

# Ohio County, West Virginia

Audited Financial Statements  
and Supplementary Information  
Year Ended June 30, 2020



**Ohio County, West Virginia**  
**Schedule of Funds included in Report**

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**Governmental Funds**

General Fund

Special Revenue Funds - Major Funds

Coal Severance

Property TIF Tax

Special District Excise Tax

Special Revenue Funds - Included in Nonmajor Governmental Funds

Dog and Kennel

General School

Magistrate Court

Worthless Check

Home Detention

C C B M C

Fire Board

Animal Shelter Trust

Assessor's Valuation

Concealed Weapon

Coal Reallocation

Capital Projects Funds - Included in Nonmajor Governmental Funds

Capital Improvement

Airport Capital Improvement

Debt Service Fund - Major Fund

Development District Debt Service

**Proprietary Fund**

Enterprise Fund - Major Fund

Public Improvement

**Ohio County, West Virginia**  
**Schedule of Funds included in Report**

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**Component Unit**

Enterprise Fund

Ohio County Development Authority

**Fiduciary Funds**

Agency Funds

Health

Delinquent Nonentered Lands

Tax Refund

Tax Lien Surplus

State

School

Municipal

WV Deputy Sheriff Retirement Fund

DARE Program

County Offices

**Ohio County, West Virginia  
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# Ohio County, West Virginia

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## **Introductory Section**

**Ohio County, West Virginia  
County Officials  
For the Year Ended June 30, 2020**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission	Timothy P. McCormick	01/01/15 - 12/31/20
	Peter R. Wharton	01/01/17 - 12/31/22
	Donald A. Nickerson, Jr.	01/01/19 - 12/31/24
Clerk of the County Commission	Michael E. Kelly	01/01/17 - 12/31/22
Clerk of the Circuit Court	Brenda L. Miller	01/01/17 - 12/31/22
Sheriff	Thomas J. Howard	01/01/17 - 12/31/20
Prosecuting Attorney	Scott R. Smith	01/01/17 - 12/31/20
Assessor	Tiffany L. Hoffman	01/01/17 - 12/31/20
<u>Appointive</u>		
Administrator	Gregory L. Stewart	
Solicitor	Donald Tennant	
Dog Warden	Douglas W. McCroskey Jr.	
Airport Manager	Russell Escue	

## **Financial Section**



Dan Wilson, CPA, MBA  
(deceased)  
1955-2013

Dennis Kozicki, CPA  
Nancy Hughes, CPA  
Aimee Tickerhoof, CPA

Jayetee Herron, CPA



The Maxwell Centre  
32 Twentieth Street  
Suite 300  
Wheeling, WV 26003

304 232-2280  
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CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Honorable Members of the Ohio County Commission:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ohio County, West Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Ohio County, West Virginia's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ohio County, West Virginia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 5 through 12, and cost sharing multi – employer pension plan, cost sharing multi – employer OPEB plan and the budgetary comparison statements, on pages 79 through 83, 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 and other auditors 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 Ohio County, West Virginia's basic financial statements. The introductory section, the budgetary comparison statement – assessor's valuation fund, on page 84, and the schedule of expenditures of state awards, on page 85, 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 expenditures of federal awards and the schedule of expenditures of state 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, based on our audit and the procedures performed as described above, the schedule of expenditures of federal awards and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the budgetary comparison statement – assessor's valuation fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, on our consideration of Ohio County, West Virginia'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 Ohio County, West Virginia'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 Ohio County, West Virginia's internal control over financial reporting and compliance.

*Kozicki Hughes Siderstrof PLLC*

Wheeling, West Virginia,  
March 10, 2021.

OHIO COUNTY, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

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**I. MANAGEMENT'S DISCUSSION AND ANALYSIS**

The discussion and analysis of our financial condition provides an overview of the County's financial activities for this fiscal year. It should be read in conjunction with the County's financial statements that follow.

**Financial Highlights**

- \* The County's total net position increased by about \$300,000.
- \* Liability figures reflect an increase of approximately \$14.6 million. The largest portion, nearly \$14 million, can be attributed to an increase in long-term debt consisting of bonds and capital leases.
- \* In FY 2020, 78.9% of the County's General fund budget was expended compared to 2019 when 73.2% was utilized. Additional capital spending is accredited for the increase.
- \* The General Fund's budgetary revenues increased by 14.47%. The increase can be attributed to proceeds from financing of about \$4.4 million. These funds covered the offsetting capital-related expenses including \$4.2 million for a communication equipment upgrade.
- \* The most profound revenues impacted from the pandemic was gaming revenues and hotel taxes. The combination of these revenues resulted in a decrease of \$875,000 from 2019 to 2020. The pandemic required closures of many businesses for more than a month. Nearly all travel was suspended and there was no community events, sporting events or festivals from March 2020 to December 2020.

**Overview of the financial statements**

Our annual report consists of the following – The Introductory Section, which includes the County Official list, showing all elective officials with their current terms and current appointed officials. The Financial Section, which includes the *management discussion and analysis* (this section), Statement of Net Position and Statement of Activities, to report the County's financial position on the government-wide basis of accounting, the fund financial statements, and the notes to the financial statements. The financial section also includes additional accompanying information such as the Required Supplementary Information, Supplementary Information, and Accompanying Information which supplements the information reported throughout our financial statements.

The basic financial statements include two kinds of statements that present different views of the County:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the County Government, reporting the County's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that includes additional pension and OPEB information and the budgetary comparison statements.

OHIO COUNTY, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

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**I. MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Government-wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities. Expenses are recognized at the time of purchase and revenues are recognized when they are available to pay for current period expenditures. Unlike fund financial accounting where purchases equal expenses, capital asset purchases and improvements are recorded as assets and expensed through depreciation over a period of years.

The two government-wide statements report the County's net position and how they have changed. Net position, the difference between the County's assets and liabilities, is one way to measure the County's financial health, or position.

- \* Over time, increases or decreases in the County's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- \* To assess the overall health of the County, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of the County's assets.

Typically government-wide financial statements are separated into three categories: governmental activities, business type activities and component units. All the County's services fall into the classification of governmental activities, except one, the Ohio County Airport, which is business-type activity. The definition of these two categories are as follows:

- \* **Governmental Activities** – Activities included here are generally financed through taxes, intergovernmental revenues, such as grants, and other nonexchange transactions, where fees or charges do not equal the cost of services provided. All County services, such as public safety, general administration, grant programs and capital projects are also included here. As defined, property taxes, video lottery, state and federal grants, fines, fees and charges to customers finance these activities.
- \* **Business-type Activities** – Activities included here are generally financed in whole or part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds. The County's airport expenses and revenues are reported in this category.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

The County is required by State law to have certain funds.

*Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a statement of reconciliation connecting the balance sheet to the statement of net position on the subsequent pages of the combined balance sheet to explain the relationship (or differences) between them. In the same manner, we provide a statement of reconciliation linking the income statement to the statement of activities on the pages following the combined income statement.

*Proprietary funds* – Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Ohio County Commission uses an enterprise fund to account for its Public Improvement (Airport) operations.

*Fiduciary funds* – The County is the trustee, or fiduciary, for the assets of other entities. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these assets from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

OHIO COUNTY, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

**II. FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Net position** Net position is the differences between the County's assets and deferred outflows less its liabilities and deferred inflows. The County's Statement of Net Position presents the County's net position in three categories. The first category, *Invested in Capital Assets*, are capital assets less accumulated depreciation and any outstanding debt on these assets. The second category is *Restricted*. Restricted assets are those that are legally obligated for specified purposes by law or an agreement. The third category is *Unrestricted*. Unrestricted assets are those that are not legally obligated to another entity. Although these funds are not legally restricted, they have been allocated to pay for future encumbrances and are vital to the County's budget.

The County's governmental funds *combined* net position totaled approximately (-\$98.8) million at June 30, 2020. The net position is at a deficit due to the net liability related to revenue bonds in the amount of \$153.2 million. This represents outstanding bond principal as well as the accrued interest at June 30, 2020, net of debt service reserves. Although the bonds are payable only through the collection of the Special District Excise Taxes and Property TIF taxes, not County funding, it is the opinion of GASB and the WV State Auditor's Office that these bonds should be shown on the County's financial statements.

Included in the total net position is \$26.1 million of investments in capital assets. These are capital acquisitions such as land, buildings and their improvements, equipment and other major improvements less the debt associated with the acquisition of the assets, if any, and accumulated depreciation.

The restricted net position totaled (-\$136.2) million at June 30, 2020. When netting out the bond liabilities and assets, the remaining restricted assets total \$16.9 million. These assets are either legally restricted by law or agreement. The majority of the remaining restricted assets are made up of unexpended fire service fees, development district project funds and funds endowed for the operation of the animal shelter.

Unrestricted net position was \$11.2 million at June 30, 2020. These assets were not legally restricted to a specific purpose, but have been allocated to pay for future expenditures. The County does not budget for future portions of liabilities arising from property and casualty claims or unused employee vacation and comp time. However, the County does appropriate funds for the current portions due on these liabilities.

Without the mandated accounting of the non-recourse bond liability, the County's net position totaled \$35.1 million.

**Ohio County Commission's Net Position**

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current & other assets	\$ 13,433,925	\$ 15,102,869	\$ 180,215	\$ 296,370	\$ 13,614,140	\$ 15,399,239
Restricted assets	31,033,435	17,910,743	-	-	31,033,435	17,910,743
Capital assets	21,103,890	15,820,813	10,737,769	11,546,873	31,841,659	27,367,686
Total assets	\$ 65,571,250	\$ 48,834,425	\$ 10,917,984	\$ 11,843,243	\$ 76,489,234	\$ 60,677,668
Deferred Outflows of Resources	\$ 1,106,716	\$ 2,166,398	\$ 68,260	\$ 60,418	\$ 1,174,976	\$ 2,226,816
<b>Liabilities:</b>						
Current liabilities	\$ 9,639,324	\$ 57,616,217	\$ 3,562	\$ 24,976	\$ 9,642,886	\$ 57,641,193
Long-term liabilities	165,193,378	102,547,016	261,227	313,070	165,454,605	102,860,086
Total liabilities	\$ 174,832,702	\$ 160,163,233	\$ 264,789	\$ 338,046	\$ 175,097,491	\$ 160,501,279
Deferred Inflows of Resources	\$ 1,279,936	\$ 1,438,888	\$ 129,181	\$ 107,632	\$ 1,409,117	\$ 1,546,520
<b>Net Position:</b>						
Invested in capital assets, net of related debt	\$ 15,354,391	\$ 13,156,444	\$ 10,737,769	\$ 11,546,873	\$ 26,092,160	\$ 24,703,317
Restricted	(136,181,045)	(129,833,274)	-	-	(136,181,045)	(129,833,274)
Unrestricted	11,391,982	6,075,532	(145,495)	(88,890)	11,246,487	5,986,642
Total net position *	\$ (109,434,672)	\$ (110,601,298)	\$ 10,592,274	\$ 11,457,983	\$ (98,842,398)	\$ (99,143,315)

\* June 30, 2020 net position less bond liabilities would leave a net position of \$35.1 million.

OHIO COUNTY, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

**II. FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (Continued)**

**Changes in net position.** Changes in net position consist of the difference between current revenues and expenses and are shown in the County's Statement of Activities. In fund financial accounting, revenues minus expenses equals a change in the fund balance. In government-wide financial accounting, these differences note changes to the County's total net position, either investments in capital assets or unrestricted net position, not equity. An example of this would be capital purchases. They are excluded from expenses in the Statement of Activities because they are recorded as capital assets. This creates a larger difference between revenues and expenses resulting in a positive change in investments in capital assets.

**Ohio County Commission's Change in Net Position**

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,190,201	\$ 3,952,844	\$ 660,002	\$ 925,296	\$ 4,850,203	\$ 4,878,140
Operating grants and contributions	1,627,988	432,064	-	12,500	1,627,988	444,564
Capital grants and contributions	145,130	265,132	-	-	145,130	265,132
General Revenues:						
Property Taxes	12,551,311	12,096,236	-	-	12,551,311	12,096,236
Other taxes	2,808,918	4,713,276	-	-	2,808,918	4,713,276
Special district excise	12,564,796	14,266,819	-	-	12,564,796	14,266,819
Other	7,043,160	7,669,375	987	2,180	7,044,147	7,671,555
Total revenues	\$ 40,931,504	\$ 43,395,746	\$ 660,989	\$ 939,976	\$ 41,592,493	\$ 44,335,722
Expenses:						
General Government	\$ 7,003,056	\$ 6,791,180	\$ -	\$ -	\$ 7,003,056	\$ 6,791,180
Public Safety	10,017,290	8,456,888	-	-	10,017,290	8,456,888
Economic development	10,103,578	5,543,115	-	-	10,103,578	5,543,115
Health & Sanitation	526,446	171,099	-	-	526,446	171,099
Culture and Recreation	3,361,812	3,200,668	-	-	3,361,812	3,200,668
Social Services	13,350	-	-	-	13,350	-
Long Term Interest	8,489,346	8,639,061	-	-	8,489,346	8,639,061
Airports	-	-	1,776,698	1,894,789	1,776,698	1,894,789
Total expenses	\$ 39,514,878	\$ 32,802,011	\$ 1,776,698	\$ 1,894,789	\$ 41,291,576	\$ 34,696,800
Increases in net position prior to transfers	\$ 1,416,626	\$ 10,593,735	\$ (1,115,709)	\$ (954,813)	\$ 300,917	\$ 9,638,922
Transfers	(250,000)	(541,714)	250,000	541,714	-	-
Increases in net position	1,166,626	10,052,021	(865,709)	(413,099)	300,917	9,638,922
Beginning net position - as restated	(110,601,298)	(120,653,319)	11,457,983	11,871,082	(99,143,315)	(108,782,237)
Ending net position *	\$ (109,434,672)	\$ (110,601,298)	\$ 10,592,274	\$ 11,457,983	\$ (98,842,398)	\$ (99,143,315)

\* June 30, 2020 net position less bond liabilities would leave a net position of \$35.1 million.

**Governmental Activities**

The County's total revenues were \$40.9 million. About 30.7 percent of the County's revenues come from taxes, 30.7 percent comes from special district taxes, 10.2 percent from fees charged for services, 4.3 percent from state federal and local contributions. The majority of the remaining revenues were comprised of gaming proceeds.

The total cost of all programs and services was \$39.5 million. The County's expenses cover a range of services, of which 25.4 percent were public safety, 17.7 percent were general government expenses, 25.6 percent were economic development costs and 21.5 percent were non-operating interest and issuance charges related to the bonds.

OHIO COUNTY, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

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**II. FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (Continued)**

- \* The amount that taxpayers paid for these activities through County property taxes was \$12.5 million. The rest was paid by:
  - Those who directly benefited from the programs.
  - Other governments and organizations that subsidized certain programs with grants and contributions.
  - Other taxes and fees.
  - Rent revenues from the County's jail, Courthouse Annex and Airport.
  - Court fines and fees.
  - Fuel sales from the Airport.

Other factors influencing FY 2020 revenues and expenses included:

- As previously noted, the worldwide pandemic had a profound impact on the local gaming revenues, in addition to the hotel occupancy tax. These revenues saw a 28.5% reduction during fiscal year 2020 compared to 2019.
- In addition to the pandemic, fluctuations of employment in the mineral industry can be seen in the changes in hotel occupancy tax, royalties and severance taxes. Although these funds are either restricted or assigned, the end results will affect the financial reporting with reduced revenues which will affect the availability of funding capital projects and increases to the fund balances.
- Personnel costs, mostly health insurance premiums, have increased expenses for all departments.
- Reduction or elimination of pass through grants has reduced both revenue and the related expenditures.

**III. FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As the County completed the year, its governmental funds reported a combined fund balance of \$43.0 million, a 34% increase over the 2019 fund balance of \$32.1 million. The Development District Excise fund increased by \$13.3 million, the general fund balance decreased by about \$2.3 million and other non major governmental funds were about \$85,000 more than last year.

Some of the reasons for these changes in fund balances are as noted:

- The largest increase of \$13.3 million was due to a bond issuance in the Development District Excise fund. In the fund-level accounting, bond funding is recognized as revenue and transfers of bond funds to the development authority projects as expenses. Of the original \$14.0 million bond funding for projects, about \$13.4 was unspent which created the large increase in fund balance.
- Income from mineral-related revenues are typically assigned to fund capital-related projects. New projects are only begun once the previous project is wrapping up. A reduction in mineral related revenue resulted in a nearly \$800,000 reduction in the fund balance for the General fund.
- In addition to the reduction in mineral-related revenues, the capital related expenses connected to these revenues increased by \$1.77 million for courthouse entrance improvements and the funding of economic development and utility projects .
- Proprietary fund operating revenues decreased by 30% and expenses decreased by 6.2%. Decreases in fuel sales and purchases mirrored each other at about a 29% decrease. However, an increase to personnel costs caused the spending to only decrease by 6.2%.

**General Fund Budgetary Highlights**

Over the course of the year, the County Commission revised the County budget several times. These budget amendments fell into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances.
- Specific additional expenditures which were covered by the County's contingency or additional revenues.
- Increases in appropriations for additional departmental expenditures.

Even with these adjustments, actual expenditures were 21.1% below final budget amounts. 67% of the positive variance resulted from assigned funds for projects that had not been spent, while 1.2% were unspent restricted funds.



OHIO COUNTY, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

**III. FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Continued)**

Actual resources available for appropriation were .11% below the final budgeted amount. Some of the factors behind this are:

- Several revenues that usually exceed expectations each year, such as gaming revenues, overwhelmingly underperformed due to the pandemic.
- Anticipated lease funding not under agreement at June 30, 2020. However, the expenses related to this lease are included.
- Grants dependent on the operations of schools did not get fully funded.
- Accrual based revenues posted at the end of the fiscal year while some of these revenues are budgeted on a cash-basis due to the uncertainty of funding.

The County's general fund budgetary fund balance of \$7.2 million differs from the general fund's modified accrual fund balance of \$9.2 million reported in the budgetary comparison schedule principally because the budgetary fund balance excludes:

- Accrued revenues due at June 30, 2020 not recorded as revenue on the budgetary basis.
- Accrued expenses related to accrued payroll expenses and accrued revenues not recorded as current on the budgetary basis.

**IV. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Through the years, the County has made investments in a broad range of capital assets and improvements. At June 30, 2020, the total investments for assets and improvements currently owned by the County totaled \$31.8 million, net of depreciation. These assets consist of office equipment, police vehicles, fire trucks, communications equipment, buildings and their renovations, and land. The Fiscal Year 2020 increase in net capital assets (including additions and deductions) was approximately \$4.5 million, mostly due to an upgrade to the communications system. Other highlights of new capital assets include the acquisition of new Sheriff vehicles and the completion of the storefront projects at the main Courthouse building.

