1,084,869
Capital outlay	3,751,796	-0-	-0-	8,499,414	12,251,210
Debt service:					
Principal retirement	405,767	-0-	1,620,000	-0-	2,025,767
Interest and fiscal charges	-0-	-0-	1,570,675	-0-	1,570,675
Total expenditures	<u>123,929,013</u>	<u>20,691,471</u>	<u>3,190,675</u>	<u>8,499,414</u>	<u>156,310,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,029,051</u>	<u>(2,437,841)</u>	<u>434,902</u>	<u>(5,777,619)</u>	<u>(2,751,507)</u>
Other Financing Sources (Uses)					
Transfers in	152,829	3,033,275	-0-	4,480,810	7,666,914
Capital lease proceeds	2,197,397	-0-	-0-	2,000,000	4,197,397
Transfers (out)	(7,514,085)	(152,829)	-0-	-0-	(7,666,914)
Total other financing sources (uses)	<u>(5,163,859)</u>	<u>2,880,446</u>	<u>-0-</u>	<u>6,480,810</u>	<u>4,197,397</u>
Net change in fund balances	<u>(134,808)</u>	<u>442,605</u>	<u>434,902</u>	<u>703,191</u>	<u>1,445,890</u>
Fund balances – beginning	16,078,409	2,639,445	7,275,369	5,371,105	31,364,328
Restatement of fund balance	8,882,992	-0-	(4,498,028)	-0-	4,384,964
Fund balances – beginning, as restated	<u>24,961,401</u>	<u>2,639,445</u>	<u>2,777,341</u>	<u>5,371,105</u>	<u>35,749,292</u>
Fund balances – ending	\$ <u>24,826,593</u>	\$ <u>3,082,050</u>	\$ <u>3,212,243</u>	\$ <u>6,074,296</u>	\$ <u>37,195,182</u>

See accompanying notes and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Amounts reported for governmental activities in the Statement of Activities are different due to:

Net change in fund balances – total governmental funds	\$ 1,445,890
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Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net position is the amount by which capital outlays exceed depreciation in the current period.

Depreciation expense	(6,744,858)
Capital outlays	13,460,528

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds, rather they are reported as deferred revenues.	503,111
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Certain revenues are not reported as revenue in the fund statements until received by the Board but are government wide upon execution of the contract.	(350,000)
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The repayment of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment has no effect on net position.	4,127,489
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Differences in the cost and accumulated depreciation on disposed capital assets are reported as a loss and reduction in net position in the Statement of Activities.

Cost of assets disposed	(108,271)
Accumulated depreciation of assets disposed	35,371

Capital lease proceeds are reported as liabilities in the Statement of Net Position instead of as financing transfers in the governmental activities.	(4,197,397)
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Bond premiums are reported as liabilities in the Statement of Net Position instead of as financing transfers in the governmental activities.	228,886
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See accompanying notes and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Compensated absences are reported as liabilities in the Statement of Net Position, but are only reported in government funds to the extent they have matured. This is the amount by which compensated absences (increased)/decreased.

Accrued vacation payable	\$ (37,383)
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Accrued interest is required to be reported as a liability in the Statement of Net Position of the district wide financial statements. The following represents the change in accrued interest receivable for the year.

13,510

Governmental funds report district OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.

District OPEB contributions	983,016
Cost of benefits earned net of employee contributions	(152,338)

Governmental funds report district OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense for the Net OPEB for dental and vision benefits.

(945,481)

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions	1,431,561
Cost of benefits earned net of employee contributions	(<u>1,098,227</u>)

Change in net position of governmental activities	\$ <u>8,595,407</u>
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See accompanying notes and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2018**

Agency Funds
School Activity
Funds

ASSETS

Cash and cash equivalents	\$ 2,109,110
Receivables	_____ -0-
TOTAL ASSETS	\$ <u>2,109,110</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ -0-
Due to other funds	<u>2,109,110</u>
TOTAL LIABILITIES	\$ <u>2,109,110</u>

See accompanying notes and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 1 - Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

The Monongalia County Board of Education (Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four-year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement 14 (as amended by GASB Statement 39) establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the School Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The School Board has no component units, defined by GASB Statement 14 (as amended by GASB Statement 39) as other legally separate organizations for which the elected board members are financially accountable.

B. District-wide and Fund Financial Statements:

The *district-wide financial statements* (the Statement of Net Position and the Statement of Activities) display information about the School Board as a whole. These statements include the financial activities of the overall government, except for fiduciary fund activities. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the school district's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Depreciation expenses for capital assets that can be specifically identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (such as a school building that may be used for instructional services, student and instructional staff support services, school administration, and child nutrition services) is distributed proportionally among the various functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Program revenues include: grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, restricted state aid, tuition, and other fees and charges paid by students. Revenues that are not considered as program revenues are classified as general revenue and include property taxes, unrestricted state aid, unrestricted investment earnings, gain on sale of capital assets, and federal and state grants not restricted to a specific purpose.

The ***fund financial statements*** provide information about the individual funds maintained by the School Board. All funds maintained by the school district are considered to be major funds for reporting purposes and are discretely presented in the accompanying financial statements.

The funds maintained by the Board are:

General Current Expense Fund: The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Special Revenue Fund: The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

Debt Service Fund: The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on general obligation bonds issued by the Board for the acquisition of capital assets.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Capital Projects Funds: Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by the Board. These funds can include: a bond construction fund, used to account for the proceeds from the issuance of general obligation bonds; a permanent improvement fund established under the authority of West Virginia Code §18-9B-14 to account for the proceeds of resources used for the support of various building and permanent improvement projects, and; one or more capital projects funds used to account for the resources used in the construction of a specific capital facility.

Agency Funds: Agency funds are used to account for assets that the Board holds for others in an agency capacity. These include: school activity funds to account for the assets of the individual schools of the district, the student clubs, and school support organizations; and may include a scholarship fund to account for contributions and donations made to the school district by a benefactor for the purpose of providing scholarships for graduates of the school district.

C. Measurement Focus and Basis of Accounting

The *district-wide statements* (Statement of Net Position and the Statement of Activities) were prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows are received. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place; revenues and expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

The *governmental fund financial statements* were prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded generally when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing resources.

Fiduciary 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 accrual basis of accounting. These funds are used to account for assets that the School Board holds for others in an agency capacity.

D. Encumbrances:

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E. Cash and Investments:

Cash on hand and deposits with banking institutions either in checking or savings accounts or other highly liquid investments with an original maturity of three months or less are presented as cash in the accompanying financial statements.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the West Virginia Municipal Bond Commission (MBC) for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof; certificates of deposit; and repurchase agreements. Funds of the School Board are temporarily invested by the MBC specifically on behalf of the School Board as part of the MBC's consolidated investment pool. Deposits with the State Consolidated Investment Pool are held by the West Virginia Board of Treasury Investments (BTI). The deposits with the MBC are held for debt service requirements of the School Board. The deposits with the BTI and MBC are not separately identifiable as to specific types of securities. Investment income is prorated to the School Board at rates specified by the BTI and MBC. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying basic financial statements. These investments are considered cash and cash equivalents due to their liquid nature. The BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The BTI was established by the State Legislature and is subject to oversight by the State Legislature.

All deposit accounts and investments of the School Board at June 30, 2018 consisted of the following:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Bank Balance</u>
Municipal Bond Commission	\$ 5,080,890	\$ 5,080,890	\$ 5,080,890
Certificates of Deposit	5,000	5,000	5,000
Deposits with Financial Institutions – Individual Schools	2,109,110	2,109,110	2,177,893
Deposits with Financial Institutions – Board	<u>37,442,247</u>	<u>37,442,247</u>	<u>39,619,714</u>
Total cash and cash equivalents	\$ <u>44,637,247</u>	\$ <u>44,637,247</u>	\$ <u>46,883,497</u>

The Board had no fixed-term investments at June 30, 2018.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Deposits with financial institutions were not entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the School Board's name. Custodial credit risk is the risk that in event of a bank failure, the School Board's deposits may not be returned to it. The School Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

Cash on deposit with the MBC is held by the BTI in the West Virginia Government Money Market Pool and is subject to the following BTI policies and limits.

Investments and Deposits: The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI's pools, the WV Money Market and WV Government Money Market Pools, have been rated AAAm by Standard & Poor's. A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, six are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, and School Fund Account.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands):

<u>Security Type</u>	<u>Credit Rating</u>		<u>Carrying Value</u>	<u>Percent of Pool Assets</u>
	<u>Moody's</u>	<u>S&P</u>		
U.S. Treasury notes*	Aaa	AA+	\$ 10,973	5.17%
U.S. Treasury bills *	P-1	A-1+	23,950	11.28%
U.S. agency bonds and notes	Aaa	AA+	52,300	24.63%
U.S. agency discount notes	P-1	A-1+	76,734	36.14%
Money market funds	Aaa	AAAm	247	0.12%
Repurchase agreements (underlying securities):				
U.S. Treasury notes*	Aaa	AA+	41,614	19.60%
U.S. agency bonds and notes	Aaa	AA+	6,486	3.06%
			\$ <u>212,304</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

<u>Security Type</u>	<u>Carrying Value (in thousands)</u>	<u>WAM (days)</u>
U.S. Treasury notes	10,973	76
U.S. Treasury bills	23,950	43
U.S. agency bonds and notes	52,300	17
U.S. agency discount notes	76,734	20
Repurchase agreements	48,100	3
Money market funds	247	3
	<u>\$ 212,304</u>	21

Other Risks of Investing: Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits: Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. The WV Bank Pool contains nonnegotiable certificates of deposit valued at \$81,000,000. The Reserve Pool contains funds totaling approximately \$19,092,000 in a bank depository account. The BTI does not have a deposit policy for custodial credit risk.

F. Food Service Receivables:

The accounts receivable for the Food Service Program has been reduced by \$824,251 for uncollectible accounts. The allowance for uncollectible accounts was calculated based upon historical data maintained by the Board.

G. Interfund Receivables and Payables:

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

H. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

I. Capital Assets:

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles are reported in the district-wide financial statements. The board defines capital assets as assets with an initial, individual cost of \$5,000 or more for land, furniture, vehicles, and equipment and \$100,000 for buildings and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized.

Buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Site Improvements	20 – 35
Furniture and equipment	5 – 20
Vehicles	8 – 12

J. Deferred Outflow of Resources:

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The Board's deferred outflows for the government wide financials include the Board's current year retirement contributions for pension expense that will impact future reporting periods.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

K. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teacher Retirement System (TRS) and additions to/deductions from the TRS fiduciary net position have been determined on the same basis as they are reported by TRS. 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. See note 11 for further discussion.

L. Compensated Absences and Other Post Employment Benefit Liability:

Compensated Absences:

It is the Board's policy to permit employees to accumulate earned but unused vacation pay benefits. Vacation benefits may be accumulated up to thirty days and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred as compensated absences.

Other Post Employment Benefit (OPEB) Liability – Sick Leave:

It is the School Board's policy to permit employees to accumulate earned but unused sick pay benefits. Sick benefits can be accumulated for unlimited days and carried forward to the subsequent fiscal year. When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 for further discussion.

