



RFP# 17-210  
Berkeley County

**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT REPORT OF  
BERKELEY COUNTY FARMLAND PROTECTION BOARD  
BERKELEY COUNTY, WEST VIRGINIA  
REGULAR AUDIT

For the Year Ended June 30, 2019  
Fiscal Year Audited Under GAGAS: 2019

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**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
SCHEDULE OF FUNDS INCLUDED IN THE REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General

**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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## **INTRODUCTORY SECTION**

**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
BOARD MEMBERS  
For the Fiscal Year Ended June 30, 2019**

<b>OFFICE</b>	<b>NAME</b>
President:	<u>Appointive:</u> J. Bradford Langdon
Vice President/County EDA Representative:	Sandra Hamilton
Secretary:	Barbara Bratina
Treasurer:	Carla Kitchen
Board Members:	Laura Riggs Tom Gleason
County Council Representative:	Elaine Mauck
Executive Director	F. Mark Schiavone

## **FINANCIAL SECTION**



**Independent Auditor's Report**

Berkeley County Farmland Protection Board  
Berkeley County, West Virginia  
229 East Martin Street  
Suite 300  
Martinsburg, West Virginia 25401

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the government wide activities and major fund of the Berkeley County Farmland Protection Board (the Board), a component unit of Berkeley County, West Virginia as of June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berkeley County Farmland Protection Board, Berkeley County, West Virginia, and the changes in net position, 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 this presentation to include Management's discussion and analysis and schedules of net pension liabilities and contributions to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the 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.

Supplementary and Other Information

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

The introductory section presents additional analysis and is not required part of the basic financial statements.

We did not subject the introductory section to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion or any other assurance on it.



Board of Directors  
Berkeley County Farmland Protection Board  
Berkeley County, West Virginia  
Independent Auditor's Report  
Page 3

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2020, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



BHM CPA Group, Inc  
Huntington, West Virginia  
February 26, 2020

Berkeley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2019  
(Unaudited)

Our discussion and analysis of the Berkeley County Farmland Protection Board's ("Board") financial statements provides an overview of the Board's financial activities for the year ended June 30, 2019 in comparison to the year ended June 30, 2018. This discussion and analysis should be read in conjunction with the Board's basic financial statements.

### **FINANCIAL HIGHLIGHTS**

The Board's mission is to secure perpetual conservation easements on farmland and open land in Berkeley County through the purchase or donation of easements from willing landowners, or through the fee simple acquisition of land. The funding for easement purchases and the related administrative costs comes from a real estate transfer tax of \$3.30 per \$1,000 of property transfer in Berkeley County, West Virginia. The Board also seeks to secure matching Federal funding from the U.S. Department of Agriculture and matching State funding from the West Virginia Agricultural Land Protection Authority. The number of acres put under easement annually depends upon the level of transfer tax receipts, the level of Federal and State matching funds and the Board's offering price for easements.

The Board makes commitments of funds annually for conservation easement acquisition and legal defense. The Board has no fixed debt.

Real estate transfer tax revenues were \$1,814,902 in 2019 and \$1,402,676 in 2018. This represents an increase of \$412,226 or 29 percent from 2018 to 2019. There were no U.S. Department of Agriculture grants in 2019 and 2018. There was one state grant in 2019 in the amount \$63,840 and one state grant in 2018 in the amount of \$72,610.

In 2018, the Board collected \$420,000 of note proceeds that related to a real estate sale in prior years, fully extinguishing the note. The City of Martinsburg share of the note proceeds amounting to \$140,000 was paid to the City in 2018.

The Board had no donated conservation easements during 2019 and 2018.

Capital outlays for conservation easements amounted to \$441,198 in 2019 as compared to \$988,682 in 2018. Costs necessary to close and record an easement are capitalized as part of the easement costs. Administrative costs for the Board are relatively fixed, amounting to \$104,599 in 2019 and \$109,636 in 2018. Administrative costs have decreased from approximately 7 percent of program revenues for 2018 to 6 percent of program revenues for 2019.

The Board anticipates the availability of federal and state matching funds to be approximately \$812,000 in 2020 which can be used to match \$3,747,307 of local funds for easement acquisition.