The County's fiscal year 2020 capital budget estimates spending approximately \$200,000 for renovation of the Courthouse Porticos and the continuation of a \$4.0 million HVAC/Air quality project.

Ohio County Commission's Capital Assets

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Asset:						
Land & Improvements	\$ 6,499,880	\$ 6,499,880	\$ 2,519,165	\$ 2,521,426	\$ 9,019,045	\$ 9,021,306
Other Improvements	-	-	7,264,596	7,677,853	7,264,596	7,677,853
Buildings	4,780,423	4,522,311	690,183	725,681	5,470,606	5,247,992
Machinery & Equipment	4,897,065	4,631,422	263,825	97,968	5,160,890	4,729,390
Construction in Progress	4,926,522	167,200	-	523,945	4,926,522	691,145
Total capital assets	\$ 21,103,890	\$ 15,820,813	\$ 10,737,769	\$ 11,546,873	\$ 31,841,659	\$ 27,367,686

OHIO COUNTY, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

**IV. CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt**

At year-end, the County had a principal balance of \$170.7 million in outstanding leases and bonds, an increase of 16.9 percent from the previous year. The 2020 fiscal year included a new lease for Sheriff Law Enforcement vehicles, a \$4.2 million lease for the communications system upgrade and a re-finance of the revenue bonds. Management will denote once again that the County is under no obligation for the debt service of the bonds. The long term debt of the County is \$5.7 million, net of the non-recourse long term bond debt.

**Ohio County Commission's Outstanding Debt**

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Liability:						
Leases	\$ 5,748,118	\$ 2,664,369	\$ -	\$ -	\$ 5,748,118	\$ 2,664,369
Revenue Bonds Payable	162,466,043	140,785,287	-	-	162,466,043	140,785,287
Bond interest payable	2,522,833	2,560,294	-	-	2,522,833	2,560,294
Total outstanding debt	\$ 170,736,994	\$ 146,009,950	\$ -	\$ -	\$ 170,736,994	\$ 146,009,950

**Economic Outlook**

According to the US Bureau of Labor Statistics, Ohio County's unemployment rate was 10.6 percent in June 2020 versus 4.5 percent for June 2019. The County's June 2020 rate is the same than the state's rate of 10.6 percent and .5 percent lower than the national rate of 11.1 percent. Ohio County's December 2020 unemployment was 6.2 percent.

Like most of the world, the pandemic changed the scales of the economy for the Ohio Valley. Many retail businesses shuttered for a period of time resulting in a sharp rise in unemployment. Other non-retail businesses had to change from "in-person" staffing to employees working from home. Lack of work equals lack of funding which leads to a reduction in spending. The Ohio Valley Medical Center closure in October 2019 was not pandemic related. This caused displacement of 800 workers. The diversification of the County's remaining businesses with a rebound from the pandemic will lead to the County's future economic success.

The gas/oil drilling industry continues to be a positive factor to the area's economy. However, the coal mining industry continues to decline. The City of Wheeling, in cooperation with the WV Division of Transportation, has begun a project to update the infrastructure of the City's Main Street in anticipation of drawing additional businesses and foot traffic to the downtown area. And the Highlands Development continues to add businesses despite the economic downturn due to the pandemic. The County's economic goals must continue with an awareness of the community's changing demographics. The focus of economic development and job growth has been centered on attracting destination retail, tourism and distribution.

The County considers these indicators when adopting the general fund budgets each year. For fiscal year 2021, property taxes, rental revenue, and grant revenues are expected to allow the County to cover inflation and finance certain capital projects.

Expenditures have been budgeted at a decrease of 43% from the revised 2020 budget to the initial 2021 budget due to uncertainty of many capital-related expenditures. The mineral-related revenues that fund these capital projects are not included in the initial budget process due the uncertainty of availability. The total operating budget for fiscal year 2021 was set at \$16.9 million. The County plans no new services in 2021.

If these estimates are realized, the County's fund balances are expected to decrease by the close of 2021.

**V. CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ohio County Commission Office, 1500 Chapline Street, Wheeling, WV 26003.

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**Ohio County, West Virginia**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Ohio County Development Authority
<b>Assets</b>				
Cash and cash equivalents	\$ 8,840,930	\$ 81,637	\$ 8,922,567	\$ 6,175,577
Receivables (net):				
Taxes	1,205,805	-	1,205,805	-
Grants	823,039	-	823,039	-
Rents	-	-	-	27,872
Internal balances	(20,109)	20,109	-	-
CAM fees	-	-	-	749,256
Other fees	2,584,260	46,891	2,631,151	45,226
Construction advance	-	-	-	195,000
Due from primary government	-	-	-	242,850
Prepaid assets	-	-	-	338,130
Inventory	-	31,578	31,578	-
Net investment in direct financing lease	-	-	-	184,028
Restricted assets:				
Cash and cash equivalents	29,018,471	-	29,018,471	-
SDEX tax receivable	2,014,727	-	2,014,727	-
Interest receivable	237	-	237	-
Debt service-current	-	-	-	274,022
Debt service-noncurrent	-	-	-	2,094,814
Net investment in direct financing lease - net of current portion	-	-	-	906,156
Construction advance - net of current portion	-	-	-	1,663,761
Capital assets (net):				
Land and improvements	6,499,880	2,519,165	9,019,045	60,425,093
Other improvements	-	7,264,596	7,264,596	-
System infrastructure	-	-	-	1,713,948
Buildings and improvements	4,780,423	690,183	5,470,606	76,775,977
Machinery, equipment and vehicles	4,897,065	263,825	5,160,890	409,142
Construction in progress	4,926,522	-	4,926,522	46,711,468
Total assets	65,571,250	10,917,984	76,489,234	198,932,320
<b>Deferred Outflows of Resources</b>				
OPEB items	149,834	39,064	188,898	-
Pension items	956,882	29,196	986,078	175,095
Total deferred outflows of resources	1,106,716	68,260	1,174,976	175,095

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Ohio County Development Authority
<b>Liabilities</b>				
Accounts and contracts payable	933,021	1,384	934,405	101,696
Construction related payables	-	-	-	5,043,882
Accrued payroll and benefits	94,571	2,178	96,749	229,900
Other accrued payables	-	-	-	12,500
Due to component unit (net)	224,130	-	224,130	-
Due to primary government	-	-	-	18,720
Unearned charges for services	-	-	-	238,800
Line of credit	-	-	-	1,004,486
Notes payable - current	-	-	-	3,258,016
Accrued interest payable - current	-	-	-	937,031
Capital leases payable - current	1,029,175	-	1,029,175	16,410
Accrued bond interest payable - current	2,522,833	-	2,522,833	-
Revenue bonds payable (net of discount and premium) - current	4,835,594	-	4,835,594	566,893
Net OPEB liability	828,967	194,449	1,023,416	-
Compensated absences	741,969	36,549	778,518	-
Net pension liability	1,273,050	30,229	1,303,279	174,498
Notes payable - noncurrent	-	-	-	45,491,726
Capital leases payable - noncurrent	4,718,943	-	4,718,943	19,305
Advances payable primary government - noncurrent	-	-	-	997,000
Revenue bonds payable (net of discount and premium) - noncurrent	157,630,449	-	157,630,449	29,258,437
Total liabilities	174,832,702	264,789	175,097,491	87,369,300
<b>Deferred Inflows of Resources</b>				
OPEB items	433,588	101,706	535,294	-
Pension items	846,348	27,475	873,823	110,512
Total deferred inflows of resources	1,279,936	129,181	1,409,117	110,512
<b>Net Position</b>				
Invested in capital assets	15,355,772	10,737,769	26,093,541	105,423,355
Restricted for fire departments	1,604,628	-	1,604,628	-
Restricted for construction	13,460,192	-	13,460,192	-
Restricted for debt service	(157,630,449)	-	(157,630,449)	2,368,836
Restricted for other purposes	1,918,679	-	1,918,679	-
Unrestricted	15,856,506	(145,495)	15,711,011	3,835,412
Total net position	\$ (109,434,672)	\$ 10,592,274	\$ (98,842,398)	\$ 111,627,603

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit Ohio County Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary government</b>								
Governmental activities:								
General government	\$ 7,003,056	\$ 636,914	\$ 15,659	\$ 145,130	\$ (6,205,353)	\$ -	\$ (6,205,353)	\$ -
Public safety	10,017,290	3,553,287	1,612,329	-	(4,851,674)	-	(4,851,674)	-
Economic development	10,103,578	-	-	-	(10,103,578)	-	(10,103,578)	-
Health and sanitation	526,446	-	-	-	(526,446)	-	(526,446)	-
Culture and recreation	3,361,812	-	-	-	(3,361,812)	-	(3,361,812)	-
Social services	13,350	-	-	-	(13,350)	-	(13,350)	-
Interest on long-term debt	8,489,346	-	-	-	(8,489,346)	-	(8,489,346)	-
Total governmental activities	<u>\$ 39,514,878</u>	<u>\$ 4,190,201</u>	<u>\$ 1,627,988</u>	<u>\$ 145,130</u>	<u>\$ (33,551,559)</u>	<u>\$ -</u>	<u>\$ (33,551,559)</u>	<u>\$ -</u>
Business-type activities								
Public improvement	\$ 1,776,698	\$ 660,002	\$ -	\$ -	\$ -	\$ (1,116,696)	\$ (1,116,696)	\$ -
Total business-type activities	<u>\$ 1,776,698</u>	<u>\$ 660,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,116,696)</u>	<u>\$ (1,116,696)</u>	<u>\$ -</u>
Total primary government	<u>\$ 41,291,576</u>	<u>\$ 4,850,203</u>	<u>\$ 1,627,988</u>	<u>\$ 145,130</u>	<u>\$ (33,551,559)</u>	<u>\$ (1,116,696)</u>	<u>\$ (34,668,255)</u>	<u>\$ -</u>
<b>Component Unit</b>								
Development Authority	\$ 11,535,525	\$ 10,870,227	\$ 22,727	\$ 6,751,215	\$ -	\$ -	\$ -	\$ 6,108,644
Total component unit	<u>\$ 11,535,525</u>	<u>\$ 10,870,227</u>	<u>\$ 22,727</u>	<u>\$ 6,751,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,108,644</u>
<b>General revenues:</b>								
Property taxes					\$ 12,551,311	\$ -	\$ 12,551,311	\$ -
Other taxes					2,808,918	-	2,808,918	-
Special district excise tax					12,564,796	-	12,564,796	-
Unrestricted interest					47,384	219	47,603	67,637
Miscellaneous					5,424,736	768	5,425,504	481,707
Video lottery and table gaming proceeds					1,264,974	-	1,264,974	-
Restricted interest/investment income					311,631	-	311,631	-
Gain (loss) on sale of capital assets					(5,565)	-	(5,565)	(767,763)
Transfers					(250,000)	250,000	-	-
Total general revenues and transfers					<u>\$ 34,718,185</u>	<u>\$ 250,987</u>	<u>\$ 34,969,172</u>	<u>\$ (218,419)</u>
Net change in position					1,166,626	(865,709)	300,917	5,890,225
Net position - beginning, as restated					(110,601,298)	11,457,983	(99,143,315)	105,737,378
Net position - ending					<u>\$ (109,434,672)</u>	<u>\$ 10,592,274</u>	<u>\$ (98,842,398)</u>	<u>\$ 111,627,603</u>

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Balance Sheet - Governmental Funds**  
**June 30, 2020**

	<u>General Fund</u>	<u>Coal Severance</u>	<u>Property TIF Tax</u>	<u>Special District Excise Tax</u>	<u>Development District Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 7,192,616	\$ 1	\$ -	\$ -	\$ -	\$ 1,648,313	\$ 8,840,930
Receivables, net of allowances:							
Taxes	1,001,554	125,577	-	-	-	78,674	1,205,805
Grants	812,724	-	-	-	-	10,315	823,039
Other fees	1,227,140	-	-	-	-	1,357,120	2,584,260
Due from other funds	329,374	-	-	-	-	-	329,374
Restricted cash and cash equivalents	-	-	15,281	13,462,870	15,540,320	-	29,018,471
Restricted interest receivable	-	-	-	110	127	-	237
Restricted SDEX tax receivable	-	-	-	2,014,727	-	-	2,014,727
<b>Total assets</b>	<u>\$ 10,563,408</u>	<u>\$ 125,578</u>	<u>\$ 15,281</u>	<u>\$ 15,477,707</u>	<u>\$ 15,540,447</u>	<u>\$ 3,094,422</u>	<u>\$ 44,816,843</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 880,979	\$ -	\$ -	\$ 2,550	\$ -	\$ 49,493	\$ 933,022
Wages and benefits payable	93,451	-	-	-	-	1,120	94,571
Due to other funds	-	-	-	-	-	349,482	349,482
Due to component unit	224,130	-	-	-	-	-	224,130
<b>Total liabilities</b>	<u>1,198,560</u>	<u>-</u>	<u>-</u>	<u>2,550</u>	<u>-</u>	<u>400,095</u>	<u>1,601,205</u>
<b>Deferred inflows of resources</b>							
Taxes	184,642	-	-	-	-	-	184,642
<b>Total deferred inflows of resources</b>	<u>184,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,642</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>1,383,202</u>	<u>-</u>	<u>-</u>	<u>2,550</u>	<u>-</u>	<u>400,095</u>	<u>1,785,847</u>
<b>Fund balances</b>							
Restricted	-	-	15,281	15,475,157	15,540,447	2,135,945	33,166,830
Assigned	7,970,451	125,578	-	-	-	57,748	8,153,777
Unassigned	1,209,755	-	-	-	-	500,634	1,710,389
<b>Total fund balances</b>	<u>9,180,206</u>	<u>125,578</u>	<u>15,281</u>	<u>15,475,157</u>	<u>15,540,447</u>	<u>2,694,327</u>	<u>43,030,996</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 10,563,408</u>	<u>\$ 125,578</u>	<u>\$ 15,281</u>	<u>\$ 15,477,707</u>	<u>\$ 15,540,447</u>	<u>\$ 3,094,422</u>	<u>\$ 44,816,843</u>

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Reconciliation of the Balance Sheet-Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2020**

Total Fund Balance - Total Governmental Funds	\$	43,030,996
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of \$40,966,637 net of accumulated depreciation of \$19,862,747 used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		21,103,890
Certain other long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the fund financial statement. This consists of deferred property taxes.		184,642
Certain long term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. These include capital leases payable of \$5,748,118, revenue bonds payable of \$164,050,000 (net of unamortized debt discounts and premiums of \$1,583,957) and accrued bond interest payable of \$2,522,833.		(170,736,994)
Certain deferred outflows, long term liabilities and deferred inflows related to OPEB activity are not required to be reported in the funds but are required to be reported at the government-wide level. These include the amount of deferred outflows of \$149,834, net OPEB liability of \$828,967 and deferred inflows of \$433,588.		(1,112,721)
Certain deferred outflows, long term liabilities and deferred inflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level. These include the amount of deferred outflows of \$956,882, net pension liability of \$1,273,050 and deferred inflows of \$846,348.		(1,162,516)
Certain other long-term liabilities are not used to pay current period expenditures and, therefore, are deferred in the fund financial statement. This consists of compensated absences.		(741,969)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>(109,434,672)</u>

The accompanying notes are an integral part of these financial statements.



**Ohio County, West Virginia**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Coal Severance</u>	<u>Property TIF Tax</u>	<u>Special District Excise Tax</u>	<u>Development District Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>							
Taxes (including interest and penalties)	\$ 9,455,892	\$ -	\$ 2,488,341	\$ -	\$ -	\$ 546,305	\$ 12,490,538
Other taxes	2,103,422	443,609	-	-	-	261,887	2,808,918
Special District Excise Tax	-	-	-	12,564,796	-	-	12,564,796
Licenses and permits	-	-	-	-	-	30,125	30,125
Intergovernmental:							
Federal	1,077,695	-	-	-	-	-	1,077,695
State	227,159	-	-	-	-	-	227,159
Local	360,000	-	-	-	-	-	360,000
Charges for services	3,073,873	-	-	-	-	792,802	3,866,675
Fines and forfeits	47,552	-	-	-	-	245,848	293,400
Interest	44,761	11	-	-	-	2,612	47,384
Restricted investment income	-	-	1,157	102,431	208,043	-	311,631
Video lottery and table gaming proceeds	1,264,974	-	-	-	-	-	1,264,974
Miscellaneous	5,447,952	-	-	-	-	3,104	5,451,056
Contributions	-	-	-	-	-	108,264	108,264
<b>Total revenues</b>	<u>\$ 23,103,280</u>	<u>\$ 443,620</u>	<u>\$ 2,489,498</u>	<u>\$ 12,667,227</u>	<u>\$ 208,043</u>	<u>\$ 1,990,947</u>	<u>\$ 40,902,615</u>
<b>Expenditures</b>							
Current:							
General government	\$ 6,532,802	\$ -	\$ -	\$ -	\$ -	\$ 611,424	\$ 7,144,226
Public safety	13,156,980	-	-	-	-	373,006	13,529,986
Health and sanitation	126,446	-	-	-	-	-	126,446
Economic development	3,101,909	629,396	623,431	807,772	478,922	-	5,641,430
Culture and recreation	3,361,812	-	-	-	-	-	3,361,812
Capital projects	2,720,781	-	-	-	-	16,161	2,736,942
Debt Service:							
Principal	1,219,971	-	-	-	45,815,000	-	47,034,971
Interest	161,585	-	-	-	8,365,222	-	8,526,807
Cost of issuance	-	-	-	1,599,474	-	-	1,599,474
<b>Total expenditures</b>	<u>\$ 30,382,286</u>	<u>\$ 629,396</u>	<u>\$ 623,431</u>	<u>\$ 2,407,246</u>	<u>\$ 54,659,144</u>	<u>\$ 1,000,591</u>	<u>\$ 89,702,094</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (7,279,006)</u>	<u>\$ (185,776)</u>	<u>\$ 1,866,067</u>	<u>\$ 10,259,981</u>	<u>\$ (54,451,101)</u>	<u>\$ 990,356</u>	<u>\$ (48,799,479)</u>