Other Post Employment Benefit (OPEB) Liability – Dental & Vision Benefits:

It is the School Board's policy to permit employees who work for the Board to participate in a dental and vision benefit plan and to continue this coverage after retirement from the Board. Coverage will continue as long as there is no lapse in coverage and the Retiree pays the required premium. If the Retiree fails to pay the premium, the Board may terminate coverage. The Board reserves the right to terminate this plan or change the benefits within this plan.

M. Long-term Obligations:

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

N. Deferred Inflow of Resources:

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. The Board's deferred inflows consisted of property taxes, food service and Medicaid receivables as of June 30, 2018. Deferred inflows for the government wide financials include the proportionate share of the Board's net difference between projected and actual investment earnings and the differences between the employer contributions and proportionate share of contributions.

O. Net Position:

Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net position is classified as follows:

- **Net investment in capital assets** – This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.
- **Restricted net position, expendable** – This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Restricted net position, nonexpendable** – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The Board does not have any restricted nonexpendable assets at June 30, 2018.
- **Unrestricted net position** – This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

P. Restricted Net Position:

For the district-wide statement of net position, net position is reported as restricted when constraints placed on its use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Q. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent that portion of fund equity committed by official Board action prior to June 30 of each year for specific purposes. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2018.

Effective July 1, 2010, the Board adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2018. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

R. Elimination and Reclassifications:

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

S. Accounting Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

T. Restricted Resources:

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

U. Newly Adopted Statements Issued by the GASB:

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. See note 2 for a discussion of the effect and additional disclosures at note 12.

The Governmental Accounting Standards Board has also issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for fiscal years beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of GASB Statement No. 81 had no impact on the June 30, 2018 financial statements.

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MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018

The Governmental Accounting Standards Board has also issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for fiscal years beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of GASB Statement No. 82 had no impact on the June 30, 2018 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 85, *Omibus 2017*, effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of GASB Statement No. 86 had no impact on the June 30, 2018 financial statements.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

V. Recent Statements Issued by the GASB:

The Governmental Accounting Standards Board has also issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. The objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure asset retirement obligations (AROs), including obligations that may not have been previously reported. This statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The School Board has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The School Board has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The School Board has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The School Board has not yet determined the effect that the adoption of GASB Statement No. 88 may have on its financial statements.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Note 2 - Changes in Accounting Principles:

Effective July 1, 2017, the School Board adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement addresses accounting and financial reporting for other post-employment benefits (OPEB) provided to School Board employees who participate in the State OPEB plan. The Statement also requires various note disclosures (Note 12) and required supplementary information. As a result, beginning net position has been restated as follows:

	<u>Governmental Activities</u>
Beginning net position as previously reported at June 30, 2017	\$ 181,016,433
Prior period adjustment – Implementation of GASB 75	
To remove the OPEB liability on the fund statements	4,771,053
Beginning net OPEB liability	(9,684,683)
Deferred outflows of resources – 2017 OPEB contributions	599,951
Beginning net OPEB liability – dental & vision benefits	(9,768,229)
Beginning deferred outflow – dental & vision benefits	108,200
Restatement for error in property tax calculation	(386,089)
Total prior period adjustment	(14,359,797)
Net position as restated, July 1, 2017	\$ <u>166,656,636</u>

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Restatement of Fund Balances

The fund balances at the beginning of the year of the following funds required restatement:

	<u>General</u> <u>Current</u> <u>Expense</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>
Beginning fund balance at June 30, 2018, as previously stated	\$ 16,078,409	\$ 7,275,369
Total adjustments GASB 75	4,771,053	-0-
Total adjustments property tax reclassifications	4,479,146	(4,479,146)
Restatement for error in property tax calculation	(367,207)	(18,882)
Beginning fund balance at June 30, 2018, as restated	\$ <u>24,961,401</u>	\$ <u>2,777,341</u>

The Board restated its general current expense fund balance and statement of net position by \$4,771,053 to remove the OPEB liability on the fund statements with the implementation of GASB 75.

Also during the year ended June 30, 2018, the County Commission and West Virginia State Auditor determined that the allocation of certain property tax revenues was incorrectly coded and disbursed to the Board's Debt Service Fund instead of the General Current Expense Fund. As such, a restatement in the amount of \$4,479,146 was made to correct the accumulated error.

The Board also restated due to an error in the allocation of the property tax received from an entity that was determined by the courts to be exempt from property tax collections and required the Board to return their portion of the property taxes to the entity.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Note 3 - Stewardship, Compliance and Accountability:

A. Budgets and Budgetary Accounting:

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the modified accrual basis of accounting for all governmental funds but do not include amounts for other post employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.
2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

Note 4 - Risk Management:

The Board is exposed to various risks or loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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Board of Risk and Insurance Management (BRIM): The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk insurance pool for all State agencies, component units, boards of education and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. The BRIM risk pool retains the risk of the first \$2 million per property event and purchases excess insurance on losses above that level. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

Public Employees Insurance Agency (PEIA): The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Health coverage under these programs has no lifetime maximum benefit, while life insurance coverage is limited to \$10,000. Members may purchase up to an additional \$500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

Workers Compensation Fund: Travelers Insurance Company provides workers' compensation coverage to the Board. The cost of all coverage, as determined by Travelers Insurance Company, is paid by the Board.

The Travelers Insurance Company's risk pool retains the risk related to the compensation of injured employees under the program.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Note 5 - Property Taxes:

All property in the State is classified as follows for ad valorem tax purposes:

- Class I** - All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.
- Class II** - All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.
- Class III** - All real and personal property situated outside of municipalities, exclusive of Class I and II property.
- Class IV** - All real and personal property situated inside of municipalities, exclusive of Class I and II property.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I - 22.95¢ per \$100 of assessed valuation; Class II - 45.90¢ per \$100 of assessed valuation; Class III - 91.80¢ per \$100 of assessed valuation; and Class IV - 91.80¢ per \$100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessors Valuation Fund are also to be excluded from the calculation.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2018 were:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy</u>	<u>Bond Purposes</u>
Class I	\$ -0-	19.40¢	16.75¢	1.79¢
Class II	\$ 2,458,482,210	38.80¢	33.50¢	3.58¢
Class III	\$ 2,331,602,091	77.60¢	67.00¢	7.16¢
Class IV	\$ 1,115,380,361	77.60¢	67.00¢	7.16¢

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. 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, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on 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 paid.

Taxes Receivable:

Taxes receivable as of year end for the Board's funds are as follows:

	<u>General Current Expense Fund</u>	<u>Debt Service Fund</u>
Taxes receivable	\$ 6,295,216	\$ 326,777
Less: allowance for uncollectible	<u>3,380,910</u>	<u>159,652</u>
Net total taxes receivable	\$ <u>2,914,306</u>	\$ <u>167,125</u>

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Note 6 - Excess Levy

The Board had an excess levy in effect during the fiscal year ended June 30, 2018. The levy was authorized by the voters of the county at an election held on November 8, 2016 for the fiscal years ended June 30, 2018 through June 30, 2022 to provide funds for the following purposes:

Instructional materials, supplies, services, textbooks, equipment, physical education and duplication services, approximately \$1,500,000 annually;

Equipment, supplies and services in accordance with the Monongalia County technology plan, approximately \$1,250,000 annually;

Library/media center books, supplies, equipment and services, approximately \$175,000 annually;

Materials, equipment, supplies and services for programs in general, instrumental and vocal music, art and drama, approximately \$250,000 annually;

Math/science supplies, equipment and services for classrooms and laboratories, approximately \$145,000 annually;

Supplies and equipment to supplement the Monongalia County Technical Education Center programs, approximately \$100,000 annually;

Supplies, services and equipment to supplement pupil services, community schools, after school programs, summer programs, Law Enforcement, alternative education and health services, approximately \$1,500,000 annually;

Extracurricular activities including, but not limited to, recreation programs, athletics, academic programs and services, and upgrade athletic facilities and playgrounds, approximately \$1,250,000 annually;

Salary, supplies and travel for County 4-H program support, approximately \$30,000 annually;

Supplement the student services provided by the Monongalia County public libraries, approximately \$40,000 annually;

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**MONONGALIA COUNTY BOARD OF EDUCATION
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Repair, maintenance, additions and improvements to buildings, facilities and equipment and to meet existing local, state and federal regulations and codes including, but not limited to, fire marshal, health department, Department of Environmental Protection and Americans with Disabilities Act, approximately \$2,500,000 annually;

Supplement professional personnel and service personnel salaries and benefits, staff to address enrollment increases, an elective program grades 9-12, and for non-funded professional and service personnel mandates, approximately \$17,016,916 annually;

Materials, supplies, services, security and equipment for the operation of facilities, approximately \$2,000,000 annually;

Pupil transportation services including, but not limited to, the acquisition, operation, maintenance and repair of school buses, approximately \$600,000 annually;

A total of \$31,905,461 was received by the Board from the excess levy during the fiscal year ended June 30, 2018.

Note 7 - Tax Abatement

During the fiscal year ended June 30, 2018, the School Board's property tax revenues were reduced by an unknown amount due to the Longview Power Plant property held by the Monongalia County Development Authority being valued at a discounted rate. Assessment of the value of property is the responsibility of the WV State Tax Department and a recent assessment has not been performed. Pursuant to agreement(s) entered into by the Assessor of Monongalia County, the County Commission of Monongalia County, the Sheriff of Monongalia County, and the Board, payments in lieu of taxes (PILOTs) are remitted to the Sheriff of Monongalia County by property owners who are parties to the agreement(s). The sheriff is then required to remit the PILOTs to all public bodies within the County in the same proportion as property taxes. The School Board received approximately \$1.7 million for its share of PILOT collections during the fiscal year ended June 30, 2018.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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Note 8 - Capital Assets:

Capital asset balances and activity for the year ended June 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 14,238,338	\$ 2,401,993	\$ -0-	\$ 16,640,331
Construction in process	<u>8,244,310</u>	<u>8,536,542</u>	<u>(11,067,237)</u>	<u>5,713,615</u>
Total non-depreciable capital assets	<u>22,482,648</u>	<u>10,938,535</u>	<u>(11,067,237)</u>	<u>22,353,946</u>
Capital assets, depreciable:				
Buildings and improvements	219,018,561	11,625,590	-0-	230,644,151
Land improvements	10,462,267	142,459	-0-	10,604,726
Furniture and equipment	20,520,111	873,368	-0-	21,393,479
Vehicles	<u>11,988,489</u>	<u>947,813</u>	<u>(108,271)</u>	<u>12,828,031</u>
Total depreciable capital assets	<u>261,989,428</u>	<u>13,589,230</u>	<u>(108,271)</u>	<u>275,470,387</u>
Less accumulated depreciation for:				
Buildings and improvements	(60,020,468)	(4,740,568)	-0-	(64,761,036)
Land improvements	(2,959,442)	(300,298)	-0-	(3,259,740)
Furniture and equipment	(15,837,438)	(884,481)	-0-	(16,721,919)
Vehicles	<u>(7,018,954)</u>	<u>(819,511)</u>	<u>35,371</u>	<u>(7,803,094)</u>
Total accumulated depreciation	<u>(85,836,302)</u>	<u>(6,744,858)</u>	<u>35,371</u>	<u>(92,545,789)</u>
Total depreciable capital assets, net	<u>176,153,126</u>	<u>6,844,372</u>	<u>(72,900)</u>	<u>182,924,598</u>
Total capital assets, net	\$ <u>198,635,774</u>	\$ <u>17,782,907</u>	\$ <u>(11,140,137)</u>	\$ <u>205,278,544</u>