### **GOVERNMENTAL AND FUND FINANCIAL STATEMENTS**

The Board's only fund is a governmental fund (general fund) using the modified accrual basis of accounting. The general fund's Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are presented showing conservation easements as capital outlay expenditures, along with fund balance committed by the Board for easement purchases not yet completed and for legal defense. A statement of net position is also presented where adjustments are made to capitalize easement costs and to present other long-term assets and liabilities.

Berkeley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2019  
(Unaudited)

**GOVERNMENTAL AND FUND FINANCIAL STATEMENTS (continued)**

The Board is a component unit of the Berkeley County Council with a separate legal existence. As well as being a unit of government, the Board is an IRS section 501(c)(3) organization empowered both by West Virginia State Code as well as the Internal Revenue Service Code to be a conservation organization with the special ability to hold perpetual conservation easements.

**CONDENSED FINANCIAL INFORMATION**

The assets of the Board typically consist of either cash or short-term investments, transfer taxes receivable, and capital assets in the form of conservation easements and fee simple acquisitions of property. For the fiscal years ended June 30, 2019 and June 30, 2018, the Board's policy was, to the extent possible, to commit or assign available funds toward the purchase of conservation easements. While fee simple acquisitions of real estate can be sold by the Board, the conservation easements represent an expended value that is extinguished by the Board. Although conservation easements are recognized as a particular public benefit to Berkeley County, West Virginia, the State of West Virginia, and to the Federal Government, the development rights that give rise to the conservation easement are extinguished by the Board and are prohibited from being sold by West Virginia Code. Unlike cash, investments, transfer taxes receivable, and real estate, these conservation easements have no future cash value to the Board.

**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION**

	2019	2018
Assets		
Cash and cash equivalents	\$ 5,796,245	\$ 4,500,180
Transfer taxes receivable	197,817	132,402
Prepaid expenses	3,133	952
Total assets	\$ 5,997,195	\$ 4,633,538
Liabilities	\$ 8,290	\$ 3,806
Fund Balance		
Nonspendable	\$ 2,181	\$ 952
Committed for easement purchases	3,747,307	1,912,321
Committed for legal defense	30,647	30,555
Assigned for program purposes	2,208,770	2,685,904
Total fund balance	\$ 5,988,905	\$ 4,629,732

Berkeley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2019  
(Unaudited)

**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION (continued)**

	2019	2018
Reconciliation to Statement of Net Position:		
Total fund balance	\$ 5,988,905	\$ 4,629,732
Conservation easements	27,698,363	27,272,828
Deferred easement acquisition costs	36,875	27,037
Deferred outflows and inflows, net	6,689	14,283
Accrued compensated absences	(1,663)	(2,754)
Collective net pension liability	(8,923)	(15,010)
Total net position	\$ 33,720,246	\$ 31,926,116

Cash and cash equivalents increased by \$1,296,065 or 28 percent. This increase primarily relates to the timing of easement closings and availability of matching funds. Capitalized easements increased \$425,535 or 2 percent. Conservation easements include expenditures required to close the easement (including survey, appraisal, baseline, and legal costs) and the appraised value of any easement donations. Two easements were closed during fiscal year 2019. Three easements were closed during fiscal year 2018. Assigned net position generally represents amounts not yet invested in or committed for easements or expended for administrative costs. Assigned net position decreased by \$477,134 from 2018 to 2019.

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**

	2019	2018
Program Revenues		
Transfer taxes	\$ 1,814,902	\$ 1,402,676
Capital grants and contributions	63,840	72,610
Total program revenues	1,878,742	1,475,286
General Revenues (Expenditures)		
Investment earnings and other income	26,228	302,262
Total general revenues	26,228	302,262
Total revenues	1,904,970	1,777,548

Berkley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2019  
(Unaudited)

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE/STATEMENT OF ACTIVITIES (continued)**

	2019	2018
Expenditures		
Conservation easements	441,198	988,682
Farmland protection administration	104,599	109,636
Total expenditures	545,797	1,098,318
Excess of revenues over expenditures	\$ 1,359,173	\$ 679,230
	2019	2018
Reconciliation to Statement of Activities		
Excess of revenues over expenditures	\$ 1,359,173	\$ 679,230
Conservation easement expenditures	441,216	988,682
Unrecoverable deferred easement cost	(5,825)	(4,687)
Deferred (realized) real estate sales proceeds	-	(420,000)
Realized (deferred) cost of real estate sales	-	140,000
Decrease in accrued compensated absences	1,091	1
Pension expense in excess of pension expenditures	(1,525)	(3,127)
Change in net position	\$ 1,794,130	\$ 1,380,099

Federal income is primarily from the U.S. Department of Agriculture under the Agricultural Conservation Easements Program. Federal income is typically a percentage match funding for either State or local easement funding. Awards under this program are recognized as revenue when the funds are utilized to purchase a conservation easement, regardless of the fiscal year the funds were awarded. There were no USDA grants in 2019 or 2018.