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Coal Severance</u>	<u>Property TIF Tax</u>	<u>Special District Excise Tax</u>	<u>Development District Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses):</b>							
Capital lease proceeds	\$ 4,303,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,303,720
Bond proceeds	-	-	-	56,655,000	-	-	56,655,000
Discount on issuance	-	-	-	(1,001,697)	-	-	(1,001,697)
Contributions from component unit	-	-	-	-	2,300	-	2,300
Operating transfers in	1,219,369	-	17,251	-	55,063,833	314,000	56,614,453
Operating transfers out	(564,000)	-	(2,488,597)	(52,575,236)	(17,251)	(1,219,369)	(56,864,453)
Total other financing sources (uses)	<u>\$ 4,959,089</u>	<u>\$ -</u>	<u>\$ (2,471,346)</u>	<u>\$ 3,078,067</u>	<u>\$ 55,048,882</u>	<u>\$ (905,369)</u>	<u>\$ 59,709,323</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (2,319,917)	\$ (185,776)	\$ (605,279)	\$ 13,338,048	\$ 597,781	\$ 84,987	\$ 10,909,844
Fund balance - beginning	11,500,123	311,354	620,560	2,137,109	14,942,666	2,609,340	32,121,152
Fund balances - ending	<u>\$ 9,180,206</u>	<u>\$ 125,578</u>	<u>\$ 15,281</u>	<u>\$ 15,475,157</u>	<u>\$ 15,540,447</u>	<u>\$ 2,694,327</u>	<u>\$ 43,030,996</u>

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**

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Net change in fund balances - total governmental funds:		\$ 10,909,844
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> <p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets estimated useful lives as depreciation expense for the period.</p>		
Capital outlays of \$6,424,634 exceeded depreciation of \$1,107,372 and net disposals of \$34,185 in the current period.		5,283,077
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This is an increase in property tax revenue.		60,773
The issuance of long term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, government funds report the effect of bond charges on refundings, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of certain long-term debt and related items.		(14,619,414)
Certain OPEB expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 75:		
Amount of OPEB expenditures at fund modified accrual level	104,440	
Amount of OPEB expenses recognized at government-wide level	45,906	150,346
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68:		
Amount of pension expenditures at fund modified accrual level	686,140	
Amount of pension expenses recognized at government-wide level	(1,177,216)	(491,076)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This is the amount of the increase in compensated absences.		(126,924)
Change in net position of governmental activities		\$ 1,166,626

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2020**

	<b>Enterprise Fund</b>
	<b>Public Improvement</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 81,637
Accounts receivable, net	46,891
Due from other funds	20,109
Inventories	31,578
Total current assets	180,215
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land and improvements	2,519,165
Other improvements	7,264,596
Buildings and improvements	690,183
Machinery, equipment and vehicles	263,825
Total noncurrent assets	10,737,769
Total assets	10,917,984
<b>Deferred Outflows</b>	
OPEB items	39,064
Pension items	29,196
Total deferred outflows of resources	68,260
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,384
Accrued liabilities	2,178
Total current liabilities	3,562
Noncurrent liabilities:	
Compensated absences	36,549
Net OPEB liability	194,449
Net pension liability	30,229
Total noncurrent liabilities	261,227
Total liabilities	264,789
<b>Deferred Inflows</b>	
OPEB items	101,706
Pension items	27,475
Total deferred inflows of resources	129,181
<b>Net Position</b>	
Invested in capital assets	10,737,769
Unrestricted	(145,495)
Total net position	\$ 10,592,274

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>Enterprise Fund</b>
	<b>Public Improvement</b>
<b>Operating revenues</b>	
Sales and services to customers	\$ 660,002
Total operating revenues	660,002
<b>Operating expenses</b>	
Personnel	390,970
Contractual	76,383
Materials and supplies	18,015
Fuel and oil	463,416
Depreciation	827,914
Total operating expenses	1,776,698
Operating income (loss)	(1,116,696)
<b>Nonoperating revenues (expenses)</b>	
Interest income	219
Miscellaneous income	768
Total nonoperating revenues (expenses)	987
Income (loss) before contributions and transfers	(1,115,709)
Transfers in	250,000
Change in net position	(865,709)
Beginning net position	11,457,983
Ending net position	\$ 10,592,274

The accompanying notes are an integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Cash Flows - Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>Enterprise Fund</b>
	<b>Public Improvement</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 706,986
Cash paid for goods and services	(580,031)
Cash / benefits paid to / for employees	(394,626)
	(267,671)
<b>Cash flows from noncapital financing activities:</b>	
Transfers in	250,000
Miscellaneous	768
	250,768
<b>Cash flows from capital and related financing activities:</b>	
State grant	12,500
Acquisition and construction of capital assets	(38,939)
	(26,439)
<b>Cash flows from investing activities:</b>	
Interest received	219
	219
Net decrease in cash and cash equivalents	(43,123)
Cash and cash equivalents, June 30, 2019	124,760
Cash and cash equivalents, June 30, 2020	\$ 81,637

The accompanying notes are in integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Cash Flows - Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>Enterprise Fund</b>
	<b>Public Improvement</b>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (1,116,696)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	827,914
(Increase) decrease in assets and deferred outflows of resources:	
Operating accounts receivable	46,984
Inventory	24,194
Due from other funds	(10,646)
Deferred outflows	(7,842)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(2,794)
Payroll and compensated absences payable	6,576
Net OPEB liability	(43,184)
Net pension liability	(13,726)
Deferred inflows	21,549
Net cash used by operating activities	\$ (267,671)

The accompanying notes are in integral part of these financial statements.

**Ohio County, West Virginia**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash	\$ 1,779,281
Total assets	<u>\$ 1,779,281</u>
<b>Liabilities</b>	
Due to:	
Other governmental entities	\$ 1,779,281
Total liabilities	<u>\$ 1,779,281</u>

The accompanying notes are an integral part of these financial statements.



**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies**

The accounting policies and the presentation of the financial report of Ohio County, West Virginia (the County), have been designed with the guidance of the West Virginia Auditor's office to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB).

**A. Reporting**

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

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

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

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

*Discretely Presented Component Unit*

The OCDA services the County and is governed by a board comprised of 12 members appointed by the County Commission for a term of 3 years each. The OCDA develops property on behalf of the County and provides services to external parties. Complete financial statements for this component unit can be obtained at the OCDA's administrative office and on online at [www.wvsao.gov](http://www.wvsao.gov).

*Jointly Governed Organizations*

The County, in conjunction with Brooke, Hancock and Marshall counties created the Northern Panhandle Community Criminal Justice Board. The board is composed of 15 members with 4 members appointed each by the Ohio, Brooke and Hancock County Commissions and 3 members appointed from the Marshall County Commission. An operating grant of \$30,000 has been appropriated to the Day Report Center for this board.

*Related Organizations*

The County's officials are responsible for appointing the members to boards of other organizations. Except for the following noted organizations, the County's accountability for these organizations does not extend beyond making the appointments.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**A. Reporting (Continued)**

The County appoints board members and makes contributions or pays dues to the following organizations:

<u>Name of Organization</u>	<u>Contribution/Dues</u>
Bel-O-Mar Regional Council (Dues)	\$ 3,862
O V R T A (Dues)	\$ 500
Wheeling-Ohio County Board of Health (Contribution)	\$ 67,000

The County also appoints board members to the following: City County Building Security Board, Deputy Sheriff's Civil Service Commission, Fiduciary Commissioners, Home Consortium Board, Workforce Investment Board, Ohio County Animal Shelter Board, Ohio County Extension Service Committee, Ohio County Fire Board, Ohio County Public Service District, Ohio County Solid Waste Authority, Regional Economic Development Corporation, West Virginia EMS Technical Support Network, Wheeling Creek Watershed Commission, and the Ohio County Building Commission.

**B. Government-Wide and Fund Financial Statements**

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

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

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

**C. Measurement focus, basis of accounting, and financial statement presentation**

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

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

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

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

Property taxes, special district excise taxes, hotel/motel taxes, property transfer excise taxes, charges for services, video lottery/table gaming proceeds, and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

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

The County reports the following governmental fund types and funds:

**General Fund** - The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The County reports the following as major special revenue funds:

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

The *Property TIF Tax (TIF) Fund*, accounts for legally restricted property tax revenue generated at the Highlands Economic Development District. Additionally, the fund reports the bond proceeds and the related development contributions and debt service transfers associated with ongoing capital expansion in the area.

The *Special District Excise Tax (SDEX) Fund*, accounts for legally restricted district excise tax revenue generated at the Highlands Economic Development District. Additionally, the fund reports the bond proceeds and the related development contributions and debt service transfers associated with ongoing capital expansion in the area.

**Debt Service Fund** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. The County reports the following as a major debt service fund:

The *Development District Debt Service Fund*, accounts for the resources accumulated and payments made for principal and interest on limited obligation debt from revenue bonds issued.

**Capital Projects Funds** - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

The County's Capital Improvement Fund and Airport Capital Improvement Fund are included within nonmajor governmental funds. Additionally, the County reports all remaining nonmajor governmental funds combined.

The government reports the following proprietary fund type and fund:

**Enterprise funds** – Enterprise funds are employed to report on activities financed primarily by revenues generated by the activities themselves. *Proprietary Funds* distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The County reports the following major proprietary fund:

The *Public Improvement Fund*, accounts for the charges and activity of the Ohio County Airport. The operating revenue of the Public Improvement fund, an enterprise fund, are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following fiduciary fund type:

**Agency Funds** - The *Agency Funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the cash basis of accounting and have no measurement focus. These funds are used to account for assets that the County holds for others in an agency capacity.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balance**

**1. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments (including repurchase agreements and money markets) with original maturities of less than three months from the date of acquisition.

The County reports its investments at fair value as determined primarily by quoted market prices and matrix pricing of similar debt securities, except for 1) non-participating investment contracts (nonnegotiable certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair market value and 2) investments held by 2a-7 like external investment pools such as the WV Money Market and WV Government Money Market pools, which are measured at amortized cost, as permissible under Governmental Accounting Standards Board (GASB) Statement No. 31, as amended by GASB Statements No. 72 and 79. All investment income, including changes in fair market value of investments, are recognized as revenue in the operating statement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The County has not adopted a formal policy regarding limitations on allowable deposits or investments beyond state statute. State statute limitations concerning the investments include the following; at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balance (Continued)**

**2. Receivables and Payables**

*Interfund Transactions*

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

*Property Tax Receivable*

The property tax receivable, net of uncollectibles, is approximately 38 percent of the total property taxes outstanding at June 30, 2020. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on or before September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on or before 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 the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid. A tax lien is issued for all unpaid real estate taxes as of the date of the sheriff’s sale and these liens are sold between October 14<sup>th</sup> and November 23<sup>rd</sup> of each year. Net property tax receivables not collected within sixty days after year end are recorded as deferred inflows in the fund financial statements at the end of each fiscal year.

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

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2020 were as follows:

Assessed Class of Property	Valuation for Tax Purposes	Current Expense
Class I	\$ -	12.77¢
Class II	\$ 963,640,568	25.54¢
Class III	\$ 929,641,554	51.08¢
Class IV	\$ 771,414,982	51.08¢

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balance (Continued)**

**3. Inventories**

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. However, as a proprietary fund, the airport's fuel on hand is recorded as inventory. The inventory is recorded at the lower of cost or market on a first in, first out basis.

**4. Restricted Assets**

Restricted assets are generally segregated by fund. These amounts have been restricted because the proceeds of specific revenue sources are legally or contractually limited to expenditures for which the fund was created. The County's restricted assets include cash and cash equivalents, interest receivable, and SDEX receivable.

Restricted cash and cash equivalents set aside in the TIF fund, SDEX fund, and Development District Debt Service fund are restricted for the purpose of the collection and debt service of amounts relating to the TIF and SDEX revenue bonds, respectively.

The SDEX receivable represents amounts due to the SDEX fund from excise taxes generated at the Highlands Economic District and are restricted for the purpose of debt service on the revenue bonds. Unrestricted assets, when available and allowable, are used only when restricted assets have been fully exhausted.

**5. Capital Assets and Depreciation**

Capital assets, which include property, plant and equipment, and other improvements, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial individual cost of \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. During the year, the County increased the capitalization policy from \$2,000 to \$5,000.

Major outlays for capital improvements are recorded as construction in progress while in the process of being constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balance (Continued)**

**5. Capital Assets and Depreciation (Continued)**

Capital assets of the primary government, as well as the component unit, are depreciated using the straight line method using the following estimated useful lives and salvage percentage:

Assets	Years	Salvage Percentage
Furniture, office equipment	5	10%
Computer hardware	5	0%
Telephone equipment	10	5%
Motor vehicles:		
Cars, light trucks	5	5%
Buses	8-10	5%
Fire truck	15	15%
Buildings	40	20%
Temporary (portable buildings)	25	20%
HVAC systems	20	20%
Roofing	20	10%
Carpet replacement	7	10%
Electrical plumbing	30	20%
Kitchen equipment	12	20%
Heavy equipment	5-12	5%
Engineering, scientific equipment	10	5%
Firefighting equipment	10	5%
Police special equipment	10	5%
Medical equipment	5	5%
Traffic control equipment	10	5%
Radio, communication equipment	10	5%
Recreational athletic equipment	10	5%
Library books	5-7	10%
Artwork	5-7	10%
Outdoor equipment	20	5%
Custodial equipment	12	5%
Ground equipment	15	5%
Landfill disposal systems	25	5%
Land	None	100%
Sewage treatment plants	25	20%

**6. Compensated Absences**

The compensated absence liability reported in the government-wide financial statements consists of unpaid accumulated annual leave and compensatory balances. County policy permits employees to accumulate a limited amount of annual and compensatory time, which will be paid upon termination. County budgeting policy does not provide for termination costs in excess of current operating expense budgets. Accordingly, this entire liability is considered non-current. Unused sick leave can accumulate and can only be used toward eligible state funded benefits upon termination.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balance (Continued)**

**7. Long-Term Obligations**

In the government-wide financial statements, long term obligations consist of revenue bonds, compensated absences, and capitalized leases. Although all leases contain a clause indicating their continuation is subject to continuing appropriation by the County, these leases are considered non-cancelable for financial reporting purposes. Current portions of long term obligations are amounts due within one year, while amounts due after one year are considered long term. Revenue bond premiums and discounts are deferred and amortized over the life of the revenue bonds using the straight line method. Revenue bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses.

**8. Deferred Outflows/Inflows of Resources**

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

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

**9. Fund Balances**

In the fund financial statements, governmental funds report fund balances for amounts as non-spendable, restricted, committed, assigned, and unassigned.

**10. Pensions**

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

**11. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefits Trust Fund (RHBT) and additions to/deductions from the RHBT's fiduciary net position have been determined on the same basis as they are reported by the RHBT. RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balance (Continued)**

**12. Net Position**

Net position presents the difference between assets and deferred outflows and liabilities and deferred inflows in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments. Net position is reported as invested in capital assets for the portion of net position related to the historical cost of capital assets less any accumulated depreciation and less any debt that remains outstanding that was used to finance those capital assets. All other net position is reported as unrestricted. When an expense is incurred that can be paid using either restricted or unrestricted resources, the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**13. Change in accounting principle**

Effective July 1, 2019, the County adopted GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The objective of the requirements of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. There is no effect on beginning net position or fund balance.

**II. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between the fund balance total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Elements of that reconciliation indicate that certain long-term assets, deferred outflows, liabilities and deferred inflows are not available or due and payable in the current period and therefore are not reported in the funds. The details of these differences are as follows:

Capital assets	\$	36,040,115
Accumulated depreciation		(19,862,747)
Construction work in progress		4,926,522
Net adjustment to increase fund balance – total governmental funds to arrive at net position of governmental activities	\$	21,103,890
Deferred outflows – OPEB items	\$	149,834
Deferred outflows – pension items		956,882
Net adjustment to increase fund balance – total governmental funds to arrive at net position of governmental activities	\$	1,106,716
Deferred property taxes	\$	184,642
Net adjustment to increase fund balance – total governmental funds to arrive at net position of governmental activities	\$	184,642

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**II. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)**

Capital leases payable	\$	(5,748,118)
Revenue bonds payable		(164,050,000)
Discounts and premiums on revenue bonds payable		1,583,957
Accrued bond interest payable		(2,522,833)
Compensated absences		(741,969)
Net OPEB liability		(828,967)
Net pension liability		(1,273,050)
Deferred inflows – OPEB items		(433,588)
Deferred inflows – pension items		(846,348)
Net adjustment to decrease fund balance- total governmental funds to arrive at net position-governmental activities	\$	(174,860,916)

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation indicates that “Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets estimated useful lives as depreciation expense for the period.” This is the amount that depreciation expense and net disposals exceeded capital outlays for the current period. The details of the difference are as follows:

Capital outlays	\$	6,424,634
Net disposals		(34,185)
Depreciation expense		(1,107,372)
Net adjustment to decrease net change in fund balances-total governmental funds to arrive at change in net position of governmental activities	\$	(5,283,077)

Another element of that reconciliation indicates that “Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$	(126,924)
Net adjustment to decrease net change in fund balances-total governmental funds to arrive at change in net position of governmental activities	\$	(126,924)

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**II. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

Another element of that reconciliation indicates that “The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of bond charges on refundings, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt issued or incurred:	
Bond proceeds	\$ (56,655,000)
Discount on issuance	1,001,697
Capital lease proceeds	(4,303,720)
Deferred bond charges	(1,120,971)
Deferred debt discount and premiums (net):	
Revenue bonds	(522,453)
BAN	(91,636)
Principal repayments:	
Revenue bond payments	34,495,000
BAN payments	11,320,000
Capital lease payments	1,219,971
Accrued bond interest	37,461
Net adjustment to decrease net change in fund balances-total governmental funds to arrive at change in net position of governmental activities	\$ (14,619,414)

**III. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis mainly consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. Some differences do exist between the budgetary basis and GAAP mainly related to the recording of certain receivables and wage and benefit accruals. All annual appropriations lapse at fiscal year end. Therefore, reconciliations have been performed on the Budgetary Comparison Statements – General Fund and Coal Severance Fund.

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

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**III. Stewardship, Compliance and Accountability (Continued)**

**A. Budgetary Information (Continued)**

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

<u>Description</u>	<u>Amount</u>
General Governmental Expenditure Increase	\$ 1,488,376
Economic Development Expenditures	3,002,109
Public Safety Expenditure Increase	4,235,916
Culture and Recreation Expenditure Increase	1,942,000
Capital Projects Expenditures	7,989,142
Debt Service Expenditures	469,700
Total	\$ 19,127,243

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

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The County's deposits are as follows:

<u>Primary Government</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>S&amp;P</u>	<u>Moody's</u>
Money market funds	\$ 28,917,453	<1 year	AAAm	Aaa-mf
Repurchase agreements	4,104,278	<1 year	Not rated	Not rated
Total deposits	\$ 33,021,731			

*Custodial Credit Risk*

At June 30, 2020, the County's total bank balances were \$7,425,180. The entire amount of the bank balances were covered by either federal depository insurance or by collateral held by the government's agent but not in the government's name.