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Depreciation expense was charged to functions/programs of the governmental activities as follows:

Instruction	\$ 4,604,922
Supporting Services:	
Student support services	608,152
Central administration	3,828
School administration	269,698
Operation and maintenance of facilities	253,572
Transportation	740,274
Food services	<u>264,412</u>
Total depreciation expense – governmental activities	\$ <u>6,744,858</u>

Note 9 - Long-term Debt:

Long-term liability activity for the year ended June 30, 2018 is as follows:

	<u>Balance</u> <u>Beginning of</u> <u>Year</u> <u>(Restated)</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>End of Year</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>	<u>Amounts due</u> <u>past one year</u>
General obligation debt	\$ 34,990,000	\$ -0-	\$ 1,620,000	\$ 33,370,000	\$ 1,695,000	\$ 31,675,000
Bond premium	3,662,169	-0-	228,886	3,433,283	228,886	3,204,397
Compensated absences	741,025	37,383	-0-	778,408	778,408	-0-
Net pension liability – proportionate share	13,561,578	-0-	2,739,500	10,822,078	-0-	10,822,078
Net OPEB liability – proportionate share	9,684,683	-0-	2,499,936	7,184,747	-0-	7,184,747
Net other OPEB liability – dental & vision	9,660,029	945,481	-0-	10,605,510	-0-	10,605,510
Capital lease payable	<u>4,310,006</u>	<u>4,197,397</u>	<u>2,507,489</u>	<u>5,999,914</u>	<u>2,525,811</u>	<u>3,474,103</u>
	\$ <u>76,609,490</u>	\$ <u>5,180,261</u>	\$ <u>9,595,811</u>	\$ <u>72,193,940</u>	\$ <u>5,228,105</u>	\$ <u>66,965,835</u>

General Obligation Bonds – General obligation bonds payable at June 30, 2018, with their outstanding balance are comprised of the following individual issues:

During July of 2014, the board completed an advance refunding of the bonds and issued a new 2015 series of bonds in the amount of \$42,615,000 with a bond premium of \$4,806,597. The purpose of the refunding was to reduce the interest rate and provide for an economical savings of approximately \$2,493,631 for the county bond repayments. All of the previous bonds that were refunded have been paid and closed and the remaining proceeds are available to the Board for use.

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The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are listed as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,695,000	\$ 1,487,525	\$ 3,182,525
2020	1,745,000	1,435,362	3,180,362
2021	1,825,000	1,348,112	3,173,112
2022	1,870,000	1,293,362	3,163,362
2023	1,925,000	1,237,262	3,162,262
2024	2,010,000	1,141,012	3,151,012
2025	2,105,000	1,040,512	3,145,512
2026	2,180,000	956,312	3,136,312
2027	2,260,000	869,112	3,129,112
2028	2,350,000	773,062	3,123,062
2029	2,445,000	670,250	3,115,250
2030	2,555,000	548,000	3,103,000
2031	2,675,000	420,250	3,095,250
2032	2,800,000	286,500	3,086,500
2033	2,930,000	146,500	3,076,500
Thereafter	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>33,370,000</u>	\$ <u>13,653,133</u>	\$ <u>47,023,133</u>

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**MONONGALIA COUNTY BOARD OF EDUCATION
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Note 10 - Leases:

The Board has entered into various lease/purchase agreements with the private sector, primarily for equipment. These agreements, accounted for as capital leases, are for various terms. While these agreements contain clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes. Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. Operating lease expenditures for the year ended June 30, 2018 were \$308,682.

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of federal legislation which authorizes the issuance of qualified zone academy bonds (QZABs). The funding was used for renovation of classrooms, asbestos abatement and the redesign of existing classrooms at Cheat Lake Elementary School and those assets are leased from Clear Mountain Bank, Inc. for a period of ten years beginning December 17, 2009. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2018 for the Board's capital leases:

<u>Year</u>	
2019	\$ 200,000
2020	<u>200,000</u>
Present value of minimum lease payments	\$ <u>400,000</u>

The assets acquired through capital leases are as follows:

Asset, net of accumulated depreciation:	
Buildings	\$ <u>1,858,334</u>

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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The Board has entered into a capital lease-purchase agreement pursuant to the provisions of federal legislation which authorizes the issuance of qualified zone academy bonds (QZABs). The funding was used for energy conservation equipment in various schools within the county and those assets are leased from Centra Bank, Inc. for a period of ten years beginning May 3, 2014. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2018 for the Board's capital leases:

<u>Year</u>	
2019	\$ 133,333
2020	133,333
2021	133,333
2022	133,334
2023	133,334
2024	133,334
2025	133,334
2026	<u>133,334</u>
Present value minimum lease payments	\$ <u>1,066,669</u>

The assets acquired through capital leases are as follows:

Asset, net of accumulated depreciation:	
Furniture and equipment	\$ <u>1,787,500</u>

The Board has entered into a capital lease-purchase agreement pursuant with an individual for the purchase of land. The funding was used for the acquisition of property to construct a new school and the lease term requires four annual payments beginning July 2017 through July 2019.

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**MONONGALIA COUNTY BOARD OF EDUCATION
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The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2018 for the Board's capital leases:

<u>Year</u>	
2019	\$ 463,500
2020	<u>388,500</u>
Present value minimum lease payments	\$ <u>852,000</u>

The assets acquired through capital leases are as follows:

Assets, net of accumulated depreciation:	
Land	\$ <u>2,597,761</u>

The Board has entered into a capital lease-purchase agreement pursuant with a third party for the purchase of computer related technology for the classrooms. The funding was used for computer related equipment in various schools within the county and those assets are leased from Hewlett Packard Financial, Inc. for a period of three years beginning November 14, 2017. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2018 for the Board's capital leases:

<u>Year</u>	
2019	\$ <u>586,045</u>
Present value minimum lease payments	\$ <u>586,045</u>

The assets acquired through capital leases are as follows:

Assets, net of accumulated depreciation:	
Land	\$ <u>1,465,114</u>

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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The Board has entered into a capital lease-purchase agreement pursuant to the provisions of federal legislation which authorizes the issuance of qualified zone academy bonds (QZABs). The funding was used for energy conservation equipment in various schools within the county and those assets are leased from Clear Mountain Bank, Inc. for a period of fifteen years beginning October 11, 2017. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2018 for the Board's capital leases:

<u>Year</u>	
2019	\$ 133,333
2020	133,333
2021	133,333
2022	133,333
2023	133,333
2024	133,333
2025	133,333
2026	133,333
2027	133,333
2028	133,333
2029	133,333
2030	133,333
2031	133,333
2032	133,333
2033	<u>133,338</u>
Present value minimum lease payments	\$ <u>2,000,000</u>

The assets acquired through capital leases are as follows:

Asset, net of accumulated depreciation:	
Furniture and equipment	\$ <u>2,000,000</u>

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The Board has entered into a capital lease-purchase agreement pursuant with an entity for the purchase of land. The funding was used for the acquisition of property for additional bus parking and the lease term requires monthly payments beginning June 2018 through May 2028. At the end of the contract period, the Board will have ownership of the property. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2018 for the Board's capital leases:

<u>Year</u>	
2019	\$ 9,600
2020	9,600
2021	9,600
2022	9,600
2023	9,600
2024	9,600
2025	9,600
2026	9,600
2027	9,600
2028	<u>8,800</u>
Present value minimum lease payments	\$ <u>95,200</u>

The assets acquired through capital leases are as follows:

Asset, net of accumulated depreciation:	
Furniture and equipment	\$ <u>197,397</u>

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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The Board has entered into a capital lease-purchase agreement pursuant with an entity for the purchase of land. The funding was used for the acquisition of property for the Eastwood school project and the lease term requires annual payments beginning at closing during 2018 and a final payment due during the year ending June 30, 2019. At the end of the contract period, the Board will have ownership of the property. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2018 for the Board's capital leases:

<u>Year</u>	
2019	\$ <u>1,000,000</u>

The assets acquired through capital leases are as follows:

Asset, net of accumulated depreciation:	
Furniture and equipment	\$ <u>2,005,124</u>

Note 11 - Employee Retirement System:

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Retirement System (TRS) or the Teachers' Defined Contribution Retirement System (TDC). For the year ended June 30, 2018, the School Board's total payroll for all employees was \$74,444,494 and the payroll was \$69,459,190 for employees covered by the two retirement programs.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as state revenue (Contributions For/On Behalf of the LEA) in the School Board's financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The balance is considered to be the State's contribution toward the past service unfunded liability and is included as a for/on behalf revenue and expenditure in the School Board's financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The State's contribution to TRS on-behalf of the School Board meets the GASB Statement No. 68 definition of a special funding source. Therefore, the School Board has recorded pension expense and revenue for the portion of the State's total proportionate share of collective pension expense that is associated with the School Board in the financial statements prepared on the economic resources focus and accrual basis of accounting.

Conversion of leave for post-retirement: For employees hired for the first time and first becoming a member of the Teachers' Retirement System (TRS) before July 1, 2015, upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree. For employees hired for the first time and first becoming a member of the Teachers' Retirement System (TRS) on or after July 1, 2015, there is no provision to convert an employee's unused vacation and sick leave to a greater retirement benefit or payment of health insurance premiums.

A. Teachers' Retirement System (TRS):

Plan Description: The Teachers' Retirement System is a cost-sharing, multiple-employer public employee defined benefit retirement system which was established on July 1, 1941 and was closed for new members on July 1, 1991. Beginning July 1, 2005, all new employees become members of this plan. The West Virginia Legislature passed Senate Bill 529 in 2015 essentially adding a second tier of retirement benefits for those eligible to be a member of TRS who are hired for the first time and first become a member of TRS on or after July 1, 2015. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

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**MONONGALIA COUNTY BOARD OF EDUCATION
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Benefits Provided: Prior to the passage of Senate Bill 529, to qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent. With the passage of Senate Bill 529, to qualify for full benefits, employees hired for the first time and first becoming a member of TRS on or after July 1, 2015 must meet the following conditions:

- age 62 for an employee who goes directly into retirement with no break in service
- age 64 for employees with a break in service between employment and retirement and less than 20 years of TRS service
- age 63 for those with a break in service between employment and retirement and 20 or more years of TRS service

With the passage of Senate Bill 529, to qualify for reduced annuity benefits employees hired for the first time and first becoming a member of TRS on or after July 1, 2015 must meet the following conditions:

- between the ages of 60 and 62 and having a minimum of 10 years of contributing service
- between the ages of 57 and 62 and having 20 or more years of contributing service
- between the ages of 55 and 62 and having 30 or more years of contributing service

Upon retirement members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average member's five highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age 50 and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% Joint and Survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

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Contribution Requirements and Payments Made: This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the board of education contributes 15% of covered members' gross compensation to the retirement plan, for a total of 21% annually for those who became members prior to July 1, 1991. Participants who became members after July 1, 2005 contribute 6% of their gross compensation and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 13.5% annually.