State grant income in the amount of \$63,840 for 2019 and \$72,610 for 2018 is from the West Virginia Department of Environmental Protection Clean Water Act Section 319 program. State grants have provided matching funds for funding being provided by the U.S. Department of Agriculture or local funds.

Berkeley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2019  
(Unaudited)

**CONSERVATION EASEMENT ACQUISITION**

Under the Berkeley County Farmland Protection Program, easements are purchased in priority ranking according to a published criteria awards system. Such properties are funded based on the landowner's asking price as long as the price is not above the fair market value of the easement as determined by a certified appraiser retained by the Board and does not exceed \$6,500 per acre. The only exception to the ranking system is when 50 percent or more matching funds are awarded to an easement through USDA or other grants. During fiscal year 2019, two easements were acquired with no USDA matching funds and one a state grant. During fiscal year 2018, three easements were acquired with no USDA matching funds and one state grant.

The Board placed 127 and 293 acres under easement during 2019 and 2018, respectively. The average value of a purchased conservation easement was \$3,144 and \$3,168 per acre in 2019 and 2018, respectively. The Board caps the payout per acre at \$6,500. In addition to the purchase price, the average amount expended in order to complete an easement (excluding staff time) was approximately \$13,662 and \$12,772 in fiscal years 2019 and 2018, respectively.

**CONTACTING THE BOARD**

This financial report is designed to provide the citizens of Berkeley County as well as our Federal and State funding sources the Board's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Board at (304) 260-3770 or write to us at P.O. Box 1243, Martinsburg, WV 25402.

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
 Governmental Funds Balance Sheet / Statement of Net Position  
 As of June 30, 2019

	General	Adjustments Page 11	Statement of Net Position
<b>ASSETS:</b>			
Current assets:			
Cash and Cash Equivalents	\$ 5,796,245	\$ -	\$ 5,796,245
Transfer Taxes Receivable	197,817	-	197,817
Prepaid Expenses	2,181	-	2,181
Security Deposits	952	-	952
Total Current Assets	5,997,195	-	5,997,195
Capital assets:			
Conservation Easements	-	27,698,363	27,698,363
Other assets:			
Deferred Costs	-	36,875	36,875
Total Other Assets	-	36,875	36,875
Total Assets	5,997,195	27,735,238	33,732,433
<b>DEFERRED OUTFLOWS</b>			
Defined Benefit Pension Plan Contributions	-	4,774	4,774
Collective Deferred Outflows Related to Pension	-	7,274	7,274
Total Deferred Outflows	-	12,048	12,048
<i>Total Assets and Deferred Outflows</i>	<u>\$ 5,997,195</u>	<u>\$ 27,747,286</u>	<u>\$ 33,744,481</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	\$ 5,341	\$ -	\$ 5,341
Compensation Liabilities	2,949	-	2,949
Total Current Liabilities	8,290	-	8,290
Long-Term Liabilities:			
Accrued Compensated Absences	-	1,663	1,663
Net Pension Liability	-	8,923	8,923
Total Long-term Liabilities	-	10,586	10,586
<i>Total Liabilities</i>	8,290	10,586	18,876
<b>DEFERRED INFLOWS</b>			
Collective Deferred Inflows Related to Pension	-	5,359	5,359
<b>FUND BALANCE:</b>			
Nonspendable	2,181	(2,181)	-
Committed	3,777,954	(3,777,954)	-
Assigned	2,208,770	(2,208,770)	-
<i>Total Fund Balance</i>	5,988,905	(5,988,905)	-
<i>Total Liabilities and Fund Balance</i>	<u>\$ 5,997,195</u>	<u>(5,972,960)</u>	<u>24,235</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets		27,698,363	27,698,363
Unrestricted		6,021,883	6,021,883
<i>Total Net Position</i>		33,720,246	33,720,246
<i>Total Liabilities, Deferred Inflows, and Net Position</i>		<u>\$ 27,747,286</u>	<u>\$ 33,744,481</u>