At June 30, 2020, the County had repurchase agreements with a carrying and fair value of \$4,104,278. These repurchase agreements are included as cash and cash equivalents in the financial statements. The entire amount of the repurchase agreements was covered by collateral held by the government's agent but not in the government's name.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**IV. Detailed Notes on All Funds (Continued)**

**A. Deposits and Investments (Continued)**

Of the remaining balance of investments, \$28,917,453 are securities held by the government's agent in the name of the government.

The County had \$100,000 on deposit as a statutory lien with the State Treasurer related to the Special District Excise Tax revenue in compliance with WV State Code 7-22-17.

*Credit Risk*

It is the County's policy to limit its investments as stated in West Virginia State Code. The specific investments allowed for investments are described with all applicable limitations in Note I.D.1. The government does not have a policy for credit risk in addition to governing statutes. As of June 30, 2020, the government's investments were rated using Standard & Poor's and Moody's Investment Services.

*Interest Rate Risk*

The County has adopted the applicable provisions of West Virginia Code as its investment policy, the specific provisions of which are described in Note I.D.1. The government does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

*Concentration of Credit Risk*

The government has adopted the provisions contained in West Virginia Code as its investment policy. Limitations on investments are described in Note I.D.1. The government does not have a policy for concentration of credit risk in addition to governing West Virginia statutes. Any investment in one issuer of five percent or greater must be disclosed in accordance with generally accepted accounting principles. The County did not have any investments in one issuer that were five percent or greater at June 30, 2020.

*Fair Value*

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

<u>Primary Government</u>	<u>Fair Value</u>	<u>Level 1</u>
Money market funds	\$ 28,917,453	\$ 28,917,453

*Valuation Methodologies*

The following is a description of the valuation methodologies used by the County. There have been no changes in the methodologies of the County's investments.

*Money market funds:* Valued at \$1 per share.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**B. Receivables**

Receivable	General	Coal Severance	Special District Excise Tax	Development District Debt Service
Property and other taxes	\$ 1,196,250	\$ 125,577	\$ -	\$ -
Special district excise tax	-	-	2,014,727	-
Accrued interest	-	-	110	127
Grants	812,724	-	-	-
Other fees	1,227,140	-	-	-
Gross receivables	\$ 3,236,114	\$ 125,577	\$ 2,014,837	\$ 127
Less: Allowances for uncollectible	(194,696)	-	-	-
Net total receivables	<u>\$ 3,041,418</u>	<u>\$ 125,577</u>	<u>\$ 2,014,837</u>	<u>\$ 127</u>

Receivable	Nonmajor Government Funds	Total Governmental Funds	Public Improvement	Total Proprietary Funds
Property and other taxes	\$ 78,674	\$ 1,400,501	\$ -	\$ -
Special district excise tax	-	2,014,727	-	-
Accrued interest	-	237	-	-
Grants	10,315	823,039	-	-
Other fees	2,574,437	3,801,577	46,891	46,891
Gross receivables	\$ 2,663,426	\$ 8,040,081	\$ 46,891	\$ 46,891
Less: Allowances for uncollectible	(1,217,317)	(1,412,013)	-	-
Net total receivables	<u>\$ 1,446,109</u>	<u>\$ 6,628,068</u>	<u>\$ 46,891</u>	<u>\$ 46,891</u>

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

Capital assets as of June 30, 2020 are as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,499,880	\$ -	\$ -	\$ 6,499,880
Construction in progress	167,200	6,119,878	(1,360,556)	4,926,522
Total capital assets not being depreciated	<u>\$ 6,667,080</u>	<u>\$ 6,119,878</u>	<u>\$ (1,360,556)</u>	<u>\$ 11,426,402</u>
Capital assets being depreciated:				
Building and improvements	\$ 9,933,607	\$ 415,706	\$ -	\$ 10,349,313
Machinery, equipment and vehicles	18,046,954	1,249,606	(105,638)	19,190,922
Total accumulated depreciation	<u>(18,826,828)</u>	<u>(1,107,372)</u>	<u>71,453</u>	<u>(19,862,747)</u>
Total capital assets being depreciated, net	<u>\$ 9,153,733</u>	<u>\$ 557,940</u>	<u>\$ (34,185)</u>	<u>\$ 9,677,488</u>
Total	<u>\$ 15,820,813</u>	<u>\$ 6,677,818</u>	<u>\$ (1,394,741)</u>	<u>\$ 21,103,890</u>

***Depreciation Expense – Current***

Depreciation expense was charged to governmental activities of the County as follows:

General government	\$ 319,844
Public safety	<u>787,528</u>
Total current depreciation	<u>\$ 1,107,372</u>

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**C. Capital Assets (Continued)**

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,508,641	\$ -	\$ -	\$ 2,508,641
Construction in progress	523,945	18,809	(542,754)	-
Total capital assets not being depreciated:	<u>\$ 3,032,586</u>	<u>\$ 18,809</u>	<u>\$ (542,754)</u>	<u>\$ 2,508,641</u>
Capital assets being depreciated:				
Land improvements	\$ 53,475	\$ -	\$ -	\$ 53,475
Buildings and improvements	1,484,650	-	-	1,484,650
Other improvements	15,202,309	365,116	-	15,567,425
Machinery, equipment, and vehicles	582,674	-	(19,542)	740,771
Total accumulated depreciation	<u>(8,808,821)</u>	<u>(827,914)</u>	<u>19,542</u>	<u>(9,617,193)</u>
Total capital assets being depreciated, net	<u>\$ 8,514,287</u>	<u>\$ (285,159)</u>	<u>\$ -</u>	<u>\$ 8,229,128</u>
Totals	<u>\$ 11,546,873</u>	<u>\$ (266,350)</u>	<u>\$ (542,754)</u>	<u>\$ 10,737,769</u>

***Depreciation Expense – Current***

Depreciation expense was charged to business-type activities of the County as follows:

Public Improvement	<u>\$ 827,914</u>
Total current depreciation	<u><u>\$ 827,914</u></u>



**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**C. Capital Assets (Continued)**

	OCDA - Component Unit			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Component unit:</b>				
Capital assets not being depreciated:				
Land	\$ 53,195,189	\$ -	\$ (432,369)	\$ 52,762,820
Construction in progress	25,186,752	29,703,950	(9,022,993)	45,867,709
Construction in progress-pledged assets	843,759	-	-	843,759
Total capital assets not being depreciated:	<u>\$ 79,225,700</u>	<u>\$ 29,703,950</u>	<u>\$ (9,455,362)</u>	<u>\$ 99,474,288</u>
Capital assets being depreciated:				
Buildings	\$ 90,687,740	\$ 8,700,319	\$ (4,859,288)	\$ 94,528,771
Land improvements	16,399,191	110,674	-	16,509,865
Infrastructure	4,984,812	258,273	-	5,243,085
Machinery and equipment	1,419,897	141,167	-	1,561,064
Total accumulated depreciation	<u>(28,135,120)</u>	<u>(3,178,613)</u>	<u>32,288</u>	<u>(31,281,445)</u>
Total capital assets being depreciated, net	<u>\$ 85,356,520</u>	<u>\$ 6,031,820</u>	<u>\$ (4,827,000)</u>	<u>\$ 86,561,340</u>
Totals	<u>\$ 164,582,220</u>	<u>\$ 35,735,770</u>	<u>\$ (14,282,362)</u>	<u>\$ 186,035,628</u>

***Depreciation Expense – Current***

Depreciation expense was charged to component unit activities of the County as follows:

Development Authority	<u>\$ 3,178,613</u>
Total current depreciation	<u><u>\$ 3,178,613</u></u>

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**C. Capital Assets (Continued)**

***Construction in Progress***

The County utilizes construction in progress for unfinished projects. In addition to ongoing construction projects, the County includes equipment for cruisers as construction in progress if the cruisers have not arrived and the equipment is not in use. Once the cruisers have arrived and all equipment has been installed, the cruisers will be booked as a permanent asset and depreciated as one unit according to the depreciation schedule.

Construction in progress assets at year-end include:

Governmental activities

<u>Project</u>	<u>Description</u>	<u>Spent-to-Date</u>	<u>Funding</u>
Building projects	Portico / HVAC / Fiber / Lighting	\$ 305,942	Local
Equipment	Cruisers / Radio System / EMT Equipment	4,620,580	Local/ Capital Lease
		<u>\$ 4,926,522</u>	

Component unit

The OCDA has active construction projects as of June 30, 2020. The projects include the development of property for commercial use in the area known as The Highlands. These projects were funded by contributions from the County, loan proceeds and the proceeds from the issuance of revenue bonds. At June 30, 2020, the amounts for component unit activities spent-to-date are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Additional committed</u>
Access roads and site work	\$ 11,466,298	\$ 6,000,000
Public sports complex	34,401,411	4,000,000
	<u>\$ 45,867,709</u>	<u>\$ 10,000,000</u>
Pledged utilities	\$ 843,759	\$ -

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2020, is as follows:

<u>Due from/to other funds:</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 329,373
Nonmajor governmental funds	Public improvement	20,109
		<u>\$ 349,482</u>

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**D. Interfund Receivables, Payables, and Transfers (Continued)**

The composition of interfund transfers as of June 30, 2020, is as follows:

Interfund Transfers: Fund transferred in to:	Fund transferred out of:	Amount
General fund	Nonmajor governmental fund	\$ 1,219,369
Nonmajor governmental fund	General fund	314,000
Public improvement	General fund	250,000
Development district debt service	Special district excise tax	55,063,833
Development district debt service	Property TIF tax	17,251
	Total	\$ 56,864,453

**E. Capital Leases**

The County has entered into lease agreements as lessee for financing the acquisition of office equipment, public safety equipment and election equipment. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rates on the leases generally range from 0% to 6.95%. The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and equipment	\$ 11,162,653
Less: accumulated depreciation	(5,588,362)
Total machinery and equipment	\$ 5,574,291

The County's minimum capital lease payment obligations are as follows:

Year	Amount
2021	\$ 1,154,544
2022	1,065,456
2023	716,953
2024	651,300
2025	587,924
2026-2029	2,072,219
Total minimum lease payments	6,248,396
Less: Amount representing interest	(500,278)
Present value of minimum lease payments	\$ 5,748,118

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt**

**Revenue Bonds – Primary Government – Governmental Activities**

The County issued direct placement revenue bonds for the purpose of financing economic development within the County. The County issued two types of bonds that reflect the income used to pay the debt service of the bonds.

The first type issued was the SDEX bonds in which a district excise tax assessed on retail sales (excise tax simply replaces sales tax) within the Highlands Economic Development District is used to make debt service payments.

The second type issued was a property tax increment financing (TIF) bond, where property tax assessed on parcels located in and around the Highlands are used to make the debt service payments. Both types of bonds are a limited obligation of the County and the County has no obligation to pay any of the debt service in the event that the SDEX tax and TIF property tax revenues are not sufficient to pay debt service. The district excise tax and the property TIF revenue have been pledged to secure the SDEX and TIF debt. The accounting for these revenue bonds has resulted in negative total net position on the Statement of Net Position, primarily because the proceeds of the bond issues have been expensed as Economic Development Contributions as they have been contributed to the Ohio County Development Authority in prior periods.

These revenue bonds are special, limited obligations of the County and are payable solely from the revenue sources that have been pledged. The bonds do not constitute general obligations of the County and therefore are payable only if the pledged tax revenue is collected.

The County's revenue bonds from direct placement contain a no acceleration clause that does not allow the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurred.

The SDEX Series 2006 A-1 and A-2 Bonds mature between March 1, 2021 and March 1, 2035 and bear an interest rate of 8.25%. The outstanding balances at June 30, 2020 were \$33,570,000 and \$6,320,000, respectively.

In August 2016, the County issued Property TIF bonds to refund outstanding bonds and fund additional projects. The issuance totaling \$26,455,000 was an advanced refunding of the 2005A Property TIF, the 2007A Property TIF bonds and the 2008A Property TIF bonds. The June 30, 2020 balance of the 2016 Property TIF Bonds is \$21,530,000 maturing between June 1, 2025 and June 1, 2034 with interest rates ranging from 3.00% to 6.5%.

In March 2018, the County issued additional SDEX bonds in the amount of \$40,495,000 to refinance \$18,600,000 of the SDEX Series 2011 A bonds and \$19,340,000 of the SDEX Series 2012 A bonds. For accounting purposes, the bonds are shown as defeased due to the funding being held in a restricted escrow account for the sole purpose to extinguish the debt. The June 30, 2020 balance of the SDEX Series 2018 Bonds is \$37,790,000 maturing between March 1, 2021 and March 1, 2036 with interest rates ranging from 3.41% to 5.25%.

In September 2019, the County issued additional SDEX bonds in the amount of \$67,975,000 to refinance \$2,590,000 of the SDEX Series 2011 B bonds, \$11,530,000 of the SDEX Series 2014 A bonds, \$7,700,000 of the SDEX series 2016 A bonds, \$16,425,000 of the SDEX Series 2016 B bonds, \$7,700,000 of the SDEX Series 2015 A BANs and \$3,620,000 of the SDEX Series 2015 B BANs and fund additional projects. The June 30, 2020 balance of the SDEX Series 2019 A and B Bonds were \$32,825,000 and 32,015,000, respectively maturing between March 1, 2021 and March 1, 2041 with interest rates ranging from 2.10% to 4.00%. The SDEX 2019 A bonds are subject to extraordinary mandatory redemption that requires certain payments on certain series of bonds, based on annual debt service ratio calculations.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Revenue Bonds – Primary Government – Governmental Activities (Continued)**

This bond issue was an advance refunding of the SDEX Series 2011 B bonds, SDEX Series 2014 A bonds, SDEX series 2016 A bonds, SDEX Series 2016 B bonds, SDEX Series 2015 A BANs and SDEX Series 2015 B BANs. The County completed the advance refunding to reduce its current debt service payments, obtain additional funding for the project and to obtain an economic gain (difference between present values of the old and new debt service payments) of \$738,029.

Revenue Bonds outstanding at year end and activity during the year are as follows:

Description	Primary Government			Balance June 30, 2020
	Balance June 30, 2019	Issued	Retired	
2006A-1 SDEX Bonds	\$ 34,915,000	\$ -	\$ (1,345,000)	\$ 33,570,000
2006A-2 SDEX Bonds	6,450,000	-	(130,000)	6,320,000
2011B SDEX Bonds	2,590,000	-	(2,590,000)	-
2014A SDEX Bonds	11,530,000	-	(11,530,000)	-
2016A SDEX Bonds	7,700,000	-	(7,700,000)	-
2016B SDEX Bonds	16,425,000	-	(16,425,000)	-
2016 Property TIF Bonds	22,735,000	-	(1,205,000)	21,530,000
2018 SDEX Bonds	39,545,000	-	(1,755,000)	37,790,000
2019A SDEX Bonds	-	32,825,000	-	32,825,000
2019B SDEX Bonds	-	35,150,000	(3,135,000)	32,015,000
Primary Government	141,890,000	67,975,000	(45,815,000)	164,050,000
Total Revenue Bonds				
Debt discounts	(1,451,558)	(1,001,697)	554,326	(1,908,929)
Debt premiums	346,845	-	(31,874)	314,971
Primary Government				
Total Revenue Bonds, net	<u>\$ 140,785,287</u>	<u>\$ 66,973,303</u>	<u>\$ (45,302,548)</u>	<u>\$ 162,456,042</u>

*Unamortized Debt Discount and Premium*

The SDEX Series 2006 A-1 and A-2, and SDEX Series 2019 A and B bonds were issued at a discount. The 2016 Property TIF and SDEX Series 2018 bonds were issued at a premium. These amounts are being amortized on the outstanding principal balance method. The unamortized debt discounts and premiums are included on the Statement of Net Position, netted against the current and long term revenue bonds payable.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Revenue Bonds – Primary Government – Governmental Activities (Continued)**

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities	
	Principal	Interest
2021	\$ 4,910,000	\$ 8,162,597
2022	5,145,000	7,926,064
2023	5,400,000	7,672,166
2024	5,670,000	7,401,795
2025	5,960,000	7,110,758
2026-2030	35,110,000	30,238,275
2031-2035	45,150,000	18,176,685
2036-2040	48,275,000	6,948,120
2041	8,430,000	255,775
Totals	\$ 164,050,000	\$ 93,892,235

**Revenue Bonds and Privately Placed Bonds – Component Unit**

The OCDA issued bonds where the OCDA pledges income derived from lease payments to pay debt service.

*Series 2011 A Water*

The proceeds of these bonds are being used to construct additions, betterments and improvements to the water lines, a water storage tank and pumping station to support the businesses of The Highlands. The bonds are secured by the pledge of lease payments, which are required to be in sufficient amount to pay principal and interest on the bonds. The debt service schedule for these bonds is presented with the other direct borrowings of the Authority since these are privately placed bonds. The bonds mature on December 1, 2032 with an interest rate of 3.0%

*Series 2018 Sports Complex*

The proceeds of these bonds are being used to construct a public sports complex at The Highlands. The bonds are secured by an agreement with the Primary Government to make annual lease payments, which are required to be in an amount sufficient to pay the principal and interest on the bonds. The bonds mature between September 1, 2023 and 2048 with interest rates ranging between 4.00% and 5.00%

Description	Component Unit			Balance June 30, 2020
	Balance June 30, 2019	Issued	Retired	
Series 2018-Sports Complex	\$ 30,000,000	\$ -	\$ (435,000)	\$ 29,565,000
Series 2011 A- Water	962,104	-	(72,065)	890,039
Total Revenue Bonds	\$ 30,962,104	\$ -	\$ (507,065)	\$ 30,455,039

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Revenue Bonds and Privately Placed Bonds – Component Unit (Continued)**

*Unamortized Debt Discount*

The Series 2018 - Sports Complex bonds were issued at a discount. These amounts are being amortized on the outstanding principal balance method. The unamortized debt discount at June 30, 2020 was \$629,710 and is included on the Statement of Net Position, netted against the current and long term bonds payable.

*Revenue Bonds Lease Pledged Revenue*

In 2018, the Authority entered into a lease agreement with the Primary Government in order to secure the principal and interest payments to repay \$30,000,000 in Sports Complex bonds. The agreement provides that the Authority has retained the right to operate the Sports Complex. As a result, the lease agreement does not meet lease recognition standards as promulgated by GASB (as the Primary Government does not have the right to use the facilities). No lease receivable has been recorded by the Authority. However, based on the agreement, the Primary Government has agreed to make annual payments (subject to an appropriation approved by the County Commission) to the Authority. Although referred to as lease payments under the agreement the payments are considered under GASB to be operating contributions to the Authority.