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

Total payments reflected in the Board's financial statements to the defined benefit plan for the year ended June 30, 2018 were:

Employees' contributions (6%)	\$ 3,816,162
Employer's contributions (15% or 7.5%)	<u>5,289,122</u>
Total contributions	\$ <u>9,105,284</u>

Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources:

At June 30, 2018, the School Board reported a liability for its proportionate share of the TRS net pension liability that reflected a reduction for State pension support provided to the School Board. The amount recognized by the School Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School Board were as follows:

School Board's proportionate share of the net pension liability	\$ 10,822,078
State's proportionate share of the net pension liability associated with the School Board.	<u>166,387,146</u>
Total portion of net pension liability associated with the School Board	\$ <u>177,209,224</u>

The TRS net pension liability was measured as of June 30, 2017, and the total pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to the measurement date. The School Board's proportion of the net pension liability was based on its proportionate share of employer and non-employer contributions to the TRS Plan for the fiscal year ended on the measurement date.

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**MONONGALIA COUNTY BOARD OF EDUCATION
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For the year ended June 30, 2018, the School Board recognized pension expense of \$16,571,987 and for support provided by the State, revenue of \$15,360,148. At June 30, 2018, the School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -0-	\$ 340,167
Differences between expected and actual experience	94,089	192,785
Changes in proportion and differences between School Board contributions and proportionate share of contributions	1,448,280	681,288
Changes in assumptions	406,547	-0-
District contributions subsequent to the measurement date	<u>1,431,561</u>	<u>-0-</u>
Total	\$ <u>3,380,477</u>	\$ <u>1,214,240</u>

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

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<u>Years ending June 30,</u>	
2019	\$ 91,528
2020	457,111
2021	389,496
2022	(77,953)
2023	(125,506)
Thereafter	<u>-0-</u>
Total	\$ <u>734,676</u>

Actuarial Assumptions:

For TRS, the actuarial assumptions used in the June 30, 2016 valuation, with update procedures used to roll forward the total pension liability to June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. These assumptions are as follows:

Inflation:	3.0%
Salary Increases:	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00-6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00-6.50%.
Investment Rate of Return:	7.5%, net of pension plan investment expense, including inflation.
Mortality:	Active – 100% of RP2000 Non-Annuitant, Scale AA fully generational; Retired males – 97% of RP-2000 Healthy Annuitant, Scale AA fully generational; Retired females – 94% of RP-2000 Healthy Annuitant, Scale AA fully generational; Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational; Disabled females – 101% of RP-2000 Disabled Annuitant, Scale AA fully generational.
Discount Rate:	7.5%

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Investment Asset Allocation:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>	<u>Weighted Average Expected Real Rate of Return</u>
US Equity	27.5%	7.0%	1.92%
International Equity	27.5%	7.7%	2.12%
Core Fixed Income	7.5%	2.7%	0.20%
High Yield Fixed Income	7.5%	5.5%	0.41%
TIPS	0.0%	2.7%	0.00%
Real Estate	10.0%	7.0%	0.70%
Private Equity	10.0%	9.4%	0.94%
Hedge Funds	<u>10.0%</u>	4.7%	<u>0.47%</u>
Total	<u>100.0%</u>		6.76%
Inflation (CPI)			<u>1.90%</u>
			<u>8.66%</u>

Discount Rate:

The discount rate used to measure the total pension liability was 7.5%. The projections 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 of the TRS Plan was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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The following table presents the School Board's proportionate share of its net pension liability calculated using the discount rate of 7.5% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
School Board's proportionate share of the TRS net pension liability	\$ <u>14,247,737</u>	\$ <u>10,822,078</u>	\$ <u>7,895,081</u>

Payables to the Pension Plan:

At June 30, 2018, the School Board reported a liability of \$0 for its unpaid legally required contributions to the pension plan.

B. Teachers' Defined Contribution Retirement System:

Plan Description: All School Board employees hired after July 1, 1991 but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teachers' Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. Existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the 2008-09 fiscal year. To earn full benefits at retirement, however, members electing to transfer were required to contribute the 1.5% difference between the two plans' employee contribution rates.

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A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at any time. The investment options are: Great-West SF Balanced Trust, Great-West Lifetime 2015 Trust II, Great-West Lifetime 2025 Trust II, Great-West Lifetime 2035 Trust II, Great-West Lifetime 2045 Trust II, Great-West Lifetime 2055 Trust II, American Funds EuroPacific R5, Franklin Mutual Global Discovery Fund – Z, DFA US Targeted Value R1, T. Rowe Price Diversified Small Cap Growth, Vanguard Small-Cap Index Fund – Inv, American Century Heritage Inv, Scout Mid Cap, Fidelity New Millennium, Putnam Equity Income Y, Vanguard Large Cap Index Inv, Western Asset Core Plus Bond A, TIAA-CREF High-Yield Inst, Vanguard Interm-Term Bond Index Fund, and VALIC Fixed Annuity Option.

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2017, this plan had approximately \$470.9 million in net position held in trust for pension benefits. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Great West Retirement Services, an independent third party administrator.

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

Contribution Requirements and Payments Made: This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 4.5% of their gross salary and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the School Board's financial statements to the defined contribution plan for the fiscal year ended June 30, 2018 were:

Employees' contributions (4.5%)	\$ 263,515
Employer's contributions (7.5%)	<u>439,528</u>
Total contributions	\$ <u>703,043</u>

See independent auditor's report.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Note 12 - Post-Employment Benefits Other Than Pension:

General Information

Other post-employment benefits in West Virginia consist mainly of: Allowing employees hired prior to July 1, 2001 to convert unused annual, sick and/or personal leave to paid-up West Virginia Public Employees Insurance Agency (PEIA) premiums and allowing retirees to purchase PEIA health insurance at a deeply discounted premium rate.

As a result, the West Virginia Legislature passed HB 4654 in 2006 adding a new article to the State Code, WVC §5-16D-1 et seq. The article, among other things, created the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of administering retiree post-employment health care benefits, vested the responsibility for operation of the fund with the PEIA Finance Board, and required the board to have an actuarial valuation conducted at least biannually.

All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the PEIA Finance Board. The PEIA Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

The State of West Virginia (the State) is a nonemployer contributing entity that provides funding through Senate Bill 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. This special funding under the school aid formula subsidizes employer contributions of the county boards of education and contributes to the overall unfunded OPEB liability.

The State is a nonemployer contributing entity that provides funding through Senate Bill 419, effective July 1, 2012 and amended by West Virginia Code §11-21-96. For fiscal years beginning on and after July 1, 2016, this Senate Bill and corresponding State Code section requires that an annual amount of \$30 million from the State shall be dedicated for payment of the unfunded liability of the RHBT fund. The \$30 million annual contribution is to continue through July 1, 2037, or until the unfunded liability has been eliminated, whichever comes first.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 Million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020.

Plan Description

The West Virginia Other Postemployment Benefit Plan (the Plan) is a cost sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code §5-16D-2. The financial activities of the Plan are accounted for in the RHBT, a fiduciary fund of the State of West Virginia, established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of PEIA and RHBT staff. The Plan administers and provides medical and prescription drug benefits to certain retired members receiving pension benefits under the PERS, TRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A or Troopers Plan B pension systems, as administered by the CPRB.

The Plan sponsor provides a capped pay-as-you-go subsidy to each covered retired member, as well as a fully insured retiree life insurance program.

Retiree contributions are set each year by the RHBT and approved by the PEIA Finance Board. Increases to retiree contributions may reflect healthcare inflation, claim experience, and premium increases above the plan sponsor capped pay-as-you-go subsidy. Retiree contributions depend on date of hire and years of service at retirement. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy. Members hired before July 1, 2010, pay retiree healthcare contributions that are reduced by a sponsor subsidy which depends on the member's years of service at retirement.

Details regarding this plan and a copy of the RHBT financial report can be obtained by contacting Public Employees Insurance Agency, 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Benefits provided:

Upon retirement, the public employees who elected to participate in the PEIA insurance plan are eligible to credit unused sick or annual leave towards insurance coverage, according to the following formulas:

Retired employees who elected to participate in the PEIA insurance plan prior to July 1, 1988: Those without dependents may credit two days of unused sick or annual leave towards one month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one month of insurance coverage.

Retired employees who elected to participate in the PEIA insurance plan between July 1, 1988 and June 30, 2001: those without dependents may credit two days of unused sick or annual leave towards one-half month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one-half month of insurance coverage.

Employees hired on or after July 1, 2001 may not apply any unused sick or annual leave towards the cost of health insurance premiums.

In the alternative to applying unused sick and annual leave to health insurance, all employees participating in the PEIA insurance plan, and who are members of the State Teachers' Defined Benefit Retirement System prior to July 1, 2015, may apply unused sick and annual leave towards an increase in the employee's retirement benefits with those days constituting additional credited service. The cost for the employees who elect this option is reflected as a liability of the State Teachers' Retirement System and not included as an OPEB obligation.

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Contributions:

WVC §5-16D-3 states that contribution requirements of the members and the participating employers are set each year by the RHBT and approved by the PEIA Finance Board. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The paygo rates for June 30, 2017 and 2016, respectively, were:

	2017	2016
	<u>July 2016 to December 2016</u>	<u>January 2017 to June 2017</u>
Paygo premium	\$ <u>196</u>	\$ <u>135</u>
		\$ <u>163</u>

Contributions to the OPEB plan from the School Board were \$983,016 for the year end June 30, 2018. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2018, the School Board reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School Board. The amount recognized by the School Board as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the School Board were as follows:

School Board's proportionate share of the net OPEB liability	\$ 7,184,747
State's proportionate share of the net OPEB liability associated with the School Board.	<u>33,602,302</u>
Total portion of net OPEB liability associated with the School Board	\$ <u>40,787,049</u>

The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to the measurement date. The School Board's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date.

For the year ended June 30, 2017, the School Board's proportion was 0.292182974 percent, which was a decrease of 0.097805531 from its proportion measured as of June 30, 2016 (0.389988505 percent).

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MONONGALIA COUNTY BOARD OF EDUCATION
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For the year ended June 30, 2018, the School Board recognized OPEB expense of \$3,624,357 and for support provided by the State, revenue of \$3,473,262. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -0-	\$ 114,673
Differences between expected and actual experience	-0-	24,058
Changes in proportion and differences between School Board contributions and proportionate share of contributions	-0-	1,913,592
Changes in assumptions	-0-	-0-
School Board contributions subsequent to the measurement date	<u>983,016</u>	<u>-0-</u>
Total	\$ <u>983,016</u>	\$ <u>2,052,323</u>

School Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Years ending June 30,</u>	
2019	\$ (550,383)
2020	(550,383)
2021	(550,383)
2022	<u>(401,174)</u>
Total	\$ <u>(2,052,323)</u>

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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Actuarial Assumptions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions. These assumptions were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015 and apply to all periods included in the measurement, unless otherwise specified.