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

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
 Reconciliation of the Balance Sheet - Governmental Funds to  
 the Statement of Net Position  
 June 30, 2019

<b>Total Governmental Fund Balance</b>	\$	5,988,905
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Conservation easements		27,698,363
Easement pre-acquisition accrued costs are expensed in fund-level financial statements but reported as deferred costs in the government-wide Statement of Net Position		36,875
Long-Term Liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued compensated absences		(1,663)
Deferred inflows, deferred outflows, and net pension liability related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level.		
Deferred outflows		12,048
Deferred inflows		(5,359)
Net pension liability		(8,923)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>33,720,246</u></b>

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



**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/  
Statement of Activities  
For the Fiscal Year Ended June 30, 2019

	<u>General</u>	<u>Adjustments Page 13</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES:</b>			
<b>Current:</b>			
Farmland Protection Administration	\$ 104,599	\$ 6,259	\$ 110,858
Easement Acquisition/Capital Outlays	441,198	(441,198)	-
<i>Total Expenditures/Expenses</i>	<u>545,797</u>	<u>(434,939)</u>	<u>110,858</u>
<b>PROGRAM REVENUES:</b>			
Transfer Taxes	1,814,902	-	1,814,902
Capital Grants			
State	63,840	-	63,840
<i>Total Program Revenues</i>	<u>1,878,742</u>	<u>-</u>	<u>1,878,742</u>
<i>Net Program Revenues</i>	<u>1,332,945</u>	<u>434,939</u>	<u>1,767,884</u>
<b>GENERAL REVENUES:</b>			
Interest and Investment Earnings	26,228	-	26,228
Other	-	18	18
<i>Total General Revenues</i>	<u>26,228</u>	<u>18</u>	<u>26,246</u>
Net Change in Fund Balance	1,359,173	434,957	
Change in Net Position			1,794,130
<i>Fund Balance/Net Position at Beginning of Year</i>	<u>4,629,732</u>	<u>27,296,384</u>	<u>31,926,116</u>
<i>Fund Balances/Net Position at End of Year</i>	<u>\$ 5,988,905</u>	<u>\$ 27,731,341</u>	<u>\$ 33,720,246</u>

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

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2019

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**Net Change in Fund Balance - Total Governmental Funds** \$ 1,359,173

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

Governmental funds report easement acquisition costs as expenditures. However, the cost of those assets are either capitalized or deferred and reported as assets in the Statement of Net Position.

Capital outlays	\$ 412,323	
Deferred easement acquisition costs, net of unrecoverable	<u>23,068</u>	435,391

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 level PERS	4,774	
Amount of pension expenses recognized at government-wide level PERS	<u>(6,299)</u>	(1,525)

Expenses in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. Accrued compensated absences increased by this amount in the current period.

1,091

**Net Change in Net Position of Governmental Activities**

\$ 1,794,130

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

Berkeley County Farmland Protection Board  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Berkeley County Farmland Protection Board ("Board") conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

Reporting Entity

The Berkeley County Farmland Protection Board, a component unit of the Berkeley County Council, was created by West Virginia Code §BA-12 et. seq. with the primary purpose to acquire easements from land owners whereby the property is dedicated to preservation for future years.

The Organization is governed by a seven member board which consists of six members appointed by the Berkeley County Council and one representative from the Berkeley County Council. The Board receives the majority of its funding from property transfer taxes provided by the Berkeley County Council and capital contributions.

The accompanying financial statements present the reporting entity as required by generally accepted accounting principles. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). There are no component units required to be reported as part of the Board's financial statements.

Government-Wide and Fund Financial Statements

For this special purpose government, combined government-wide and fund financial statements are presented. The government-wide section of the financial statements (i.e., the statement of net position and the statement of activities) reports information on all nonfiduciary activities of the Board's *Governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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) property transfer taxes, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide sections, which consist of the statement of net position and statement of activities, are reported using the *economic measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund sections, which consist of the general fund balance sheet and general fund statement of revenues, expenditures, and changes in fund balance 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 Board considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Berkeley County Farmland Protection Board  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Property transfer taxes associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year.