The bond proceeds provide financing to construct a public sports complex at The Highlands. The bonds are secured through the annual payments mentioned above and are payable through September 1, 2048. The total principal and interest remaining to be paid on the bonds is \$55,245,112. The debt service requirements for the bond for the current period were \$1,856,073 which is comprised of \$435,000 of principal and \$1,421,073 of interest. Contributions in the form of monthly payments, described in the agreement as lease payments, from the primary government to the Authority covered the debt service requirements for the current period.

*Revenue Bond Utility Pledged Revenue*

The Authority has pledged future lease revenue, net of specified operating expenses and the debt service requirement for a previously issued note (prior obligation since modified) with an outstanding principal amount of \$13,095,125 secured by the same lease revenue, to repay \$1,600,000 in water revenue bonds issued in 2011. In addition, a line of credit of up to \$2,000,000 is available. The proceeds provided financing for the construction of additions, betterments and improvements to the buildings, water lines, a water storage tank, and pumping station to support the businesses at The Highlands. The notes and bonds are secured through certain lease revenue and are payable through September, 2034 and December, 2032, respectively. Annual principal and interest payments on the bonds and associated note are expected to require less than 75% of the assigned rent revenues. The total principal and interest remaining to be paid on the bonds is \$1,114,955. The debt service requirements for the bond and note for the current period were \$1,337,899 which is comprised of \$749,974 of principal and \$566,590 of interest plus an additional \$21,335 (20% of the debt service for the bonds and the prior obligations are required per the bond ordinance).

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Revenue Bonds and Privately Placed Bonds – Component Unit (Continued)**

*Direct Placement Placed Bonds - West Virginia Water Development Authority*

The Authority also has bonds outstanding that are privately placed with the WV Water Development Authority. The loan shares a first lien with Wesbanco front lots and is secured by real property and certain rents, leases and other revenue associated with the development district. Annual principal and interest payments on the bond and associated note are expected to require less than 75% of the assigned rent revenues. The total principal and interest remaining to be paid on the bonds is \$1,114,955. The debt service requirements for the bond and note for the current period were \$1,337,899 which is comprised of \$749,974 of principal and \$566,590 of interest plus an additional \$21,335 (20% of the debt service for the bonds and the prior obligations are required per the bond ordinance). Default conditions include the failure to pay an installment when due to the WV WDA or Wesbanco shared lien loan and full payment may be a remedy for default.

Privately placed bond and revenue bond debt service requirements to maturity are as follows:

Year Ended	Component Unit			
	Privately Placed Bond		Revenue Bond	
	Principal	Interest	Principal	Interest
2021	\$ 74,250	\$ 32,426	\$ 515,000	\$ 1,402,073
2022	76,504	30,173	540,000	1,380,973
2023	78,824	27,852	560,000	1,358,973
2024	81,215	25,461	580,000	1,336,173
2025	83,679	22,997	605,000	1,312,473
2026-2030	458,053	75,327	3,415,000	6,156,499
2031-2035	37,514	10,679	4,250,000	5,298,200
2036-2040	-	-	5,390,000	4,127,500
2041-2045	-	-	6,870,000	2,602,000
2046-2048	-	-	6,840,000	705,250
Totals	\$ 890,039	\$ 224,916	\$ 29,565,000	\$ 25,680,112

**Notes Payable – Direct Borrowing – Component Unit**

The OCDA entered into loan agreements with local banks and governmental agencies to finance various economic development activities. A description of this loan activity is as follows:

Purpose	Maturity Date	Interest Rates	Issued	Retired	Balance June 30, 2020
Wesbanco Bank- New Front Lots	9/30/2034	Variable - SWAP rate plus 2.75%	\$ 13,400,000	\$ 304,875	\$ 13,095,125
Wesbanco Bank- New Front Lots	9/30/2019	Variable - SWAP rate plus 4.10%	15,350,000	15,350,000	-
Wesbanco Bank- Silgan Warehouse	11/27/2032	Variable - Prime rate reported daily in the Wall Street Journal	5,000,000	2,103,044	2,896,956



**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Notes Payable – Direct Borrowing – Component Unit (Continued)**

Wesbanco Bank- ECM	4/3/2032	Variable SWAP rate plus 3.64%	3,054,000	411,121	2,642,879
Wesbanco Bank- ECM Equipment	9/19/2024	Variable - Prime rate reported daily in the WSJ, plus .95% per annum	1,149,989	399,188	750,801
Truist Bank - Hobby Lobby	3/29/2035	5.15% for first 5 years then SWAP rate plus 2.5%	3,450,000	3,450,000	-
Truist Bank - JC Penney	9/15/2022	Variable - Bank's prime rate adjusted monthly.	1,464,000	646,061	817,939
Truist Bank - OCDA III	9/15/2022	Variable - Bank's prime rate adjusted monthly.	2,632,000	989,602	1,642,398
Truist Bank - Power Center A	9/15/2022	Variable - Bank's prime rate adjusted monthly.	17,261,431	6,124,394	11,137,037
Truist Bank - Power Center B	9/15/2022	Variable - Bank's prime rate adjusted monthly.	3,472,000	2,254,268	1,217,732
Truist Bank - Town Center I	9/15/2022	Variable - Bank's prime rate adjusted monthly.	16,690,012	9,003,170	7,686,842
Truist Bank - Marquee Cinemas	9/15/2022	Variable - Bank's prime rate adjusted monthly.	5,980,675	3,188,026	2,792,649
Community- Construction	7/28/2037	Variable - Prime rate reported daily in the WSJ, plus .5% per annum	2,799,398	295,308	2,504,090
WV Infrastructure Council	6/1/2029	Fixed 3.00%	3,000,000	1,434,706	1,565,294
Total notes payable			<u>\$ 94,703,505</u>	<u>\$ 45,953,763</u>	<u>\$ 48,749,742</u>

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Notes Payable – Direct Borrowing – Component Unit (Continued)**

*Collateral and significant default and termination events with finance related consequences.*

The above listed notes and loans contain provisions in their agreements with lenders which provide for the security (collateral) for the borrowing as well as default provisions and/or termination events with finance-related consequences for the government. Furthermore, agreements may have subjective loan acceleration clauses. The following provides a description of the significant conditions present in the agreements.

**Wesbanco Bank**

The following default events are present for loan and note agreements with Wesbanco Bank.

- **Nonpayment** - Borrower fails to make a payment when due and such default is not cured within 10 days.
- **Representation and Warranty** - Any representation or warranty made by the borrower shall prove to be false or misleading.
- **Affirmative and Negative Covenant's** - Borrower shall default in the performance of term, covenant, agreement or condition contained in portions of the agreement.
- **Bankruptcy or Other Insolvency** - Borrower is subject to any bankruptcy, insolvency, reorganization, arrangement, debt adjustment or liquidation proceedings.
- **Debt Service Account/ Ratios** - Borrower is required to maintain a debt service account or maintain specific debt service ratios.
- **Adverse Change** - A material adverse change occurs in the Borrower's financial Condition, or Lender believes the prospect of payment or performance of the Loan is impaired (subjective acceleration clause).

The following chart list the Wesbanco individual loans and which default events apply to the loans:

	New Front Lots	Silgan Warehouse	ECM	ECM Equipment
Nonpayment	Yes	Yes	Yes	Yes
Representation and Warranty	Yes	Yes	Yes	Yes
Affirmative and Negative Covenants	Yes	Yes	Yes	No
Bankruptcy or Other Insolvency	Yes	Yes	Yes	Yes
Debt Service Accounts/Ratios	Yes	Yes	No	Yes
Adverse Change	No	No	No	Yes

The adverse change language as a default event which is considered a subjective acceleration clause.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Notes Payable – Direct Borrowing – Component Unit (Continued)**

**Wesbanco Bank (Continued)**

**Debt Service Accounts/Ratios** - The following debt service accounts/ratios are present in the agreements:

- *New Front Lots*- Debt service coverage ratio of 1.20 to 1.0 for the duration of the loan. Real Estate Project Specific Debt Service Coverage ratio of 1.15 to 1.0, which is specific to the project financed.
- *Silgan Warehouse* - Debt service coverage ratio of 1.40 to 1.0 for the duration of the loan.
- *ECM Equipment* - Debt service coverage ratio of 1.20 (rental income from tenant) to annual debt service.

The following default remedies are present for loan and note agreements with Wesbanco Bank:

- **Default Interest Rate** - Note interest rate shall be increased by 2% until the default is cured.
- **Accelerated Payment** - All remaining principal and accrued interest on the loan may be declared due by the Bank.
- **Set-Off** - Any and all moneys in the hands of the bank on deposit or otherwise belonging to OCDA shall be subject to set-off by the Bank against any of the indebtedness of the Borrower.
- **Collateral Rights** - Bank may exercise rights associated with collateral assignments made by the borrower including, but not limited to, the assignment of leases and rent and liens on real and personal property.

The following chart list the Wesbanco Bank individual loans and which default remedies apply:

	New Front Lots	Silgan Warehouse	ECM	ECM Equipment
Default Interest Rate	Yes	Yes	Yes	Yes
Accelerated Payment	Yes	Yes	Yes	Yes
Set- Off	Yes	Yes	Yes	Yes
Collateral Rights	Yes	Yes	Yes	Yes

The following chart denotes the collateral associated with the individual loans:

*New Front Lots*- 36.565 acres of property including developed property and Lot 5, which is 14.3 acres of undeveloped property held by the Authority in the development area. Assignment of lease, rents and accounts receivable of 24 properties in the area along with assignment of sublease rents of 4 properties.

*Silgan Warehouse*- 5.22 acres of property in the development area known as phase 6 and the building constructed there. Assignment of all leases and rents relating to the project and any future leases of the real property.

*ECM* - 6 acres of property related to the project. Assignment of all leases and rents relating to the project and any future leases of the real property.

*ECM Equipment* - UCC-1 on Equipment to be Purchased. Assignment of Equipment Lease.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Notes Payable – Direct Borrowing – Component Unit (Continued)**

**Truist Bank**

The following default events are present for loan and note agreements with Truist Bank.

- **Nonpayment** - Borrower fails to make prompt payment on any installment when due or payable.
- **Representation and Warranty** - Any representation or warranty made by the borrower shall prove to be false or misleading.
- **Covenant's** - Borrower shall default in the performance of term, covenant, agreement or condition contained in the agreement.
- **Bankruptcy or Other Insolvency** - Borrower is subject to any bankruptcy, insolvency, reorganization, arrangement, debt adjustment or liquidation proceedings.
- **Debt Service Account/ Ratios** - Borrower is required to maintain a debt service account or maintain specific debt service ratios.
- **Adverse Change** - A material adverse change occurs in the Borrower's financial Condition, or Lender believes the prospect of payment or performance of the Loan is impaired (subjective acceleration clause).

The following chart list the Truist bank individual loans and which default events apply to the loans:

	JC Penney	OCDA III	Power Center A	Power Center B	Town Center 1	Marquees Cinemas
Nonpayment	Yes	Yes	Yes	Yes	Yes	Yes
Representation and Warranty	Yes	Yes	Yes	Yes	Yes	Yes
Covenants	Yes	Yes	Yes	Yes	No	Yes
Bankruptcy or Other Insolvency	Yes	Yes	Yes	Yes	Yes	Yes
Debt Service Accounts/Ratios	Yes	Yes	Yes	Yes	Yes	No
Adverse Change	No	No	No	No	Yes	Yes

The adverse change language as a default event which is considered a subjective acceleration clause.

The following default events are present for loan and note agreements with Truist Bank.

- **Default Interest Rate** - Note interest rate shall be increased to the Bank's prime rate plus 5% per annum until the default is cured.
- **Accelerated Payment** - All remaining principal and accrued interest on the loan may be declared due by the Bank.
- **Additional Collateral** - Bank can require the borrower to pledge additional collateral.
- **Collateral Rights** - Bank may exercise rights associated with collateral assignments made by the borrower including, but not limited to, the assignment of leases and rent and liens on real and personal property.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Notes Payable – Direct Borrowing – Component Unit (Continued)**

**Truist Bank (Continued)**

- **Debt Service Accounts/Ratios** - The following debt service accounts/ratios are present in the agreements:
  - A cash flow coverage ratio of 1.10 times the annual debt service on the Loan. Cash flow is the Project's annual cash flow divided by annual debt service.

The following chart list the Truist individual loans and which default remedies apply:

	JC Penney	OCDA III	Power Center A	Power Center B	Town Center 1	Marquees Cinemas
Default Interest Rate	Yes	Yes	Yes	Yes	Yes	Yes
Accelerated Payment	Yes	Yes	Yes	Yes	Yes	Yes
Additional Collateral	Yes	Yes	Yes	Yes	No	Yes
Collateral Rights	Yes	Yes	Yes	Yes	Yes	Yes

The following chart denotes the collateral associated with the individual loans:

*JC Penney* - Assignment of lease, rents and accounts receivable of the OCDA "JC Penney" area which is approximately 6.94 acres of property.

*OCDA III* - Assignment of lease, rents and accounts receivable of the OCDA "Building III" area which is approximately 17,800 square feet of retail outlets.

*Power Center A and Power Center B* - Assignment of lease, rents and accounts receivable of the OCDA "Power Center" area which is approximately 153,225 square feet of retail outlets.

*Town Center 1* - Assignment of lease, rents and accounts receivable of the OCDA "Town Center" area which is approximately 19 acres housing offices and retail outlets.

*Marquee Cinemas* - Assignment of lease, rents and accounts receivable of the 52,000 square foot cinema and covering approximately 5 acres in the OCDA "Town Center" area.

**Community Bank**

The note with Community Bank, with a balance of \$2,504,090, provides that in the event of default all indebtedness may become due at the bank's discretion. The bank may also exercise its collateral rights with respect to the indebtedness. Default events include the failure to make a payment when due; insolvency conditions; false statements; and the failure to comply with a term, covenant, or condition of the agreement. The agreement also contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become due immediately if the lender determines that a material adverse change occurs. If a default occurs the Bank may increase the interest rate of the loan by 10% until the default is cured. The loan is secured by 5 acres of real property related to the tenant's site and the assignment of all lease, rent or other revenue in the developed area.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Notes Payable – Direct Borrowing – Component Unit (Continued)**

**WV Infrastructure Council**

The loan with the WV Infrastructure Council, with a balance of \$1,565,294, provides that in the event of default all indebtedness may become due at the Council's discretion. The Council may also exercise its collateral rights with respect to the indebtedness. Default events include the failure to make a payment when due; insolvency conditions; false statements; and the failure to comply with a term, covenant, or condition of the agreement. The note with the WV Infrastructure Council is secured through the assignment of leases, rents and accounts receivable in the "town center" area which is approximately 19 acres of housing and retail outlets. The collateral is shared first with Truist Bank.

Notes payable – direct borrowings debt service requirements to maturity are as follows:

Year Ended	Principal	Interest*
2021	\$ 3,258,016	\$ 1,655,611
2022	3,325,301	1,588,180
2023	23,215,575	964,921
2024	1,620,000	725,331
2025	1,534,882	658,545
2026-2030	8,160,591	2,364,638
2031-2035	7,263,141	734,299
2036-2038	372,236	15,028
Totals	<u>\$ 48,749,742</u>	<u>\$ 8,706,553</u>

\* The interest portion of the debt service requirements to maturity (as noted above) is based on the bank's interest rates in effect as of June 30, 2020.

**Bond Anticipation Notes – Primary Government – Governmental Activities**

In February 2015, the County issued direct placement bond anticipation notes (BANs) to pay off the 2013 A and B BANs and to reimburse the WV State Tax Department for the overpayment of SDEX funds which were transferred to the County in error during the period of August 2012 to November 2013. The BAN's were issued subordinate to the original SDEX bonds in which district excise tax assessed within the Highlands Economic Development District is used to make debt service payments. The BAN's are limited obligations of the County and the County has no obligation to pay any of the debt service in the event that the SDEX tax revenue is not sufficient to pay debt service. During the year, the BAN's were refinanced with the issuance of the 2019 SDEX Series bonds.