Inflation:	2.75%
Salary Increases:	Dependent upon pension system. Ranging from 3.0% to 6.5% including inflation
Investment Rate of Return:	7.15%, net of OPEB plan investment expense, including inflation
Mortality:	Post-Retirement: RP – 2000 Health Annuitant Mortality Table projected with Scale AA on a fully generational basis
Discount Rate:	7.15%
Healthcare Cost Trend Rates:	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
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Investment Asset Allocation:

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Those 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 are summarized in the following tables:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Equity	27.5%
International Equity	27.5%
Fixed Income	15.0%
Real Estate	10.0%
Private Equity	10.0%
Hedge Funds	10.0%
Total	<u>100.0%</u>

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

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**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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The discount rate used to measure the total OPEB liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the School Board's proportionate share of its net pension liability calculated using the discount rate of 7.15 percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

	<u>1% Decrease</u> <u>(6.15%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.15%)</u>	<u>1% Increase</u> <u>(8.15%)</u>
School Board's proportionate share of the WV-RHBT net OPEB liability	\$ <u>8,365,814</u>	\$ <u>7,184,747</u>	\$ <u>6,202,951</u>

Healthcare Cost Trend Rate:

The following table presents the School Board's proportionate share of its net OPEB liability calculated using the healthcare cost trend rate described in the actuarial assumptions above and the impact of using a discount rate that is 1% higher or lower than the current rate.

	<u>1% Decrease</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
School Board's proportionate share of the WV-RHBT net OPEB liability	\$ <u>6,035,290</u>	\$ <u>7,184,747</u>	\$ <u>8,590,598</u>

Payables to the OPEB Plan:

At June 30, 2018, the School Board reported a liability of \$0 for its unpaid legally required contributions to the OPEB plan.

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**MONONGALIA COUNTY BOARD OF EDUCATION
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Note 13 - Post-Employment Benefits – Group Dental and Vision Plans:

Plan Description

The Board provides group Dental and Vision Plans to eligible employees. Eligible employees are teachers and service employees who work for Monongalia County Board of Education. Employees are eligible to continue coverage in the Dental and Vision Plans upon retirement. Coverage will continue as long as there is no lapse in coverage and the retiree pays the required premium. If the retiree fails to pay the premium, the Monongalia County Board of Education may terminate coverage.

Teachers are eligible to retire from the Monongalia County Board of Education retirement plan at age 60 and 5 Years of Service or with 30 Years of Service.

Non-teachers are eligible to retire from the Monongalia County Board of Education retirement plan at age 60 and 5 Years of Service, age 55 and 10 Years of Service, or with 30 Years of Service.

Benefits provided:

Dental Benefits Available:

Preventative Services (Type I Expenses) – Oral Examinations, Cleanings, X-Rays, etc.

- Plan pays 100% up to \$1,650 annual combined maximum benefit for Type I, II and III expenses per covered person.

Basic/Routine Services (Type II Expenses) – Extractions, Fillings, Oral Surgery, etc.

- Plan pays 90% up to \$1,650 annual combined maximum benefit for Type I, II and III expenses per covered person.

Major Restorative Services (Type III) – Implants, Dentures, Crowns and Restorations, etc.

- Plan pays 85% up to \$1,650 annual combined maximum benefit for Type I, II and III expenses per covered person.

Orthodontics

- Plan pays 60% up to a lifetime maximum of \$1,500 per covered dependent.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Vision Benefits Available:

Covered benefits include one complete eye examination for each covered person during the plan year. The plan covers the purchase of two lenses for each covered person and one set of frames for each covered person in a plan year. Contact lenses are covered in lieu of lenses and frames. There are various maximum covered benefits for each service.

Contributions:

There is no contribution for retirees in their first year of retirement. For all following years, there is a required monthly contribution for all retirees. For 2018-2019 the monthly required contributions are:

	<u>Dental</u>	<u>Vision</u>	<u>All</u>
Member	\$ 38.27	\$ 5.70	\$ 43.97
Dependents	\$ 37.20	\$ 5.39	\$ 42.59
Family	\$ 75.47	\$ 11.09	\$ 86.56

Net OPEB Liability, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources:

At June 30, 2018, the School Board reported a liability for the net OPEB liability related to the Group Vision and Dental plans of \$10,605,510.

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$945,481 related to the Group Dental and Vision plans.

Actuarial Assumptions:

The net OPEB liability related to the Group Dental and Vision plans is based on the June 30, 2018 actuarial valuation with measurement dates of June 30, 2018 and June 30, 2019, and reporting dates of June 30, 2018 and June 30, 2019. Participant data as of June 30, 2018 were used. All actuarial assumptions are set by the plan sponsor.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Actuarial Cost Method:	Entry age normal – assuming level salary
Discount Rate:	3.00%
Dental and Optical Cost Trend Rates:	4.00%
Retiree Contributions Trend:	Retiree contributions follow the COBRA rates for the current year and are assumed to increase with the same trend as the dental/optical benefits.
Dental and Vision Care Costs:	The annual Company-paid costs of coverage valued per covered individual for 2018-2019 is \$714 for dental benefits and \$83 for optical benefits.
Mortality:	Actives, RP-2000 Non-annuitant Scale AA fully generational. Retired Males: 97% of RP-2000 healthy annuitant, Scale AA fully generational. Retired Female: 94% of RP-2000 healthy annuitant, Scale AA fully generational.
Rates of Retirement:	Teachers: 17.5 to 100%. Non-Teachers: 15 to 100%
Rate of Disability:	Males: .0400 to .5600%. Females: .0032% to .7040%
Rate of Employee Turnover:	Teachers: 0.8 to 33.9%. Non-teachers: 1.3 to 23.1%
Assumptions Made in Valuing Spouse's Benefit:	Seventy percent of active employees included in the valuation are assumed to be married and elect spouse coverage at the point of retirement or death. The wife is assumed to be three years younger than the husband. Actual spouse data was provided for current retirees.
Enrollment Rate:	100% of retirees are assumed to elect coverage in their first year of retirement, with 80% continuing in the following year.
Plan Termination:	It has been assumed that the plan will continue indefinitely.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Sensitivity of OPEB Liability to Changes in the Discount Rate:

The following represents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB 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% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.00%)</u>	<u>(3.00%)</u>	<u>(4.00%)</u>
Net OPEB Liability	\$ <u>12,721,156</u>	\$ <u>10,605,510</u>	\$ <u>8,950,739</u>

Sensitivity of OPEB Liability to Changes in the Trend Assumption:

The following represents the net OPEB liability calculated using the stated claims trend assumption rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
	<u>(3.00%)</u>	<u>(4.00%)</u>	<u>(5.00%)</u>
Net OPEB Liability	\$ <u>8,782,461</u>	\$ <u>10,605,510</u>	\$ <u>12,999,465</u>

Payables to the OPEB Plan:

At June 30, 2018, the School Board reported a liability of \$0 for its unpaid legally required contributions to the OPEB plan.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Note 14 - Payments on Behalf:

The Board may receive commitments or payments made by the State or an intermediate governmental jurisdiction for the benefit of the Board or contributions of equipment or supplies. Such revenue includes the payment to a pension fund by the State or an intermediate unit on behalf of the Board's employees for services rendered to the Board. The revenues recorded as Payments on Behalf of the Board are as follows:

Retirement allocation by the State	\$ 4,275,231
Retirement allocation by the State unfunded	14,352,922
PEIA allocation by the State	7,226,714
Donated Foods	216,711
Technology – Tools for Schools	236,449
Other post-employment benefit allocation	1,805,556
State Special Ed	24,507

Note 15 - Interfund Transfers and Balances

The composition of interfund balances as of June 30, 2018 is as follows:

Due From/Due To's

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Debt Service Fund	General Current Expense Fund	\$ 4,479,145

Interfund Transfers:

During the year ended June 30, 2018, the General Current Expense fund transferred \$4,480,810 to the Permanent Improvement fund, which represents a funding of capital projects and Growth Counties Facilities Act funds.

During the year ended June 30, 2018, the General Current Expense fund transferred \$3,033,275 to the Special Revenue fund, which represents the board contribution to various projects. The largest of these projects was the food service program.

During the year ended June 30, 2018, the Special Revenue fund transferred \$152,829 to the General Current Expense fund, which represents indirect costs.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Note 16 - Fund Balance

The detailed components of the various fund balance categories as of June 30, 2018 are as follows:

<u>Fund Balance</u>	<u>General Current Expense Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Improvement Fund</u>	<u>Total Governmental Fund</u>
Nonspendable:					
Prepaid items	\$ 852,422	\$ -0-	\$ -0-	\$ -0-	\$ 852,422
Restricted for:					
Special projects	-0-	3,082,050	-0-	-0-	3,082,050
Capital projects	-0-	-0-	-0-	6,074,296	6,074,296
Debt service	-0-	-0-	3,212,243	-0-	3,212,243
Excess levies	3,256,130	-0-	-0-	-0-	3,256,130
Committed to:					
See Note 17	5,987,948	-0-	-0-	-0-	5,987,948
Assigned to:					
Encumbrances and other	9,194,383	-0-	-0-	-0-	9,194,383
Unassigned	<u>5,535,710</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,535,710</u>
Total fund balance	\$ <u>24,826,593</u>	\$ <u>3,082,050</u>	\$ <u>3,212,243</u>	\$ <u>6,074,296</u>	\$ <u>37,195,182</u>

Note 17 - Committed Fund Balance:

The Board had committed a portion of the fund balance of the General Current Expense Fund at June 30, 2018 to be expended for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Pepsi Contract	\$ 76,300
School Wellness Program	1,864
Federal Unemployment Escrow	99,407
MHS – B&O Taxes	54,417
Bus Garage Donation	3
Eastwood Donation	24
County Football	2,607
WVCPD Pla Scholar – Cox	4
Suncrest Middle Conference	981
Krista-BB&T Donation	16,343
Community Schools	204,212
Technology E-Rate	910,488

See independent auditor's report.

MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Purpose</u>	<u>Amount</u>
Local Project	\$ 9,300
Three Tier Funding	83
E. Lombardi Special Education Award	5,801
WV On The Move – Mylan Park	38
UHS Facility Donations	45,000
Mason Dixon Donations	1
Special Education	1,043
OT/PT Seminar Acct	1,540
PDS CLM/Ridgedale	2,728
Local Project	30,000
Local Project	294
Local Project	1
Local Project	17
Local Project	5
MHS Distance Education	336
Medicaid	4,359,730
Playground	10,391
WV High Tech Consortium	13,605
Math Connections – S. Corder	268
SREB/CBHS	1
RESA Grant – Special Education	5
Mylan – North	3,097
Mylan Park Alliance	1,613
Testing Out	3,872
Three Tier Funding	4,258
Faculty Part in Hiring	10,710
BTG Donations	31
Technology/Computers	425
Three Tier Funding	15,249
Budget Digest	2,972
School Health AED Supplies	57
AED	18,435
Benedum Teacher Ed	79,534
Benedum Mason Dixon	858
Total unreserved fund balance – designated	\$ <u>5,987,948</u>

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Note 18 - Commitments, Contingencies and Subsequent Events:

The Board had encumbrances totaling \$6,022,564 as of June 30, 2018 in the following funds:

General Current Expense Fund	\$ 1,715,237
Special Revenue Fund	\$ 395,588
Permanent Improvement Fund	\$ 3,911,739

Encumbrances, to the extent they do not create a negative assigned fund balance are classified as Restricted, Committed, or Assigned fund balance depending on the specific purpose of the encumbrance.