The government reports the following major governmental funds:

The *General fund* is the Board's only operating fund. It accounts for all financial resources of the Board.

Restricted Assets

Restricted assets are generally liquid assets generated from revenues that have third party limitations on their use. If restricted assets are available, the Board will typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project. There were no restricted assets at June 30, 2019.

Cash and Cash Equivalents

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

Property Transfer Taxes Receivable

Property transfer taxes receivable are considered fully collectible as they consist of amounts provided to the Board by the Berkeley County Council.

Estimates

The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Board classifies governmental fund balances within the following categories: Nonspendable fund balance, which includes amounts that cannot be spent because it is not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the Board; assigned fund balance, which includes amounts intended to be used for specific purposes that are neither restricted or committed, however, assigned by non-formal action of the Board; and unassigned fund balance, which is the residual classification for amounts in the general fund that have not been classified within the other categories.

Capital Assets and Depreciation

Capital assets are defined by the Board as assets with an initial, individual cost of \$25,000 or more and estimated to have a useful life in excess of one year.

Capital outlays are recorded as expenditures of the general fund and as assets in the government-wide financial statements. All of the Board's capital assets are deemed to be nondepreciable.

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

Berkeley County Farmland Protection Board  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred Costs

Deferred costs represent appraisal, survey, and legal costs related to unexecuted conservation easements. These costs are transferred to capital assets once conservation easements are executed.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net assets applicable to a future reporting period and will not be recognized as an expense until then. Deferred outflows related to the Board's defined benefit pension plan will be recognized based on actuarial determinations.

A deferred inflow of resources represents an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until then. Deferred inflows related to the Board's defined benefit pension plan will be recognized based on actuarial determinations.

Accrued Costs

Accrued costs represent expenses for conservation easement acquisition that relate to executed easements but are not yet due and payable.

Compensated Absences

The Board's policy is to permit employees to accumulate earned but unused vacation benefits. The Board fully recognizes the liability related to compensated absences in the government-wide financial statements. Accrued compensated absences are not reported in the fund financial statements because they do not require the use of current financial resources.

Changes in accrued compensated absences for the year ended June 30, 2019 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$ 2,754	\$ -	\$ 1,091	\$ 1,663

Net Position

Governmental equity is classified as net position (governmental activities) and displayed as follows:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of any related debt.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, and laws or regulations of other governments.

Unrestricted net position -All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Nonexchange Transactions

The Board follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The Board receives voluntary nonexchange transactions through various capital grants from federal and state agencies.

Berkeley County Farmland Protection Board  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Pension

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

**NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 84, *Fiduciary Activities*, provides guidance to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement 84 will be effective for fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases*, aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement 87 will be effective for the fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Statement 90 will be effective for fiscal year ending June 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations* seeks to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement 91 will be effective for fiscal year ending June 30, 2022.

The Board has not yet determined the effect these Statements will have on its financial statements.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Risks and Investment Limitations

Custodial risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2019, the Board's cash and cash equivalents were either insured by Federal Depository Insurance or fully collateralized by the financial institutions.

State statutes authorize the Board to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof; certificates of deposit (which mature in less than one year); general and direct obligations of the State of West Virginia; obligations of federal mortgage associations; indebtedness secured by first lien deeds of trust for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with SEC which have fund assets over three hundred million dollars. The Board has no investment policy that would further limit its investment choices.

Berkeley County Farmland Protection Board  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

State statute limitations concerning the aforementioned 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. The Board has no policy that would further limit the amount that they may invest in any one issuer.

**NOTE 4 - BUDGET**

The Board is not legally required to prepare an annual budget but elects to do so for internal control and monitoring purposes.

**NOTE 5 - CAPITAL ASSETS**

Capital Asset activity for governmental activities for the fiscal year ended June 30, 2019 was as follows:

	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
Capital assets not being depreciated:				
Conservation easements	\$ 27,272,828	\$ 425,535	\$ -	\$ 27,698,363
Total capital assets not being depreciated	27,272,828	425,535	-	27,698,363
Total governmental activities capital assets	\$ 27,272,828	\$425,535	\$ -	\$ 27,698,363

Conservation Easements

Conservation easements purchased by the Board are recorded in the statement of net position at cost plus any additional costs incurred to acquire the easements. Easements donated to the Board are recorded at the fair market value of the easement plus any additional costs incurred to acquire the easements. According to the WV State Code, these easements may never be sold. The easements can be transferred to a comparable conservation organization if the Berkeley County Farmland Protection Board is dissolved by the Berkeley County Council. The transfer must be approved by the Berkeley County Circuit Court.