Description	Balance June 30, 2019	Issued	Retired	Balance June 30, 2020
2015 A SDEX BANs	\$ 7,700,000	\$ -	\$ (7,700,000)	\$ -
2015 B SDEX BANs	3,620,000	-	(3,620,000)	-
Discount	(91,636)		91,636	
Total BANs, net	<u>\$ 11,228,364</u>	<u>\$ -</u>	<u>\$ (11,228,364)</u>	<u>\$ -</u>

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in General Long-Term Liabilities**

	<b>Primary Government - Governmental Activities – Revenue Bonds</b>				
	Beginning Balance	Additions	Reductions	Balance	Due Within One Year
Bonds payable					
Bonds payable	\$ 141,890,000	\$ 67,975,000	\$ (45,815,000)	\$ 164,050,000	\$ 4,910,000
Premiums	346,845	-	(31,874)	314,971	21,835
Discounts	(1,451,558)	(1,001,697)	554,326	(1,898,929)	(96,241)
Total bonds payable, net	140,785,287	66,973,303	(45,292,548)	162,466,042	4,835,594
BAN payable					
BAN payable	11,320,000	-	(11,320,000)	-	-
Discount	(91,636)	-	91,636	-	-
BAN payable, net	11,228,364	-	11,228,364	-	-
Governmental activities revenue bond debt	<u>\$ 152,013,651</u>	<u>\$ 66,973,303</u>	<u>\$ (56,520,912)</u>	<u>\$ 162,466,042</u>	<u>\$ 4,835,594</u>

	<b>Primary Government - Governmental Activities – Other Long-term Liabilities</b>				
	Beginning Balance	Additions	Reductions	Balance	Due Within One Year
Net OPEB liability	\$ 1,013,065	\$ -	\$ (184,098)	\$ 828,967	\$ -
Compensated absences	615,045	166,553	(39,629)	741,969	-
Capital leases payable	2,664,369	4,303,720	(1,219,971)	5,748,118	1,029,175
Net pension liability	736,075	744,833	(207,858)	1,273,050	-
Governmental activities other long-term liabilities	<u>\$ 5,028,554</u>	<u>\$ 5,215,106</u>	<u>\$ (1,651,556)</u>	<u>\$ 8,592,104</u>	<u>\$ 1,029,175</u>

	<b>Primary Government - Business-type Activities – Other Long-term Liabilities</b>				
	Beginning Balance	Additions	Reductions	Balance	Due Within One Year
Net OPEB liability	\$ 237,633	\$ -	\$ (43,184)	\$ 194,449	\$ -
Compensated absences	31,482	5,067	-	36,549	-
Net pension liability	43,955	-	(13,726)	30,229	-
Business-type activities other long-term liabilities	<u>\$ 313,070</u>	<u>\$ 5,067</u>	<u>\$ (56,910)</u>	<u>\$ 261,227</u>	<u>\$ -</u>

	<b>Component Unit - Ohio County Development Authority (OCDA)</b>				
	Beginning Balance	Additions	Reductions	Balance	Due Within One Year
Notes payable – direct borrowings	\$ 53,094,237	\$ 13,400,000	\$ (17,744,495)	\$ 48,749,742	\$ 3,258,016
Revenue bonds – privately placed	962,104	-	(72,065)	890,040	74,250
Bonds payable	30,000,000	-	(435,000)	29,565,000	515,000
Bonds payable discount	(652,066)	-	22,356	(629,710)	(22,357)
Component unit long- term liabilities related to borrowings	<u>\$ 83,404,275</u>	<u>\$ 13,400,000</u>	<u>\$ (18,229,203)</u>	<u>\$ 78,575,072</u>	<u>\$ 3,824,909</u>

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in General Long-Term Liabilities (Continued)**

	<b>Component Unit - Ohio County Development Authority (OCDA)</b>				
	Beginning Balance	Additions	Reductions	Balance	Due Within One Year
Leases payable	\$ 70,206	\$ -	\$ (34,492)	\$ 35,715	\$ 16,410
Net pension liability	199,744	-	(25,245)	174,498	-
Long term advance	997,000	-	-	997,000	-
Component unit long-term liabilities related to other liabilities	\$ 1,266,950	\$ -	\$ (59,737)	\$ 1,207,213	\$ 16,410

*Debt Restructuring*

As a result of the uncertainty related to COVID-19 pandemic, effective April 1, 2020, the component unit amended the terms of the loan agreement with Wesbanco, Truist Bank and Community Bank for certain notes payable. The amended terms defer the April – June 2020 principal and interest payments on the notes but do not extend the final maturities. The principal and interest payments will resume in July 2020. The total amount of deferred payments, including principal and interest were \$995,314.

**G. Line of Credit**

During the year, the OCDA entered into a line of credit agreement with a local bank for \$2,000,000 to finance various economic development activities. The collateral pledged on the line of credit is shared with the Wesbanco New Front Lots note payable described in Note IV. F. The balance is payable on demand and the OCDA has \$995,514 available to draw on the line of credit at June 30, 2020. The interest rate is the prime rate reported in the Wall Street Journal, fluctuating monthly.

Changes in short term debt related to borrowings are as follows:

	<b>Component Unit - Ohio County Development Authority (OCDA)</b>				
	Beginning Balance	Additions	Reductions	Balance	Due Within One Year
Line of credit payable	\$ -	\$ 1,004,486	\$ -	\$ 1,004,486	\$ 1,004,486

**H. Conduit Debt**

The County is the conduit issuer of bonds held on behalf of Linsly School. The outstanding Series consists of the Series 2012 Educational Facilities Revenue Bonds. These bonds were issued for the acquisition, construction, and equipping of various new facilities, the renovation of certain facilities, the repair of certain roadways, and certain other capital improvements, together with all appurtenant facilities, for Linsly School. The June 30, 2020 outstanding balance on the Series 2012 is \$3,593,754. The County has no obligation for this debt.

The County also issued bonds on behalf of Welty Village, LC. The purpose of these funds was to design, acquire, construct, and equip a townhome development for the elderly. The June 30, 2020 outstanding balance for the 2015 Series Bonds is \$4,999,984. The County has no obligation for this debt.



**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**I. Standby Letters of Credit**

The County has two irrevocable standby letters of credit in the amounts of \$3,745,000 and \$1,080,000 to replace the balances in the reserve accounts for the SDEX Series 2006 A Bonds, the SDEX Series 2018 Bonds and the SDEX 2019 A and B Bonds. The substituted standby letters of credit permitted the County to use the reserve accounts for project costs within the Development District. Both standby letters of credit contain provisions that allow for the automatic extension of the letters unless at least 60 days notice is provided by the financial institution. Both standby letters of credit automatically renew each year. Any advances made would bear an interest rate equal to the prime rate. Advances made on the letters of credit would be necessary in the event that there was not sufficient special district excise tax revenue to make scheduled debt service payments. No draws were made on these letters of credit during the year or up to the date of our report. Fees paid to renew the standby letters of credit totaled \$49,092.

**J. Deferred Outflows/Inflows of Resources**

**OPEB items** – Below summarizes the deferred outflows/inflows of resources:

<b>Deferred Outflows of Resources</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total OPEB Items</b>
Governmental contributions subsequent to the measurement date	\$ 104,440	\$ 28,416	\$ 132,856
Changes in proportion and differences between government contributions and proportionate share of contributions	45,189	10,600	55,789
Reallocation of opt-out employer change in proportionate share	205	48	253
OPEB items	<u>\$ 149,834</u>	<u>\$ 39,064</u>	<u>\$ 188,898</u>
<b>Deferred Inflows of Resources</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total OPEB Items</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ 8,943	\$ 2,098	\$ 11,041
Changes in proportion and differences between government contributions and proportionate share of contributions	137,540	32,262	169,802
Reallocation of opt-out employer change in proportionate share	22,302	5,232	27,534
Changes of assumptions	168,121	39,436	207,557
Difference between expected and actual experience	96,681	22,678	119,359
OPEB items	<u>\$ 433,587</u>	<u>\$ 101,706</u>	<u>\$ 535,293</u>

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**J. Deferred Outflows/Inflows of Resources (Continued)**

**Pension items** – Below summarizes the deferred outflows/inflows of resources:

<u><b>Deferred Outflows of Resources</b></u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Pension Items</u>
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 138,811	\$ 5,328	\$ 144,139
Government contributions subsequent to the measurement date	686,140	22,698	708,838
Difference between expected and actual experience	131,931	1,170	133,101
Pension items	<u>\$ 956,882</u>	<u>\$ 29,196</u>	<u>\$ 986,078</u>
<u><b>Deferred Inflows of Resources</b></u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Pension Items</u>
Net difference between projected and actual earnings on pension plan investments	\$ 306,777	\$ 10,926	\$ 317,703
Changes of assumptions	169,832	5,549	175,381
Changes in proportion and differences between government contributions and proportionate share of contributions	88,397	8,360	96,757
Difference between expected and actual experience	281,342	2,640	283,982
Pension items	<u>\$ 846,348</u>	<u>\$ 27,475</u>	<u>\$ 873,823</u>

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**IV. Detailed Notes on All Funds (Continued)**

**K. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** - The nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provision or enabling legislation.

**Committed** - The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commissioners remove or change the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered legally enforceable. 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** - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by County Commissioners or a County official delegated that authority by County Charter or ordinance.

**Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**K. Fund Balance (Continued)**

Fund Balances	<u>General</u>	<u>Coal Severance</u>	<u>TIF</u>	<u>SDEX</u>	<u>Debt Service</u>	<u>Nonmajor Government</u>	<u>Total</u>
<b><u>Restricted for:</u></b>							
Animal control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425,563	\$ 425,563
Coal reallocation	-	-	-	-	-	78,674	78,674
Alternative sentencing	-	-	-	-	-	675	675
Fire department	-	-	-	-	-	1,604,628	1,604,628
Law enforcement	-	-	-	-	-	24,353	24,353
Debt service	-	-	15,281	15,475,157	15,540,447	-	31,030,885
Magistrate court	-	-	-	-	-	2,052	2,052
<b><i>Total Restricted:</i></b>	<u>-</u>	<u>-</u>	<u>15,281</u>	<u>15,475,157</u>	<u>15,540,447</u>	<u>2,135,945</u>	<u>33,166,830</u>
<b><u>Assigned to:</u></b>							
Capital projects	7,970,451	-	-	-	-	57,748	8,028,199
Economic development	-	125,578	-	-	-	-	125,578
<b><i>Total Assigned:</i></b>	<u>7,970,451</u>	<u>125,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,748</u>	<u>8,153,777</u>
Unassigned:	<u>1,209,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,634</u>	<u>1,710,389</u>
<b><i>Total Fund Balances:</i></b>	<u>\$ 9,180,206</u>	<u>\$ 125,578</u>	<u>\$ 15,281</u>	<u>\$15,475,157</u>	<u>\$ 15,540,447</u>	<u>\$2,694,327</u>	<u>\$ 43,030,996</u>

The County policy is to use committed, assigned, and finally unassigned amounts in that order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**IV. Detailed Notes on All Funds (Continued)**

**L. Related Party Transactions**

The County is involved in various transactions with the discretely presented component unit, the OCDA. While the County and OCDA are governed by separate boards, the management responsible for the day to day operations is the same. The County has issued Special District Excise Tax Bonds (SDEX) and Tax Increment Financing (TIF) Bonds in prior years to finance economic development within The Highlands Economic Development District. The proceeds of these bonds, in large part, were transferred to the OCDA. The tax revenue pledged to support these bonds is reflected on the County financial statements along with the applicable debt. The assets acquired with these capital contributions are reported on the financial statements of the OCDA.

The following transactions occurred during the current fiscal year:

*Operating Contributions* - The County passes through operational funding from the Wheeling Convention and Visitor's Bureau, Inc. for The Highlands. During the year, \$180,000 was contributed.

*Capital Contributions* - The County contributed \$6,751,210 to the OCDA. This was comprised of \$1,089,178 in TIF bond draw downs and excess TIF revenue, \$629,392 in coal severance tax revenue, \$633,031 in SDEX bond draw downs and \$4,399,609 in general government contributions.

*Other Operating Contributions – Sports Complex Agreement* – In 2018, the Authority entered into a lease agreement with the primary government for the lease of the public sports complex. The agreement provides that the Authority has retained the right to operate the Sports Complex. As a result, the lease agreement does not meet lease recognition standards as promulgated by GASB (as the primary government does not have the right to use the facilities). No lease receivable has been recorded by the Authority. However, based on the agreement, the County has agreed to make annual payments (subject to an appropriation approved by the County Commission) to the Authority. Although referred to as lease payments under the agreement, the payments are considered under GASB to be contributions to the Authority. During the year ending June 30, 2020, \$1,922,162 was received by the Authority from the primary government to cover the principal and interest payments on the Sports Complex bonds.

The agreement stipulates the primary government to make lease payments to the Authority equal to the debt service on the Sports Complex bonds. There is a non-appropriation clause in the agreement that terminates the County's obligation in the event the funds are not appropriated by the governing body.

*Long Term Advances to Component Unit* - The County has advanced the OCDA funds in prior years with no stipulated repayment schedule or interest rate. The balance at June 30, 2020 is \$997,000. An allowance has been established for the remaining \$997,000 of the advances due to the financial position of the OCDA.

*Reimbursement Payable* – The OCDA reimburses the County for deputy sheriff wages for officers at The Highlands and various other contractor supplies. The balance at June 30, 2020 was \$18,720. This amount is shown net of amounts payable of \$15,000 at year end for contributions on behalf of the Wheeling Convention and Visitor's Bureau, Inc as well as \$227,850 related to construction project expenses.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**IV. Detailed Notes on All Funds (Continued)**

**M. Prior Period Restatement**

In 2018, the County entered into an agreement with the component unit to lease the public sports complex. Initially, the agreement was recorded as a lease under GASB Statement No. 62. However, because the public sports complex was not complete, the lease could not be recognized, and prepaid lease payments were recorded.

Upon further determination, the agreement provides that the component has retained the right to operate the Sports Complex. As a result, the lease agreement does not meet lease recognition standards as promulgated by GASB (as the primary government does not have the right to use the facilities). However, based on the agreement, the County has agreed to make annual payments (subject to an appropriation approved by the County Commission) to the component unit. Although referred to as lease payments under the agreement, the payments are considered under GASB to be contributions to the component unit. The agreement is considered a voluntary nonexchange transaction under GASB Statement No. 33.

**Governmental Activities**

Additionally, bond costs were adjusted from a prior issuance.

The following is the impact of the prior period adjustment on the governmental activities to record the agreement in accordance with GASB and adjust the bond costs:

	Statement of Activities
	Governmental Activities
Net position, as previously stated	\$ (107,525,828)
Reduction of Bond Costs	(1,457,948)
Recognition of operating contributions related to Sports Complex Agreement	(1,617,522)
Net position, as restated	\$ (110,601,298)

**Component Unit**

The following is the impact of the prior period adjustment on the component unit to record the agreement in accordance with GASB:

	Statement of Activities
	Component Unit
Net position, as previously stated	\$ 103,964,455
Recognition of operating contributions related to Sports Complex Agreement	1,772,923
Net position, as restated	\$ 105,737,378

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**V. Other Information**

**A. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County carries insurance with the West Virginia Board of Risk and Insurance Management for these various risks.

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

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grant cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County had been named as a defendant in the following lawsuits.

Statoil USA Onshore Properties, Inc. v The Honorable Mark Matkovich, WV State Tax Commissioner, et al., Circuit Court of Ohio County, West Virginia, Civil Action No. 16-C-246. On September 29, 2016, Statoil USA Onshore Properties, Inc filed an action in the Ohio County Circuit Court against The Honorable Mark Matkovich, WV State Tax Commissioner, The Honorable Kathie Hoffman, Assessor of Ohio County and The Ohio County Commission to appeal the denial of a request for exoneration on self-reported "property value" related to Statoil's "take-in-kind" interest in oil and gas leases in Ohio County. Statoil claimed it made a non-negligent inadvertent clerical error in over reporting its 2015 property value resulting in an over payment of approximately \$2.9 million in taxes. Any outcome in favor of the defendant would result in future credits against the entities that originally received the tax proceeds. The largest portion of this (approximately 77%) would be absorbed by the Ohio County Board of Education. Statoil has filed similar lawsuits against other counties in West Virginia. The County believes the complaint is without merit and intends to defend it vigorously, but can make no assurances as to the outcome of the pending litigation. There are no updates on this issue.

SWN Production Company, LLC v The Honorable Dale Steager, WV State Tax Commissioner, et al., Circuit Court of Ohio County, West Virginia, Civil Action No. 17-C-319, November 14, 2017 and 18-C-281, November 27, 2018. SWN Production Company, LLC, a gas & oil producer in the State of West Virginia has filed an action against The Honorable Dale Steager, WV State Tax Commissioner, The Honorable Tiffany Hoffman, Assessor of Ohio County and The Ohio County Commission, sitting as the Board of Assessment Appeals, to appeal the denial for a request for exoneration which would include future tax credits in the amount of \$2,238,353 for the alleged 2017 tax year (fiscal year 2018) over assessment and \$2,811,540 for the alleged 2018 tax year (fiscal year 2019) over assessment. SWN contends that the WV State Tax Department's mass appraisal system over assessed the property values for tax years 2017 and 2018 by failing to consider its actual operating expenses when reducing property value by operating expenses. Any outcome in favor of the defendant would result in future credits against the entities that originally received the tax proceeds. The largest portion of this (approximately 77%) would be absorbed by the Ohio County Board of Education. SWN has filed similar appeals in other counties in West Virginia for these tax years and it is anticipated similar appeals will be made for the 2019 tax year (fiscal year 2020). A recent decision by the WV Supreme Court of Appeals in a similar case affirmed that the WV State Department's calculations were mostly correct but needed slight modifications. It is anticipated that the WV State Tax Department will revise the original calculations as prescribed by the WV Supreme Court of Appeals for the purpose of settling all outstanding claims. The County can make no assurances as to the outcome of the pending litigation.

**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**V. Other Information (Continued)**

**B. Contingent Liabilities (Continued)**

SWN Production Company, LLC v The Ohio County Commission, et al., Circuit Court of Ohio County, West Virginia, Civil Action No. 17-C-27. On November 14, 2017, SWN Production Company, LLC, a gas & oil producer in the State of West Virginia has filed an action against The Ohio County Commission and the Ohio County Fire Board alleging that the newly promulgated Fire Service Fee Ordinance is unconstitutional as it relates to charging fire service fees for well pads and compressor plants. The County believes the complaint is without merit and intends to defend it vigorously, but can make no assurances as to the outcome of the pending litigation. There are no updates on this issue.

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

**C. Deferred Compensation Plan**

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

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

**D. Risks and Uncertainties**

On March 11, 2020 the World Health Organization declared the COVID-19 spread of a disease a pandemic. While it is premature to accurately predict the ultimate impact, it is likely that the operations of the County will be impacted.



**Ohio County, West Virginia**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

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**VI. Employee Retirement Systems and Plans**

**1. Plan Descriptions, Contribution Information and Funding Policies**

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

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

**A. Public Employee Retirement System (PERS)**

Eligibility to participate	All County full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.
Plan member's contribution rate hired before 7/1/2015	Tier I - 4.50%
Plan member's contribution rate hired after 7/1/2015	Tier II - 6.00%
County contribution rate	Tier I and II – 10.0%
Period required to vest for plan members hired before 7/1/2015	Tier I - Five years
Period required to vest for plan members hired after 7/1/2015	Tier II - Ten years
Benefits and eligibility for distribution for plan members hired before 7/1/2015	Tier I - A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefits.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**VI. Employee Retirement Systems and Plans (Continued)**

**1. Plan Descriptions, Contribution Information and Funding Policies (Continued)**

**A. Public Employee Retirement System (PERS) (Continued)**

Benefits and eligibility for distribution for plan members hired after 7/1/2015

Tier II - A member who has (1) attained age 62 and has earned 10 years or more of contributing service or (2) is between the age of 60 and 62 with reduced benefits if he or she has 10 or more years of contributing service or (3) is between the ages of 57 and 62 with reduced benefits if he or she has 20 or more years of service or (4) is between the ages of 55 and 62 with reduced benefits if he or she has 30 or more years of contributing service. The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefits.

Deferred retirement portion

No

Provisions for:

Cost of living

No

Death benefits

Yes

*Trend Information*

Fiscal Year	Annual Pension Cost	Percentage Contributed
2020	\$ 464,019	100%
2019	\$ 439,800	100%
2018	\$ 459,055	100%

**B. Deputy Sheriff Retirement System (DSRS)**

Eligibility to participate

West Virginia deputy sheriffs first employed after July 1, 1997 and any deputy sheriffs hired prior to that date who elect to become members.