During the year ended June 30, 2018, the Board was awarded a grant of approximately \$4 million from the School Building Authority of West Virginia (SBA) for the renovations at Morgantown High School and approximately \$153 thousand for HVAC renovations at Mountainview Elementary School. The Board anticipates the total cost to be approximately \$5.6 million of which the difference and any cost overruns, would be paid from the Board's local share.

As of June 30, 2018 the following commitments for construction and other capital improvements existed, which are included in the total amount of encumbrances reflected in the accompanying financial statements:

Construction of a new elementary school, renovations and additions to existing schools	\$7.7 million
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Contingencies

Under the terms of certain federal grant programs, periodic audits may be made, and certain costs may be questioned as not being appropriate expenses. Laws and regulations governing the grant programs and allowability of program costs are complex and subject to interpretation. Accordingly, such audits could lead to disallowances requiring reimbursements to the grantor agencies, which could be material to the Board's financial statements. Management of the Board believes that the Board is in compliance with applicable laws and regulations, in all material respects. Based on prior experience, the Board believes such disallowances, if any, would be immaterial.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018**

Effective with the fiscal year ended June 30, 2015, the Medicaid school-based health services program through the West Virginia Department of Health and Human Resources (DHHR), Bureau for Medical Services has a cost settlement requirement. This change was required by the federal Centers for Medicare and Medicaid Services (CMS). Revenue for services provided during the fiscal year ended June 30, 2018 has been recognized in accordance with the fee-for-service billings because there is insufficient data to estimate the cost settlement amounts. The interim cost settlement for the fiscal year ended June 30, 2017 was received by the School Board during August 2018. As such, Medicaid revenue has been adjusted accordingly within the accompanying financial statements. The interim cost settlement for the fiscal year ended June 30, 2018 will not be available until spring or summer of 2019. Laws and regulations governing the Medicaid program are complex and subject to interpretation. Management of the School Board believes that it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its financial statements. Compliance with such laws and regulations can be subject to future government review and interpretation. Accordingly, such reviews could lead to disallowances and/or significant regulatory action, including fines, penalties and exclusion from the Medicaid program resulting in reimbursement of previously reported revenue, which could be material to the School Board's financial statements.

The Board owns various buildings which are known to contain asbestos and/or other environmental issues. The Board is not required by federal, state or local law to remove the asbestos from its buildings. The Board is required under federal environmental health and safety regulations to manage the presence of asbestos and other environmental issues in its buildings in a safe condition. The Board addresses its responsibility to manage the presence of asbestos and other environmental issues in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. The Board also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Note 19 - Pending Litigation:

The Board was indirectly involved in litigation challenging the assessed tax valuations on certain properties owned by entities that believe they are exempt from property taxes. The Board has received its portion of property tax revenues from these properties and courts ruled in favor of the entities which resulted in the Board refunding a portion of the taxes back to the Monongalia County Sheriff and Treasurer Division. The amount recorded as a liability to be refunded at June 30, 2018 was approximately \$1.3 million.

The Board is involved in a number of legal proceedings and claims, involving students, employees and citizens who have sued the Board for damages. While it is not possible to determine the ultimate outcome of any lawsuit with certainty, management believes that the ultimate outcome will not have a material adverse effect on the financial position of the Board. The Board's insurance through the State Board of Risk and Insurance Management appears adequate to fully cover any potential liability.

Note 20 - Major Sources of Revenue:

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

Note 21 - Evaluation of Subsequent Events:

The Board of Education's management has evaluated subsequent events through March 21, 2019, the date the financial statements were available to be issued.

See independent auditor's report.

REQUIRED SUPPLEMENTARY INFORMATION

**MONONGALIA COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL CURRENT EXPENSE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>GAAP</u> <u>Amounts</u>	<u>Adjustments</u> <u>for</u> <u>Regulatory</u> <u>Basis</u>	<u>Actual GAAP</u> <u>Regulatory</u> <u>Basis</u> <u>Amounts</u>	<u>Variance</u> <u>With</u> <u>Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Property taxes	\$ 60,317,180	\$ 64,062,312	\$ 64,903,702	\$ -0-	\$ 64,903,702	\$ 841,390
Other local sources	1,997,080	2,584,625	2,800,092	-0-	2,800,092	215,467
State sources	58,286,180	59,991,285	60,290,589	-0-	60,290,589	299,304
Federal sources	100,000	1,045,185	811,097	-0-	811,097	(234,088)
Miscellaneous sources	70,000	135,444	152,584	-0-	152,584	17,140
Total revenues	<u>120,770,440</u>	<u>127,818,851</u>	<u>128,958,064</u>	<u>-0-</u>	<u>128,958,064</u>	<u>1,139,213</u>
Expenditures						
Instruction	68,956,340	73,576,919	69,990,726	-0-	69,990,726	3,586,193
Supporting services:						
Students	8,069,370	8,424,078	7,775,093	-0-	7,775,093	648,985
Instructional staff	2,460,810	2,491,732	2,343,696	-0-	2,343,696	148,036
Central administration	1,278,360	1,754,792	1,408,186	-0-	1,408,186	346,606
School administration	7,052,880	7,518,020	7,282,063	-0-	7,282,063	235,957
Business	1,906,550	2,020,230	1,787,137	-0-	1,787,137	233,093
Operation and maintenance of facilities	15,317,230	18,251,315	16,660,297	-0-	16,660,297	1,591,018
Student transportation	9,518,050	11,275,784	10,936,030	-0-	10,936,030	339,754
Other support services	-0-	-0-	-0-	-0-	-0-	-0-
Food services	523,010	541,713	510,880	-0-	510,880	30,833
Community services	1,197,070	1,472,207	1,077,342	-0-	1,077,342	394,865
Capital outlay	500,000	2,886,614	3,751,796	-0-	3,751,796	(865,182)
Debt service:						
Principal retirement	405,750	455,750	405,767	-0-	405,767	49,983
Interest and fiscal changes	-0-	-0-	-0-	-0-	-0-	-0-
Reserved for contingencies	350,000	5,044,745	-0-	-0-	-0-	5,044,745
Total expenditures	<u>117,535,420</u>	<u>135,713,899</u>	<u>123,929,013</u>	<u>-0-</u>	<u>123,929,013</u>	<u>11,784,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,235,020</u>	<u>(7,895,048)</u>	<u>5,029,051</u>	<u>-0-</u>	<u>5,029,051</u>	<u>12,924,099</u>
Other Financing Sources (Uses)						
Transfers in	145,670	270,686	152,829	-0-	152,829	(117,857)
Capital lease proceeds	-0-	-0-	2,197,397	-0-	2,197,397	2,197,397
Transfers (out)	(3,980,420)	(7,629,726)	(7,514,085)	-0-	(7,514,085)	115,641
Total other financing sources (uses)	<u>(3,834,750)</u>	<u>(7,359,040)</u>	<u>(5,163,859)</u>	<u>-0-</u>	<u>(5,163,859)</u>	<u>2,195,181</u>
Change in fund balances	(599,730)	(15,254,088)	(134,808)	-0-	(134,808)	15,119,280
Fund balances – beginning, as restated	<u>599,730</u>	<u>15,254,088</u>	<u>24,961,401</u>	<u>-0-</u>	<u>24,961,401</u>	<u>9,707,313</u>
Fund balances – ending	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>24,826,593</u>	\$ <u>-0-</u>	\$ <u>24,826,593</u>	\$ <u>24,826,593</u>

See accompanying notes to required supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>GAAP</u> <u>Amounts</u>	<u>Adjustments</u> <u>for</u> <u>Regulatory</u> <u>Basis</u>	<u>Actual GAAP</u> <u>Regulatory</u> <u>Basis</u> <u>Amounts</u>	<u>Variance</u> <u>with</u> <u>Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Other local sources	\$ 1,678,989	\$ 1,919,889	\$ 1,532,406	\$ -0-	\$ 1,532,406	\$ (387,483)
State sources	5,729,957	6,420,935	6,243,575	-0-	6,243,575	(177,360)
Federal sources	<u>10,233,155</u>	<u>14,428,748</u>	<u>10,477,649</u>	<u>-0-</u>	<u>10,477,649</u>	<u>(3,951,099)</u>
Total revenues	<u>17,642,101</u>	<u>22,769,572</u>	<u>18,253,630</u>	<u>-0-</u>	<u>18,253,630</u>	<u>(4,515,942)</u>
Expenditures						
Instruction	10,419,283	13,525,797	10,258,167	-0-	10,258,167	3,267,630
Supporting services:						
Students	310,052	640,078	571,045	-0-	571,045	69,033
Instructional staff	841,851	1,999,451	1,022,811	-0-	1,022,811	976,640
Central administration	160,519	154,837	153,507	-0-	153,507	1,330
School administration	85,603	83,584	69,895	-0-	69,895	13,689
Business	75,344	174,781	101,503	-0-	101,503	73,278
Operation and maintenance of facilities	55,817	59,881	57,433	-0-	57,433	2,448
Student transportation	936,653	1,029,980	989,459	-0-	989,459	40,521
Food services	7,779,962	8,462,028	7,460,124	-0-	7,460,124	1,001,904
Community services	11,960	11,193	7,527	-0-	7,527	3,666
Reserved for special projects	-0-	10,341	-0-	-0-	-0-	10,341
Total expenditures	<u>20,677,044</u>	<u>26,151,951</u>	<u>20,691,471</u>	<u>-0-</u>	<u>20,691,471</u>	<u>5,460,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,034,943)</u>	<u>(3,382,379)</u>	<u>(2,437,841)</u>	<u>-0-</u>	<u>(2,437,841)</u>	<u>944,538</u>
Other Financing Sources (Uses)						
Transfers in	2,999,612	3,014,612	3,033,275	-0-	3,033,275	18,663
Transfers (out)	<u>(145,669)</u>	<u>(191,140)</u>	<u>(152,829)</u>	<u>-0-</u>	<u>(152,829)</u>	<u>38,311</u>
Total other financing sources (uses)	<u>2,853,943</u>	<u>2,823,472</u>	<u>2,880,446</u>	<u>-0-</u>	<u>2,880,446</u>	<u>56,974</u>
Change in fund balances	<u>(181,000)</u>	<u>(558,907)</u>	<u>442,605</u>	<u>-0-</u>	<u>442,605</u>	<u>1,001,512</u>
Fund balances – beginning	<u>181,000</u>	<u>558,907</u>	<u>2,639,445</u>	<u>-0-</u>	<u>2,639,445</u>	<u>2,080,538</u>
Fund balances – ending	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,082,050</u>	\$ <u>-0-</u>	\$ <u>3,082,050</u>	\$ <u>3,082,050</u>

See accompanying notes to required supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE MEASUREMENT PERIOD ENDED JUNE 30, 2017
FOR THE YEAR ENDED JUNE 30, 2018**

	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.313232%	0.329979%	0.287782%	0.281979%
District's proportionate share of the net pension liability (asset)	\$ 10,822,078	\$ 13,561,578	\$ 9,972,377	\$ 9,728,541
State's proportionate share of the net pension liability (asset) associated with the district	<u>166,387,146</u>	<u>188,162,393</u>	<u>173,306,160</u>	<u>184,590,910</u>
Total	\$ <u>177,209,224</u>	\$ <u>201,723,971</u>	\$ <u>183,278,537</u>	\$ <u>194,319,451</u>
District's covered – employee payroll	\$ 62,160,278	\$ 61,402,037	\$ 60,841,984	\$ 59,180,073
District's proportionate share of the net pension liability (asset) as a percentage of its covered – employee payroll	17.410%	22.087%	16.391%	16.439%
Plan fiduciary net position as a percentage of the total pension liability	67.85%	61.42%	66.25%	65.95%

Data prior to 2014 is unavailable.