Authority establishing contribution obligations and benefit provisions

State Statute

Funding policy and contributions

Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. DSRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 12.0%. The contribution requirements of DSRS members are established and may be amended only by the State of West Virginia Legislature.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VI. Employee Retirement Systems and Plans (Continued)**

**1. Plan Descriptions, Contribution Information and Funding Policies (Continued)**

**B. Deputy Sheriff Retirement System (DSRS) (Continued)**

Period required to vest	Five years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (five highest consecutive years in the last ten years) times the years of service times 2.25% equal the annual retirement benefit.
Deferred retirement portion	No deferred retirement option is available.
Provisions for cost of living adjustments or death benefits	This plan has no provisions for cost of living adjustments. There are provisions for death benefits.

*Trend Information*

Fiscal Year	Annual Pension Cost	Percentage Contributed
2020	\$ 244,819	100%
2019	\$ 227,883	100%
2018	\$ 239,489	100%

PERS and DSRS issue a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, Building 5, Room 1000, 1900 Kanawha Boulevard East, Charleston, WV 25305.

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

At fiscal year-end, the County reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019, and the total pension liability used to calculate the net pension assets and liabilities were determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019 using the actuarial assumptions and methods described in the appropriate section of this note.

The County's proportion of the net pension liabilities was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2020, the County reported the following proportions and increases/decreases from its proportion measured as of June 30, 2019:

	PERS	DSRS
Amount for proportionate share of net pension liability	\$ 620,598	\$ 682,681
Percentage for proportionate share of net pension liability	0.28863%	3.39710%
Increase % from prior proportion measured	(4.43958)%	(12.26882)%

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VI. Employee Retirement Systems and Plans (Continued)**

**1. Plan Descriptions, Contribution Information and Funding Policies (Continued)**

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)***

For the year ended June 30, 2020, the County recognized the following pension expense:

	PERS	DSRS
Government-wide pension expense	\$ 304,421	\$ 870,550

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

**Public Employees Retirement System (PERS)**

	Governmental activities		Business-type activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 213,391	\$ -	\$ 10,926
Net changes in proportion and differences between employer contributions and proportionate share of contributions	59,334	33,379	5,328	8,360
Changes in actuarial assumptions	-	108,379	-	5,549
Differences between expected and actual experience with regard to economic or demographic factors	22,850	51,562	1,170	2,640
Employer contributions to pension plan subsequent to the measurement date	441,321	-	22,698	-
	\$ 523,505	\$ 406,711	\$ 29,196	\$ 27,475

The amount reported as deferred outflows of resources related to results from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Pension expense
2021	\$ (46,634)
2022	(317,892)
2023	(46,100)
2024	65,122
Total	\$ (345,504)

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VI. Employee Retirement Systems and Plans (Continued)**

**1. Plan Descriptions, Contribution Information and Funding Policies (Continued)**

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)*

**Deputy Sheriffs' Retirement System (DSRS)**

	Governmental activities	
	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 93,386
Net changes in proportion and differences between employer contributions and proportionate share of contributions	79,477	55,018
Changes in actuarial assumptions	-	61,453
Differences between expected and actual experience with regard to economic or demographic factors	109,081	229,780
Employer contributions to pension plan subsequent to the measurement date	244,819	-
	\$ 433,377	\$ 439,637

The amount reported as deferred outflows of resources related to results from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Pension expense
2021	\$ (50,160)
2022	(139,063)
2023	(44,453)
2024	(28,301)
2025	4,331
2026	6,567
Total	\$ (251,079)

*Annual money-weighted rate of return*

	PERS	DSRS
Money-weighted rate of return, net of investment expenses, for the year ended June 30, 2020, based on the measurement date June 30, 2019.	5.94%	6.01%

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**VI. Employee Retirement Systems and Plans (Continued)**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019 for the pension plans, using the following actuarial assumptions, applied to all pensions included in the measurement.

**Public Employees Retirement System (PERS)**

Actuarial cost method	Individual entry age normal cost with level percentage of payroll	
Asset valuation method	Fair value	
Amortization method	Level dollar, fixed period	
Amortization period	Through fiscal year 2035	

Inflation rate	3.00%	
Salary increases	State	3.10% - 5.30%
	Nonstate	3.35% - 6.50%
Investment Rate of Return	7.50%	

**Mortality Rates:**

- Active – 100% of Pub-2010 General Employees table, below median, headcount weighted, projected with scale MP-2018.
- Retired healthy males – 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018.
- Retired healthy females – 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018.
- Disabled males – 118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018.
- Disabled females – 118% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018.

The actuarial assumptions used for July 1, 2018 PERS valuation were based on the results of the actuarial experience study for the period of July 1, 2013 to June 30, 2018.

**Deputy Sheriffs' Retirement System (DSRS)**

Actuarial cost method	Individual entry age normal cost with level percentage of payroll	
Asset valuation method	Fair value	
Amortization method	Level dollar, fixed period	
Amortization period	Through fiscal year 2029	

Inflation rate	3.00%	
Salary increases	5.00% for the first 2 years of service	
	4.50% for the next 3 years of service	
	4.00% for the next 5 years of service	
	3.50% thereafter	
Investment Rate of Return	7.50%	

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VI. Employee Retirement Systems and Plans (Continued)**

**Actuarial Assumptions (Continued)**

Mortality Rates:

- Active – 100% of RP-2014 Non Annuitant (sex-distinct), scale MP-2016 fully generational.
- Healthy male retirees – 103% of RP-2014 Male Healthy Annuitant, scale MP-2016 fully generational.
- Healthy female retirees – 100% of RP-2014 Female Healthy Annuitant, scale MP-2016 fully generational.
- Disabled males – 100% of RP-2014 Male Disabled Annuitant, scale MP-2016 fully generational.
- Disabled females – 107% of RP-2014 of Female Disabled Annuitant, scale MP-2016 fully generational.

The actuarial assumptions used for July 1, 2018 DSRS valuation were based on the results of the actuarial experience study for the period of July 1, 2011 to June 30, 2016.

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

Rates summarized in the following table include the inflation component and were used for the following defined benefit plans:

Investment	PERS/DSRS Target Asset Allocation	Long – term Expected Real Rate of Return	Weighted Average Expected Real Rate of Return
Fixed income	15.0%	3.3%	0.50%
Domestic equity	27.5%	5.8%	1.60%
International equity	27.5%	7.7%	2.12%
Real Estate	10.0%	6.1%	0.61%
Private Equity	10.0%	8.8%	0.88%
Hedge Funds	10.0%	4.4%	0.44%
Total	100%		6.15%
Inflation			2.00%
			8.15%

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.50% for the pension plan. The projection of the cash flows used to determine the discount rate assumed that employer contributions will continue to follow in the current funding policies. Based on those assumptions, the fiduciary net position for the pension plan was projected to be available to make all projected future benefit payments of current 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 for the plan.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**VI. Employee Retirement Systems and Plans (Continued)**

**Actuarial Assumptions (Continued)**

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

	1% Decrease <u>6.5%</u>	Current Discount Rate <u>7.5%</u>	1% Increase <u>8.5%</u>
County's proportionate share of PERS net pension liability (asset)	\$ 2,890,793	\$ 620,598	\$ (1,299,846)
County's proportionate share of DSRS net pension liability (asset)	\$ 1,876,523	\$ 682,681	\$ (301,323)

**VII. Other Postemployment Benefits (OPEB)**

**West Virginia Public Employees Insurance Agency (WV PEIA)**

***General Information about the OPEB Plan***

Plan description – The County participates in PERS. Although the County is a non-participating agency with the WV PEIA, eligible retirees have the option of obtaining health insurance benefits through WV PEIA under PERS. The West Virginia Other Postemployment Benefit Plan (the Plan), is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the WV PEIA and the RHBT staff. Plan benefits are established and revised by WV PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 63,000 covered lives at June 30, 2019.

The RHBT audited financial statements and actuarial reports can be found on the WV PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov). You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th. Street, SE, Suite 2, Charleston, WV, 25304.

Benefits provided - The Plan provides medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: 1) Self-Insured Preferred Provider Benefit Plan (primarily for non-Medicare-eligible retirees and spouses) and 2) External Managed Care Organizations (primarily for Medicare-eligible retirees and spouses).



**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VII. Other Postemployment Benefits (OPEB) (Continued)**

**West Virginia Public Employees Insurance Agency (WV PEIA) (Continued)**

***General Information about the OPEB Plan (Continued)***

As noted above, because the County participates in the PERS, retirees have the option of choosing to participate in the WV PEIA. The retiree's insurance premium is dependent on the number of years worked. Since the County is not a participant in PEIA, a fee is charged for each of the retirees who choose this option. This fee also is based on the number of years worked. The State of West Virginia bears the remaining costs to fund this program. The County's retirees' insurance fees were as follows:

Fund	Amount
General	\$ 104,440
Public improvement	28,416
Total	\$ 132,856

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

At fiscal year-end, the County reported a liability of \$1,023,416 for its proportionate share of the net OPEB liability. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2018, rolled forward to June 30, 2019, which is the measurement date.

The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined.

	OPEB
Amount for proportionate share of net OPEB liability	\$ 1,023,416
Percentage for proportionate share of net OPEB liability	0.06168%
Increase/(decrease) % from prior proportion measured	5.81184%

For the year ended June 30, 2020, the County recognized the following OPEB expense:

	Governmental activities	Business-type activities
Government – wide OPEB expense	\$ (45,906)	\$ (5,366)

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VII. Other Postemployment Benefits (OPEB) (Continued)**

**West Virginia Public Employees Insurance Agency (WV PEIA) (Continued)**

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

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

	Governmental activities		Business-type activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ -	\$ 8,943	\$ -	\$ 2,098
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,189	137,540	10,600	32,262
Reallocation of opt-out employer change in proportionate share	205	22,303	48	5,232
Difference between expected and actual experience	-	96,681	-	22,678
Changes in assumptions	-	168,121	-	39,436
Employer contributions subsequent to the measurement date	104,440	-	28,416	-
	<u>\$ 149,834</u>	<u>\$ 433,588</u>	<u>\$ 39,064</u>	<u>\$ 101,706</u>

The amount reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**VII. Other Postemployment Benefits (OPEB) (Continued)**

**West Virginia Public Employees Insurance Agency (WV PEIA) (Continued)**

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	OPEB expense
2021	\$ (194,586)
2022	(169,014)
2023	(96,531)
2024	(19,121)
Total	\$ (479,252)

***Actuarial assumptions***

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed.
Amortization period	20 years closed as of June 30, 2017.
Asset valuation method	Market value
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation.
Inflation rate	2.75%
Wage inflation	4.00%
Salary increases	Dependent upon pension system, ranging from 3.0% to 6.5%, including inflation.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VII. Other Postemployment Benefits (OPEB) (Continued)**

**West Virginia Public Employees Insurance Agency (WV PEIA) (Continued)**

*Actuarial assumptions (Continued)*

Mortality	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS.
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capital costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
Aging factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

The long-term rates of return on OPEB plan investments are determined using a building-block method in which best-estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and a 10-year forecast of nominal geometric returns by major asset class were provided by the plan’s investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the money Market Pool held with the West Virginia Board of Treasury Investments (WV-BTI) was estimated based on WV-IMB assumed inflation of 2.0% plus a 25-basis point spread.

The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

<u>Asset Class</u>	Long-term Expected Real Rate of Return	Target Allocation
Global Equity	4.8%	49.5%
Core Plus Fixed Income	2.1%	13.5%
Core Real Estate	4.1%	9.0%
Hedge Fund	2.4%	9.0%
Private Equity	6.8%	9.0%
Cash and Cash Equivalents	0.3%	10.0%
Target Allocation		<u>100.0%</u>

Real returns by asset class, as shown in the above table, were estimated using a static inflation assumption of 2.0%. Consequently, real returns may not reflect the potential volatility of inflation by asset class.

**Ohio County, West Virginia  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

**VII. Other Postemployment Benefits (OPEB) (Continued)**

**West Virginia Public Employees Insurance Agency (WV PEIA) (Continued)**

*Actuarial assumptions (Continued)*

*Discount rate:*

A single discount rate of 7.15% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.15% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.62% as of the beginning of the year and 3.13% as of the end of the year. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.

*Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate:*

The following chart presents the County's proportionate share of the net OPEB liability, as well as what the proportionate share of 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 discount rate:

	1% Decrease <u>6.15%</u>	Current Discount Rate <u>7.15%</u>	1% Increase <u>8.15%</u>
County's proportionate share of net OPEB liability	\$ 1,221,417	\$ 1,023,416	\$ 857,723

*Sensitivity of the County's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates:*

The following chart presents the County's proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates described in the actuarial assumptions:

	1% Decrease <u>          </u>	Health Care Cost Trend Rates <u>          </u>	1% Increase <u>          </u>
County's proportionate share of net OPEB liability	\$ 825,237	\$ 1,023,416	\$ 1,263,906

*OPEB plan fiduciary net position:*

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report available at the West Virginia Public Employee Insurance Agency's website at [peia.wv.gov](http://peia.wv.gov). That information can also be obtained by writing to the West Virginia Public Employee Insurance Agency, 601 57th Street, Suite 2, Charleston, WV, 25304.

**Required Supplementary Information**

**Ohio County, West Virginia**  
**Cost Sharing Multi - Employer Pension Plan**  
**For the Year Ended June 30, 2020**

**Cost Sharing Multi - Employer Pension Plan**

**West Virginia Public Employees Retirement System (PERS)**

**I. Schedule of Government's Proportionate Share of the Net Pension Liability - Last 7 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (percentage)	0.288633%	0.302042%	0.283198%	0.276387%	0.263256%	0.239695%	0.230910%
County's proportionate share of the net pension liability (asset)	\$ 620,598	\$ 780,030	\$ 1,222,406	\$ 2,540,318	\$ 1,470,766	\$ 884,630	\$ 2,105,045
County's covered-employee payroll	\$ 4,640,177	\$ 4,398,000	\$ 4,173,219	\$ 3,887,983	\$ 3,808,017	\$ 3,572,334	\$ 3,207,593
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	13.37%	17.74%	29.29%	65.34%	38.62%	24.76%	65.63%
Plan fiduciary net position as a percentage of the total pension liability	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%	84.58%

**West Virginia Deputy Sheriff Retirement Plan (DSRS)**

**I. Schedule of Government's Proportionate Share of the Net Pension Liability - Last 7 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (percentage)	3.397097%	3.872170%	3.742176%	3.460350%	3.171078%	3.352780%	3.389381%
County's proportionate share of the net pension liability (asset)	\$ 682,681	\$ (207,858)	\$ 140,219	\$ 1,101,638	\$ 650,452	\$ 571,683	\$ 1,135,578
County's covered-employee payroll	\$ 2,040,162	\$ 1,899,026	\$ 1,995,745	\$ 1,872,541	\$ 1,706,326	\$ 1,511,232	\$ 1,553,146
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.46%	(10.95%)	7.03%	58.83%	38.12%	37.83%	73.11%
Plan fiduciary net position as a percentage of the total pension liability	92.08%	102.50%	98.17%	84.48%	89.31%	90.52%	90.52%

\* - The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, County's should present information for those years for which information is available.

Change in Benefit Terms - Due to the passage of Senate Bill 501 during the 2018 Regular Session of the West Virginia Legislature, the DSRS benefit multiplier was increased from 2.25% to 2.50%

**Ohio County, West Virginia  
Cost Sharing Multi-Employer Pension Plan  
For the Year Ended June 30, 2020**

**Cost Sharing Multi - Employer Pension Plan**

**West Virginia Public Employees Retirement System (PERS)**

**I. Schedule of Government Contributions - Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 464,019	\$ 439,800	\$ 459,055	\$ 466,558	\$ 514,157	\$ 500,127	\$ 465,101	\$ 432,819	\$ 459,062	\$ 390,215
Contributions in relation to the contractually required contribution	<u>(464,019)</u>	<u>(439,800)</u>	<u>(459,055)</u>	<u>(466,558)</u>	<u>(514,157)</u>	<u>(500,127)</u>	<u>(465,101)</u>	<u>(432,819)</u>	<u>(459,062)</u>	<u>(390,215)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 4,640,177	\$ 4,398,000	\$ 4,173,219	\$ 3,887,983	\$ 3,808,017	\$ 3,572,334	\$ 3,207,593	\$ 3,091,564	\$ 3,165,945	\$ 3,121,720
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%

**West Virginia Deputy Sheriff Retirement Plan (DSRS)**

**I. Schedule of Government Contributions - Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 244,819	\$ 227,883	\$ 239,489	\$ 224,705	\$ 204,759	\$ 188,904	\$ 201,909	\$ 193,039	\$ 162,501	\$ 121,152
Contributions in relation to the contractually required contribution	<u>(244,819)</u>	<u>(227,883)</u>	<u>(239,489)</u>	<u>(224,705)</u>	<u>(204,759)</u>	<u>(188,904)</u>	<u>(201,909)</u>	<u>(193,039)</u>	<u>(162,501)</u>	<u>(121,152)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 2,040,162	\$ 1,899,026	\$ 1,995,745	\$ 1,872,541	\$ 1,706,326	\$ 1,511,232	\$ 1,553,146	\$ 1,484,915	\$ 1,250,008	\$ 1,153,829
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	12.00%	12.00%	12.50%	13.00%	13.00%	13.00%	10.50%

\* - The amounts presented for each fiscal year were determined as of June 30th .



**Ohio County, West Virginia**  
**Cost Sharing Multi - Employer OPEB Plan**  
**For the Year Ended June 30, 2020**

**Cost Sharing Multi - Employer OPEB Plan**

**West Virginia Public Employees Insurance Agency (WV PEIA)**

**I. Schedule of Government's Proportionate Share of the Net OPEB Liability - Last 4 Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability (asset) (percentage)	0.061680%	0.058296%	0.060270%	0.076020%
County's proportionate share of the net OPEB liability (asset)	\$ 1,023,416	\$ 1,250,698	\$ 1,481,966	\$ 1,887,813
County's covered-employee payroll	\$ N/A**	\$ N/A**	\$ N/A**	\$ N/A**
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	N/A**	N/A**	N/A**	N/A**
Plan fiduciary net position as a percentage of the total OPEB liability	36.69%	30.98%	25.10%	21.64%

**II. Schedule of Government OPEB Contributions - Last 4 Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 132,856	\$ 126,532	\$ 123,788	\$ 130,044
Contributions in relation to the contractually required contribution	<u>(132,856)</u>	<u>(126,532)</u>	<u>(123,788)</u>	<u>(130,044)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ N/A**	\$ N/A**	\$ N/A**	\$ N/A**
Contributions as a percentage of covered-employee payroll	N/A**	N/A**	N/A**	N/A**

\* - The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, County's should present information for those years for which information is available.

\*\* - The County does not have covered-employee payroll as the participants of the plan are retired.

*Changes of assumptions*

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2017 and a measurement date of June 30, 2019. The net effect of assumption changes was approximately \$236 million to the Plan. The assumption changes that most significantly impacted the Total OPEB Liability of the Plan were an approximate \$11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate \$224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the Total OPEB Liability.

**Ohio County, West Virginia**  
**Budgetary Comparison Statement**  
**General Fund**  
**For the Year Ended June 30, 2020**

	<u>Budget Amounts</u>		Actual Amount	Modified	Actual Amount
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>Accrual</u>	<u>Modified Accrual</u>
			<u>Basis</u>	<u>Adjustments</u>	<u>Basis</u>
<b>Revenues:</b>					
Ad valorem property taxes	\$ 8,918,301	\$ 9,238,300	\$ 9,393,897	\$ 61,995	\$ 9,455,892
Other taxes	970,000	2,440,600	2,532,865	(429,443)	2,103,422
Intergovernmental:					
Federal	164,500	367,976	334,757	742,938	1,077,695
State	-	430,475	211,500	15,659	227,159
Local	150,000	360,000	360,000	-	360,000
Charges for services	2,325,400	2,867,340	3,052,769	21,104	3,073,873
Fines and forfeits	35,000	48,900	48,844	(1,292)	47,552
Interest	50,000	50,000	44,760	1.00	44,761
Video Lottery / Table Gaming Proceeds	1,240,000	1,250,500	1,275,338	(10,364)	1,264,974
Miscellaneous	45,100	6,920,032	6,692,045	(1,244,093)	5,447,952
<b>Total revenues</b>	<u>\$ 13,898,301</u>	<u>\$ 23,974,123</u>	<u>\$ 23,946,775</u>	<u>\$ (843,495)</u>	<u>\$ 23,103,280</u>
<b>Expenditures:</b>					
General government	\$ 6,116,240	\$ 7,323,817	\$ 6,579,383	\$ (46,581)	\$ 6,532,802
Public safety	6,433,670	10,669,586	10,510,292	2,646,688	13,156,980
Economic development	100,000	3,102,109	3,101,909	-	3,101,909
Health and sanitation	167,500	167,500	126,446	-	126,446
Culture and recreation	1,389,190	3,331,190	3,243,072	118,740	3,361,812
Capital projects	66,300	8,055,442	3,173,757	(452,976)	2,720,781
Debt Service:					
Principal	819,150	1,219,150	-	1,219,971	1,219,971
Interest	91,950	161,650	-	161,585.00	161,585
<b>Total expenditures</b>	<u>\$ 15,184,000</u>	<u>\$ 34,030,444</u>	<u>\$ 26,734,859</u>	<u>\$ 3,647,427</u>	<u>\$ 30,382,286</u>
Excess (deficiency) of revenues over expenditures	\$ (1,285,699)	\$ (10,056,321)	\$ (2,788,084)	\$ (4,490,922)	\$ (7,279,006)
Other financing sources (uses):					
Proceeds under capital lease	-	750,000	-	4,303,720	4,303,720
Operating transfers in	823,699	1,311,700	1,217,065	2,304	1,219,369
Operating transfers (out)	(288,000)	(568,799)	(564,000)	-	(564,000)
Total other sources (uses)	<u>\$ 535,699</u>	<u>\$ 1,492,901</u>	<u>\$ 653,065</u>	<u>\$ 4,306,024</u>	<u>\$ 4,959,089</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (750,000)	\$ (8,563,420)	\$ (2,135,019)	\$ (184,898)	\$ (2,319,917)
Fund balance - beginning	<u>750,000</u>	<u>8,563,420</u>	<u>9,301,660</u>	<u>2,198,463</u>	<u>11,500,123</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,166,641</u>	<u>\$ 2,013,565</u>	<u>\$ 9,180,206</u>

**Ohio County, West Virginia**  
**Budgetary Comparison Statement**  
**Coal Severance Fund**  
**For the Year Ended June 30, 2020**

	Budget Amounts		Actual Amount Budget Basis	Modified Accrual Adjustments	Actual Amount Modified Accrual Basis
	<u>Original</u>	<u>Final</u>			
<b>Revenues:</b>					
Taxes	\$ 600,000	\$ 600,000	\$ 443,609	\$ -	\$ 443,609
Interest	-	-	11	-	11
<b>Total revenues</b>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 443,620</u>	<u>\$ -</u>	<u>\$ 443,620</u>
<b>Expenditures:</b>					
Economic Development	\$ 601,000	\$ 655,001	\$ 629,396	\$ -	\$ 629,396
<b>Total expenditures</b>	<u>\$ 601,000</u>	<u>\$ 655,001</u>	<u>\$ 629,396</u>	<u>\$ -</u>	<u>\$ 629,396</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,000)</u>	<u>\$ (55,001)</u>	<u>\$ (185,776)</u>	<u>\$ -</u>	<u>\$ (185,776)</u>
Other financing sources (uses):					
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers (out)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (1,000)</u>	<u>\$ (55,001)</u>	<u>\$ (185,776)</u>	<u>\$ -</u>	<u>\$ (185,776)</u>
<b>Fund balance at beginning of year</b>	<u>1,000</u>	<u>55,001</u>	<u>311,354</u>	<u>-</u>	<u>311,354</u>
<b>Fund balance at end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 125,578</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 125,578</u></u>

## **Supplementary Information**

**Ohio County, West Virginia  
Budgetary Comparison Statement  
Assessor's Valuation Fund  
For the Year Ended June 30, 2020**

	Budget Amounts		Actual Amount Budget Basis	Modified Accrual Adjustments	Actual Amount Modified Accrual Basis
	<u>Original</u>	<u>Final</u>			
<b>Revenues:</b>					
Ad valorem property taxes	\$ 509,694	\$ 509,694	\$ 546,305	\$ -	\$ 546,305
Charges for services	12,400	12,400	12,890	-	12,890
Miscellaneous	-	-	2,840	-	2,840
<b>Total revenues</b>	<u>\$ 522,094</u>	<u>\$ 522,094</u>	<u>\$ 562,035</u>	<u>\$ -</u>	<u>\$ 562,035</u>
<b>Expenditures:</b>					
General government	\$ 91,856	\$ 91,856	\$ 74,458	\$ -	\$ 74,458
Capital projects	30,000	30,000	16,161	-	16,161
<b>Total expenditures</b>	<u>\$ 121,856</u>	<u>\$ 121,856</u>	<u>\$ 90,619</u>	<u>\$ -</u>	<u>\$ 90,619</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 400,238</u>	<u>\$ 400,238</u>	<u>\$ 471,416</u>	<u>\$ -</u>	<u>\$ 471,416</u>
Other financing sources (uses):					
Operating transfers (out)	<u>\$ (475,438)</u>	<u>\$ (475,438)</u>	<u>\$ (422,859)</u>	<u>\$ (1,489)</u>	<u>\$ (424,348)</u>
Total other sources (uses)	<u>\$ (475,438)</u>	<u>\$ (475,438)</u>	<u>\$ (422,859)</u>	<u>\$ (1,489)</u>	<u>\$ (424,348)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (75,200)	\$ (75,200)	\$ 48,557	\$ (1,489)	\$ 47,068
<b>Fund balance at beginning of year</b>	<u>75,200</u>	<u>75,200</u>	<u>460,778</u>	<u>(1,728)</u>	<u>459,050</u>
<b>Fund balance at end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 509,335</u></u>	<u><u>\$ (3,217)</u></u>	<u><u>\$ 506,118</u></u>

**Ohio County, West Virginia**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended June 30, 2020**

State Grantor/Pass-through Grantor/Program	Identification Number	State Expenditures
<b>Division of Culture &amp; History</b>		
Document Preservation	N/A	\$ 10,000
<b>Division of Homeland Security and Emergency Management</b>		
State Emergency Response Commission Grant	N/A	1,500
<b>Courthouse Facilities Improvement Authority</b>		
Courthouse Facility Improvements	15CYCOOHIO35	100,000
<b>Governor's Office</b>		
Pandemic Block Grant	N/A	100,000
<b>Secretary of State</b>		
Governor's Contingency (Absentee Application Mailing)	N/A	<u>15,659</u>
<b>Total Expenditures of State Awards</b>		<b><u><u>\$ 227,159</u></u></b>

**Accompanying Information**

Dan Wilson, CPA, MBA  
(deceased)  
1955-2013

Dennis Kozicki, CPA  
Nancy Hughes, CPA  
Aimee Tickerhoof, CPA

Jayetee Herron, CPA



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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of the Ohio County Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ohio County, West Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Ohio County, West Virginia's basic financial statements and have issued our report thereon dated March 10, 2021. Our report includes a reference to other auditors who audited the financial statements of the Ohio County Development Authority, as described in our report on Ohio County, West Virginia's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ohio County, West Virginia'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 Ohio County, West Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Ohio County, West Virginia'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 and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ohio County, West Virginia'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 an instance of noncompliance and other matter that is required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and questioned costs as item 2020-002.

## **Ohio County, West Virginia's Response to Findings**

Ohio County, West Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ohio County, West Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 Ohio County, West Virginia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ohio County, West Virginia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kozicki Hughes Sickerhoff PLLC*

Wheeling, West Virginia,  
March 10, 2021.

Dan Wilson, CPA, MBA  
(deceased)  
1955-2013

Dennis Kozicki, CPA  
Nancy Hughes, CPA  
Aimee Tickerhoof, CPA

Jaytee Herron, CPA



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CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Members of the Ohio County Commission:

### **Report on Compliance for Each Major Federal Program**

We have audited Ohio County, West Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ohio County, West Virginia's major federal programs for the year ended June 30, 2020. Ohio County, West Virginia'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 the federal statutes, regulations, and 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 Ohio County, West Virginia'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 the 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 Ohio County, West Virginia'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 Ohio County, West Virginia's compliance.

## Opinion on Each Major Federal Program

In our opinion, Ohio County, West Virginia, 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, 2020.

## Report on Internal Control over Compliance

Management of Ohio County, West Virginia, 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 Ohio County, West Virginia'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 Ohio County, West Virginia'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 a 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.

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.

*Kozicki Hughes Sickenroff PLLC*

Wheeling, West Virginia,  
March 10, 2021.

**Ohio County, West Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>Department of Justice</b>				
<u>West Virginia Department of Military Affairs &amp; Public Safety</u>				
Crime Victim Assistance	16.575	212964	\$ -	\$ 37,641
Edward Bryne Memorial Justice Assistance Grant Program	16.738	212964	22,500	65,800
Violence Against Women Formula Grants	16.588	212964	47,612	99,112
Total Department of Justice			\$ 70,112	\$ 202,553
<b>Department of Transportation</b>				
<u>West Virginia Department of Transportation</u>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	212964	\$ -	\$ 250
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	212964	-	1,426
Alcohol Impaired Driving Countermeasures	20.601	212964	-	639
Total Highway Safety Cluster			-	2,065
Total Department of Transportation			\$ -	\$ 2,315
<b>Department of Treasury</b>				
<u>West Virginia Governor's Office</u>				
COVID-19 Coronavirus Relief Fund	21.019	212964	\$ -	\$ 742,938
Total Department of Treasury			\$ -	\$ 742,938
<b>Election Assistance Commission</b>				
<u>West Virginia Secretary of State</u>				
COVID-19 HAVA Election Security Grants	90.404	958534109	\$ -	\$ 35,130
Total Election Assistance Commission			\$ -	\$ 35,130
<b>Executive Office of the President</b>				
<u>Laurel County Fiscal Court</u>				
High Intensity Drug Trafficking Areas Program	95.001	G19AP0001A	\$ -	\$ 8,971
High Intensity Drug Trafficking Areas Program	95.001	G20AP0001A	-	8,586
Total Executive Office of the President			\$ -	\$ 17,557
<b>Department of Homeland Security</b>				
<u>West Virginia Division of Homeland Security and Emergency Management</u>				
Emergency Management Performance Grants	97.042	212964	\$ -	62,430
Homeland Security Grant Program	97.067	212964	-	14,772
Total Department of Homeland Security			\$ -	\$ 77,202
<b>Total Expenditures of Federal Awards</b>			<b>\$ 70,112</b>	<b>\$ 1,077,695</b>

See accompanying notes to schedule of expenditures of federal awards.

**Ohio County, West Virginia**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

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**1. Summary of Significant Accounting Policies**

Expenditures reported in 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.

**2. Indirect Cost Rate**

The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County under programs of the federal government for the year ended June 30, 2020. 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 operation of the County it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

**Ohio County, West Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

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**Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the County were prepared in accordance with GAAP.
2. No material weaknesses and one significant deficiency disclosed during the audit of the financial statements are reported in the 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.
3. One instance of noncompliance material to the financial statements of the County, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the County expresses an unmodified opinion on all major federal programs.
6. No audit findings are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was:

COVID-19 Coronavirus Relief Fund – CFDA 21.019
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The County was determined to be a high-risk auditee.

**Findings - Financial Statement Audit – Component Unit - OCDA**

**Significant Deficiency – Component Unit - OCDA**

**2020-001 – Sports Complex Lease Payments**

**Condition:** It was noted during this audit that the Authority maintained \$800,572 in payments from the County related to debt service for the Sports Complex bonds at year end that was not properly restricted for use. The funds were held in the main operating checking account of the Authority.

**Criteria:** The debt service for the Sports Complex bonds are secured by lease revenue paid by the Ohio County Commission pursuant to the bond indenture which stipulates the following:

"The Series 2018 Bonds are payable from rents and revenues of the Authority received from the County Commission pursuant to the lease, which rents and revenues are assigned by the Authority to the trustee pursuant to the Indenture."

**Ohio County, West Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

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**Findings - Financial Statements Audit – Component Unit - OCDA (Continued)**

**Significant Deficiency - Component Unit - OCDA (Continued)**

**2020-001 – Sports Complex Lease Payments (Continued)**

**Cause:** The County remits monthly payments to the Authority pursuant to the lease and the bond payments are made semi-annually by the bond trustee. While these semi-annual payments were made in full and in a timely fashion to the bond trustee, officials failed to properly record the cash held in the checking accounts as restricted at year end.

**Effect:** An audit adjustment was performed to restrict the funds held for payment toward the bond debt.

**Recommendation:** Officials should consider transferring monthly payments from the County pursuant to the lease agreement to the trustee upon receipt. This would effectively restrict the use of the funds for any other purpose.

**Views of Responsible Officials and Planned Corrective Actions:** Management is in agreement with the finding above. See Corrective Action Plan.

**Instance of Noncompliance - Component Unit - OCDA**

**2020-002 – Debt Service Cash Flow Coverage**

**Condition:** It was noted during this examination that the Authority failed to meet the cash flow coverage of two loans with Truist Bank (formerly BB&T Bank). Specifically, there was a deficiency of \$52,004 in cash flows related to Power Center A and a \$37,978 deficiency with Power Center B note agreements based on the original payment schedule of the loans. However, the Authority and the bank entered into a note modification agreement on April 1, 2020 that deferred three months of payments on the loans. If the annual debt service deferred is removed from the calculation, the Power Center A loan cash flow coverage is sufficient. However there is still a deficiency in the cash flow coverage for Power Center B of \$8,668.

**Criteria:** The note agreements both stipulate the following:

**Cash Flow Coverage.** At all times during the term of the loan, the Borrower shall maintain minimum Cash Flow coverage ratio of 1.10 times annual debt service on the Loan. This will be calculated by taking the Project's Cash Flow and dividing it by the corresponding debt service in terms of the actual principal and interest payments made under this Loan. Cash Flow is defined as Gross Income (base rents plus reimbursements) less fixed operating costs, rent concessions, and a management fee equal to 4% of Gross Income and a replacement reserve equal to \$.10 per square foot.

**Cause:** Rent received from applicable tenants associated with the loans were not sufficient to meet the Cash Flow Coverage requirement.

**Effect:** The Authority had insufficient cash flows associated with at least one of the loans during the year.

**Ohio County, West Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

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**Findings - Financial Statements Audit - Component Unit - OCDA (Continued)**

**Instances of Noncompliance - Component Unit - OCDA (Continued)**

**2020-002 – Debt Service Cash Flow Coverage (Continued)**

**Recommendation:** Officials should consult with lending institutions to clearly define cash flow coverage ratios and other debt service requirements to ensure the revenues associated with the loans are meeting requirements.

**Views of Responsible Officials and Planned Corrective Actions:** Management is in agreement with the finding above. See Corrective Action Plan.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None noted.



# THE OHIO COUNTY COMMISSION

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Wheeling, West Virginia  
26003



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Zachary T. Abraham  
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Management Views and Corrective Action Plan  
Year Ended June 30, 2020

The following findings were noted during the audit of the Ohio County Development Authority, a discretely presented component unit of the Ohio County Commission. Management agrees with these findings and proposes the following Corrective Action Plan:

## Finding Number 2020-001 – Recordation of Restricted Funds

### Summary of Finding:

During the Audit of the Ohio County Development Authority, it was noted that receipt of funds from the Ohio County Commission related to the lease payments for the Sports Complex bonds were held in the main checking account and not properly restricted for use.

### Views of management:

Although the funds were deposited into the Authority's operating bank account, these funds were properly shown as debt service restricted assets on the Authority's interim financial statements and transfers to the bond trustee were completed per the bond requirements.

### Corrective Action Plan:

In order to address this issue, management will consider (1) the creation of an additional bank account or (2) the transfer of these restricted funds to the bond trustee on a more frequent basis.

## Finding Number 2020-002 – Debt Service Cash Flow Coverage

### Summary of Finding:

During the Audit of the Ohio County Development Authority, it was noted that within the period of July 1, 2019 to June 30, 2020, the Authority failed to meet the required debt service cash flow coverage for two of its loans. Note modifications were completed for both loans. However, one loan still had a coverage deficiency.

### Views of management:

The loan with a cash flow coverage deficiency covers a 3-tenant building of which 2 tenants closed and eventually filed bankruptcy. Conditions were not favorable to find tenants for these specific spaces during a pandemic which caused world-wide businesses closures.

### Corrective Action Plan:

Upon loss of tenants, management will (1) review each loan agreement with each bank in order to avert any debt-service cash flow deficiencies and (2) diligently work to replace lost revenues through placement of temporary and/or permanent tenants.

A handwritten signature in blue ink, appearing to read "Louis Vargo".

Louis Vargo, Interim Administrator

A handwritten signature in blue ink, appearing to read "Rodd Archey".

Rodd Archey, Finance Director