See accompanying notes to required supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017	2016	2015
Contractually required contribution	\$ 5,280,940	\$ 5,266,633	\$ 5,329,590	\$ 5,405,276
Contributions in relation to the contractually required contribution	<u>(5,280,940)</u>	<u>(5,266,633)</u>	<u>(5,329,590)</u>	<u>(5,405,276)</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
District's covered – employee payroll	\$ 63,587,350	\$ 62,160,278	\$ 61,402,037	\$ 60,841,984
Contributions as a percentage of covered – employee payroll	8.305%	8.473%	8.680%	8.884%

Data prior to 2015 is unavailable.

See accompanying notes to required supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE MEASUREMENT PERIOD ENDED JUNE 30, 2017
FOR THE YEAR ENDED JUNE 30, 2018**

	2017
District's proportion of the net OPEB liability (asset)	0.292183%
District's proportionate share of the net OPEB liability (asset)	\$ 7,184,747
State's proportionate share of the net OPEB liability (asset) associated with the district	<u>33,602,302</u>
Total	\$ <u>40,787,049</u>
District's covered payroll	\$ 73,113,345
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.827%
Plan fiduciary net position as a percentage of the total OPEB liability	25.10%

Data prior to 2017 is unavailable.

See accompanying notes to required supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
RETIREE HEALTH BENEFIT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	2018
Contractually required contribution	\$ 2,788,572
Contributions in relation to the contractually required contribution	(<u>2,788,572</u>)
Contribution deficiency (excess)	\$ <u>-0-</u>
District's covered payroll	\$ 75,030,353
Contributions as a percentage of covered payroll	3.717%

Data prior to 2018 is unavailable.

See accompanying notes to required supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
GROUP DENTAL AND VISION PLANS
FOR THE YEAR ENDED JUNE 30, 2018**

	2018
Actuarially determined contribution	\$ 1,393,331
Contributions in relation to the actuarially determined contribution	<u>108,200</u>
Contribution deficiency (excess)	\$ <u>1,285,131</u>
District's covered payroll	Not available
Contributions as a percentage of covered payroll	Not available

Data prior to 2018 is unavailable.

See accompanying notes to required supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

A. Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the regulatory basis of accounting for all governmental funds. The regulatory basis of accounting for West Virginia Boards of Education does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Certain other transactions, such as for/on behalf unfunded retirement contributions are also not included in the Board's regulatory basis budget. Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.
2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in the funds listed at the function level, which, according to State Board Policy, is the level at which budgetary controls must be maintained.

General Current Expense Fund:

<u>Function</u>	<u>Amount</u>
Capital Outlay	\$ 865,182

The over-expenditures in these programs were funded by capital lease proceeds.

See independent auditor's report.

MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018

C. Changes in Assumptions:

The actuarial assumptions used in the total pension liability calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Inflation:	3%	3%	3%	2.2%
Salary Increases:	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00 to 6.00%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75-5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40-6.50%.	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75-5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40-6.50%.
Investment Rate of Return:	7.5 %, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.	7.5%, net of pension plan investment expense, including inflation.

See independent auditor's report.

MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Mortality:	Active: RP-2000, Non-Annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis, healthy females – 94% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96 % of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis, disabled females – 101% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis.	Active: RP-2000, Non-Annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males – 97% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis, healthy females – 94% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96 % of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis, disabled females – 101% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis.	Active – RP2000, non-annuitant monthly mortality table, retired – RP2000 healthy annuitant, scale AA; disabled – RP2000 disabled annuitant mortality table, scale AA.	Active – RP2000, non-annuitant monthly mortality table, retired – RP2000 healthy annuitant, scale AA; disabled – RP2000 disabled annuitant mortality table, scale AA.
Discount Rate:	7.5%	7.5%	7.5%	7.5%

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

**MONONGALIA COUNTY BOARD OF EDUCATION
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>for</u>	<u>Regulatory</u>	<u>With</u>
			<u>Amounts</u>	<u>Regulatory</u>	<u>Basis</u>	<u>Final</u>
				<u>Basis</u>	<u>Amounts</u>	<u>Budget</u>
Revenues						
Property taxes	\$ 3,188,520	\$ 3,188,520	\$ 3,448,771	\$ -0-	\$ 3,448,771	\$ 260,251
Other local sources	<u>85,900</u>	<u>85,900</u>	<u>176,806</u>	<u>-0-</u>	<u>176,806</u>	<u>90,906</u>
Total revenues	<u>3,274,420</u>	<u>3,274,420</u>	<u>3,625,577</u>	<u>-0-</u>	<u>3,625,577</u>	<u>351,157</u>
Expenditures						
Debt service:						
Principal retirement	1,620,000	1,620,000	1,620,000	-0-	1,620,000	-0-
Interest and fiscal charges	<u>1,754,420</u>	<u>8,929,789</u>	<u>1,570,675</u>	<u>-0-</u>	<u>1,570,675</u>	<u>7,359,114</u>
Total expenditures	<u>3,374,420</u>	<u>10,549,789</u>	<u>3,190,675</u>	<u>-0-</u>	<u>3,190,675</u>	<u>7,359,114</u>
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(7,275,369)	434,902	-0-	434,902	7,710,271
Other Financing Sources (Uses)						
Transfers in	-0-	-0-	-0-	-0-	-0-	-0-
Transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balances	(100,000)	(7,275,369)	434,902	-0-	434,902	7,710,271
Fund balances – beginning, as restated	<u>100,000</u>	<u>7,275,369</u>	<u>2,777,341</u>	<u>-0-</u>	<u>2,777,341</u>	<u>(4,498,028)</u>
Fund balances – ending	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,212,243</u>	\$ <u>-0-</u>	\$ <u>3,212,243</u>	\$ <u>3,212,243</u>

See accompanying notes to other supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>GAAP</u> <u>Amounts</u>	<u>Adjustments</u> <u>for</u> <u>Regulatory</u> <u>Basis</u>	<u>Actual GAAP</u> <u>Regulatory</u> <u>Basis</u> <u>Amounts</u>	<u>Variance</u> <u>With</u> <u>Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Other local sources	\$ -0-	\$ -0-	\$ 82,190	\$ -0-	\$ 82,190	\$ 82,190
State sources	<u>-0-</u>	<u>8,402,493</u>	<u>2,639,605</u>	<u>-0-</u>	<u>2,639,605</u>	<u>(5,762,888)</u>
Total revenues	<u>-0-</u>	<u>8,402,493</u>	<u>2,721,795</u>	<u>-0-</u>	<u>2,721,795</u>	<u>(5,680,698)</u>
Expenditures						
Capital outlay	-0-	16,374,158	8,499,414	-0-	8,499,414	7,874,744
Reserve for capital projects	<u>4,980,810</u>	<u>214,100</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>214,100</u>
Total expenditures	<u>4,980,810</u>	<u>16,588,258</u>	<u>8,499,414</u>	<u>-0-</u>	<u>8,499,414</u>	<u>8,088,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,980,810)</u>	<u>(8,185,765)</u>	<u>(5,777,619)</u>	<u>-0-</u>	<u>(5,777,619)</u>	<u>2,408,146</u>
Other Financing Sources (Uses)						
Transfers in	980,810	1,480,810	4,480,810	-0-	4,480,810	3,000,000
Capital lease proceeds	-0-	2,000,000	2,000,000	-0-	2,000,000	-0-
Transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>980,810</u>	<u>3,480,810</u>	<u>6,480,810</u>	<u>-0-</u>	<u>6,480,810</u>	<u>3,000,000</u>
Change in fund balances	<u>(4,000,000)</u>	<u>(4,704,955)</u>	<u>703,191</u>	<u>-0-</u>	<u>703,191</u>	<u>5,408,146</u>
Fund balances – beginning	<u>4,000,000</u>	<u>4,704,955</u>	<u>5,371,105</u>	<u>-0-</u>	<u>5,371,105</u>	<u>666,150</u>
Fund balances – ending	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>6,074,296</u>	\$ <u>-0-</u>	\$ <u>6,074,296</u>	\$ <u>6,074,296</u>

See accompanying notes to other supplementary information and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
OTHER SUPPLEMENTARY INFORMATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

A. Budgets and Budgetary Accounting

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the regulatory basis of accounting for all governmental funds. The regulatory basis of accounting for West Virginia Boards of Education does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Certain other transactions, such as for/on behalf unfunded retirement contributions are also not included in the Board's regulatory basis budget. Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.
2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Restated</u> <u>Cash Balance</u> <u>7/1/2017</u>	<u>Revenues</u> <u>Received</u>	<u>Expenditures</u> <u>Paid</u>	<u>Cash Balance</u> <u>6/30/2018</u>
High Schools:				
Clay Battelle High	\$ 206,648	\$ 174,649	\$ 150,711	\$ 230,586
Morgantown High	364,977	594,370	528,851	430,496
University High	424,462	613,924	612,807	425,579
Tech Ed Center/General	157,692	401,246	400,407	158,531
Tech Ed Center/Comm Schools	99,017	33,667	126,042	6,642
Tech Ed Pell Grant	-0-	167,600	167,600	-0-
Total High Schools	<u>1,252,796</u>	<u>1,985,456</u>	<u>1,986,418</u>	<u>1,251,834</u>
Middle and Junior High Schools:				
Mountaineer Middle	61,694	102,669	103,451	60,912
South Middle	144,093	207,194	184,547	166,740
Suncrest Middle	122,771	92,619	103,187	112,203
Westwood Middle	56,390	127,804	98,303	85,891
Total Middle and Junior High Schools	<u>384,948</u>	<u>530,286</u>	<u>489,488</u>	<u>425,746</u>
Elementary Schools:				
Brookhaven Elementary	26,299	47,705	36,469	37,535
Cheat Lake Elementary	40,592	82,423	79,840	43,175
Eastwood Elementary	60,432	78,989	81,492	57,929
Mason Dixon Elementary	27,358	35,763	34,171	28,950
Mountainview Elementary	19,611	55,169	43,392	31,388
Mylan Park Elementary	50,501	73,839	54,409	69,931
North Elementary	38,088	90,762	90,362	38,488
Ridgedale Elementary	34,984	35,612	34,169	36,427
Skyview Elementary	32,474	47,038	28,513	50,999
Suncrest Primary	57,843	58,908	80,043	36,708
Total Elementary Schools	<u>388,182</u>	<u>606,208</u>	<u>562,860</u>	<u>431,530</u>
Total – All Schools	\$ <u>2,025,926</u>	\$ <u>3,121,950</u>	\$ <u>3,038,766</u>	\$ <u>2,109,110</u>

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXCESS LEVY REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Current Year</u>			<u>Levy To Date</u>		
	<u>Estimated Per Levy Call</u>	<u>Actual</u>	<u>Variance</u>	<u>Estimated Per Levy Call</u>	<u>Actual</u>	<u>Variance</u>
Excess Levy Collections	\$ <u>28,356,916</u>	\$ <u>35,811,361</u>	\$ <u>7,454,445</u>	\$ <u>28,356,916</u>	\$ <u>35,811,361</u>	\$ <u>7,454,445</u>
Expenditures (County Specific Levy Call):						
Excess Levy Expenditure Category						
Instructional materials, supplies, services, textbooks, equipment, physical education, and duplication services	1,500,000	1,699,119	199,119	1,500,000	1,699,119	199,119
Excess Levy Expenditure Category						
Equipment, supplies and services in accordance with the Monongalia County technology plan	1,250,000	976,931	(273,069)	1,250,000	976,931	(273,069)
Excess Levy Expenditure Category						
Library/media center books, supplies, equipment and services, approximately \$175,000 annually	175,000	165,515	(9,485)	175,000	165,515	(9,485)
Excess Levy Expenditure Category						
Materials, equipment, supplies and services for programs in general, instrumental and vocal music, art and drama	250,000	261,216	11,216	250,000	261,216	11,216
Excess Levy Expenditure Category						
Math/science supplies, equipment and services for classrooms and laboratories	145,000	76,791	(68,209)	145,000	76,791	(68,209)
Excess Levy Expenditure Category						
Supplies, services and equipment to supplement the Monongalia County Technical Education Center programs	100,000	107,300	7,300	100,000	107,300	7,300

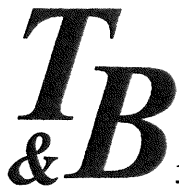
MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXCESS LEVY REVENUES AND EXPENDITURES (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Current Year</u>			<u>Levy To Date</u>		
	<u>Estimated Per Levy Call</u>	<u>Actual</u>	<u>Variance</u>	<u>Estimated Per Levy Call</u>	<u>Actual</u>	<u>Variance</u>
Excess Levy Expenditure Category Supplies, services and equipment to supplement pupil services, community schools, after school programs, summer programs, Law Enforcement, alternative education and health services	\$ 1,500,000	\$ 1,531,547	\$ 31,547	\$ 1,500,000	\$ 1,531,547	\$ 31,547
Excess Levy Expenditure Category Extracurricular activities including, but not limited to, recreation programs, athletics, academic programs and services, and upgrade athletic facilities and playgrounds	1,250,000	1,866,751	616,751	1,250,000	1,866,751	616,751
Excess Levy Expenditure Category Salary, supplies and travel for County 4-H program support	30,000	41,174	11,174	30,000	41,174	11,174
Excess Levy Expenditure Category Supplement the student services provided by the Monongalia County Public Libraries	40,000	40,000	-0-	40,000	40,000	-0-
Excess Levy Expenditure Category Repair, maintenance and improvements to buildings, facilities and equipment and to meet existing local, state and federal regulations and codes including, but not limited to, fire marshal, health department, Department of Environmental Protection and Americans with Disabilities Act	2,500,000	3,147,654	647,654	2,500,000	3,147,654	647,654
Excess Levy Expenditure Category Supplement professional and service personnel salaries and benefits, staff to address enrollment increases and/or reduced teacher/student ratio, an elective program grades 9-12, and for non-funded professional and service personnel mandates	17,016,916	19,382,918	2,366,002	17,016,916	19,382,918	2,366,002

MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXCESS LEVY REVENUES AND EXPENDITURES (CONTD)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Current Year</u>			<u>Levy To Date</u>		
	<u>Estimated</u>			<u>Estimated</u>		
	<u>Per Levy</u>			<u>Per Levy</u>		
	<u>Call</u>	<u>Actual</u>	<u>Variance</u>	<u>Call</u>	<u>Actual</u>	<u>Variance</u>
Excess Levy Expenditure Category						
Materials, supplies, services, security and equipment for the operation of facilities	\$ 2,000,000	\$ 2,444,670	\$ 444,670	\$ 2,000,000	\$ 2,444,670	\$ 444,670
Excess Levy Expenditure Category						
Pupil transportation services including, but not limited to, the acquisition, operation, maintenance and repair of school buses	<u>600,000</u>	<u>813,645</u>	<u>213,645</u>	<u>600,000</u>	<u>813,645</u>	<u>213,645</u>
Total Expenditures	<u>28,356,916</u>	<u>32,555,231</u>	<u>4,198,315</u>	<u>28,356,916</u>	<u>32,555,231</u>	<u>4,198,315</u>
Excess (Deficiency) of collections over (under) expenditures	\$ <u>-0-</u>	\$ <u>3,256,130</u>	\$ <u>3,256,130</u>	\$ <u>-0-</u>	\$ <u>3,256,130</u>	\$ <u>3,256,130</u>

See independent auditor's report.



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

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

Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Monongalia County Board of Education (Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Monongalia County Board of Education's basic financial statements, and have issued our report thereon dated March 21, 2019.

Internal Control Over Financial Reporting

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

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

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

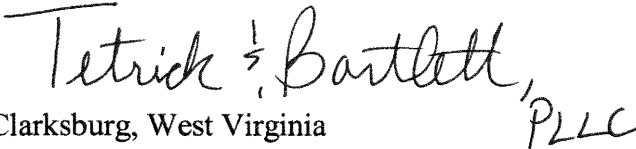
Compliance and Other Matters

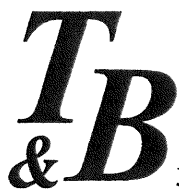
As part of obtaining reasonable assurance about whether the Monongalia County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Monongalia County Board of Education in a separate letter dated March 21, 2019.

Purpose of this Report

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


Clarksburg, West Virginia
March 21, 2019



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Honorable Members of the
Monongalia County Board of Education
Morgantown, West Virginia

Report on Compliance for Each Major Federal Program

We have audited Monongalia County Board of Education's (Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Monongalia County Board of Education's major federal programs for the year ended June 30, 2018. The Monongalia County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Monongalia County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monongalia County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Monongalia County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Monongalia County Board of Education, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Monongalia County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Monongalia County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Monongalia County Board of Education's internal control over compliance.

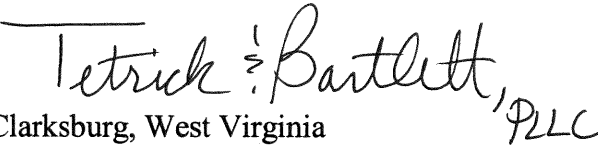
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

Honorable Members of the
Monongalia County Board of Education

Page 3

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Clarksburg, West Virginia
March 21, 2019

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

A. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(s) identified not considered
to be material weaknesses?

None Reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

No

Significant deficiency(s) identified?

None Reported

Type of auditors' report issued on compliance for
major programs:

Unmodified Opinion

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR
Section 200.516(a)?

No

Identification of major programs:

U.S. Department of Health and Human Services

Head Start

CFDA #93.600

U.S. Department of Education

Title I Grants to Local Educational Agencies

CFDA #84.010

U.S. Department of Education

Supporting Effective Instruction State Grant
(formerly, Improving Teacher Quality State Grant)

CFDA #84.367

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture			
Passed-through West Virginia Department of Education			
Child and Adult Care Food Program	10.558	88	\$ 57,623
Team Nutrition Grants	10.574	88	4,486
<i>Child Nutrition Cluster:</i>			
Passed-through West Virginia Department of Agriculture – Food Distribution Program – National School Lunch Program	10.555	88	216,711
Passed-through West Virginia Department of Education			
National School Lunch Program	10.555	88	<u>1,991,138</u>
<i>Total Federal Expenditures CFDA #10.555</i>			2,207,849
Passed-through the West Virginia Department of Education			
School Breakfast Program	10.553	88	759,881
Summer Food Service Program for Children	10.559	88	<u>22,594</u>
<i>Total Child Nutrition Cluster</i>			<u>2,990,324</u>
Total U.S. Department of Agriculture			\$ <u>3,052,433</u>
U.S. Department of Defense			
Passed-through West Virginia Department of Education			
<u>Program Title</u>			
Language Grant Program	12.900	45	\$ <u>94,939</u>
Total U.S. Department of Defense			\$ <u>94,939</u>

MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education			
Federal Pell Grant Program	84.063	N/A	\$ 167,600
Passed-through the West Virginia Department of Education			
<u>Program Title</u>			
Title I Grants to Local Educational Agencies	84.010	41	2,049,675
<i>Special Education Cluster:</i>			
Special Education – Grants to States	84.027	43	2,517,970
Special Education – Preschool Grants	84.173	43	<u>50,682</u>
<i>Total Special Education Cluster</i>			<u>2,568,652</u>
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	43	581
Career and Technical Education – Basic Grants to States	84.048	50	203,458
English Language Acquisition State Grants	84.365	45	55,286
Education for the Homeless Children and Youth	84.196	54	13,273
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	40	433,041
Student Support and Academic Enrichment Program	84.424	42	<u>5,677</u>
Total U.S. Department of Education			\$ <u>5,497,243</u>

See accompanying notes to the schedule of expenditures of federal awards and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services			
<u>Program Title</u>			
<i>Head Start:</i>			
Head Start (Early Head Start)	93.600	32	\$ 1,452,070
Passed-through Grantor – North Central Community Action Head Start		13.600 CAN G034122	
Head Start	93.600	32	<u>1,049,123</u>
<i>Total Federal Expenditures CFDA #93.600</i>			<u>2,501,193</u>
Total U.S. Department of Health and Human Services			\$ <u>2,501,193</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>11,145,809</u>

N/A – Not Applicable

See accompanying notes to the schedule of expenditures of federal awards and independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Monongalia County Board of Education under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Monongalia County Board of Education, it is not intended to and does not present the financial position and changes in net position of the Monongalia County Board of Education.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Commodities are valued based on amounts as established by the U.S. Department of Agriculture. The Board received and disbursed \$216,711 in food commodities in the Food Distribution Program for the year ended June 30, 2018.

Note 4. Student Financial Assistance

The Federal Pell Grant Program (CFDA #84.063) expenditures of federal awards is based on the amount of federal funds received. The revenues are based on reimbursements made as a result of the total amount of federal revenues received and are presumed to be expended during the fiscal year.

Note 5. Indirect Cost Rate

The Monongalia County Board of Education has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report.

**MONONGALIA COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number:

There were no Findings and Questioned Costs for the prior audit period of July 1, 2016 to June 30, 2017 that are required to be reported.