**NOTE 6 - LEASES**

The Board entered into a lease agreement with the City of Martinsburg to lease office space at the Caperton Train Station effective October 1, 2018. The lease renews annually. Annual rent payments required under the lease are \$8,244. Total rent expense for the year ended June 30, 2019 was \$6,183.

Berkeley County Farmland Protection Board  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEM AND PLAN**

***Plan Description, Contribution Information, and Funding Policies***

The Board participates in the West Virginia Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Board employees. The system is administered by an agency of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

PERS is 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:

Eligibility to participate:	All Board full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	State Statute
Tier 1 Plan member's contribution rate:	4.50% (Employees hired before July 1, 2015)
Tier 2 Plan member's contribution rate:	6.00% (Employees hired after July 1, 2015)
Board's contribution rate:	10.00% for fiscal year 2019
Period required to vest:	5 years for Tier 1 and 10 years for Tier 2
Benefits and eligibility for distribution:	<p><u>Tier 1</u></p> <p>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 benefit.</p> <p><u>Tier 2</u></p> <p>Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.</p>
Deferred retirement portion:	No
Provisions for:	
Cost of living	No
Death benefits	Yes



Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 7: EMPLOYEE RETIREMENT SYSTEM AND PLAN {continued}**

*Trend Information*

Fiscal Year	Annual Contractual Pension Cost	Percentage Contributed
2019	\$ 4,774	100%
2018	\$ 5,251	100%
2017	\$ 5,729	100%

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

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

At June 30, 2019, the Board reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the Board reported the following proportion:

Amount for proportionate share of net pension liability	\$8,923
Percentage for proportionate share of net pension liability	0.003455%
Increase (decrease)% from prior year proportion measured	(0.000022)%

Changes in net pension liability for the year ended June 30, 2019 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$15,010	\$ 11,863	\$ 17,950	\$ 8,923

The Board recognized \$6,299 of pension expense for the year ended June 30, 2019.

Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 7: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

***Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension (continued)***

The Board reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 5,251
Difference between expected and actual experience	443	22
Changes in proportion and differences between Board contributions and proportionate share of contributions	6,831	86
Board contributions subsequent to the measurement date	4,774	-
	<b>\$ 12,048</b>	<b>\$ 5,359</b>

The amount reported as deferred outflows of resources related to the pension plan resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year ended June 30

2020	\$ 5,994
2021	670
2022	(3,860)
2023	(889)
Total	<b>\$ 1,915</b>

Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 7: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

***Actuarial Assumptions***

Significant assumptions used in the actuarial valuations are as follows:

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
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases:	
PERS:	
State	3.0-4.6%%
Nonstate	3.35-6.0%%
Inflation rate	3.00%
Discount rate	7.50%
Mortality rates	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal rates	
State	1.75-35.10%%
Non-state	<b>2-35.88%%</b>
Disability rates	0.007 - .675%%
Retirement rates	12 - 100%%
Date range in most recent experience study	2009-2014

Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 7: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

**Actuarial Assumptions (continued)**

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected 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 as of June 30, 2018, include the inflation component and were used for the defined benefit plan:

Investment	Long-Term Expected Real Rate of Return	PERS Target Asset Allocation
Domestic Equity	4.5%	27.5%
International Equity	8.6%	27.5%
Private Equity	6.4%	10.0%
Fixed Income	3.3%	15.0%
Hedge Funds	4.0%	10.0%
Real Estate	6.0%	10.0%
		100.0%

**Discount Rate**

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Board's proportionate share of net pension liability	\$ (35,934)	\$ (8,923)	\$13,929

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

Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

***General Information about the OPES Plan***

Plan Description

The Board began participation in the West Virginia Other Postemployment Benefit Plan (The Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan in September 2019. The Board began making monthly contributions in the same month. 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 West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by 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 64,000 covered lives at June 30, 2018. The RHBT audited financial statements and actuarial reports can be found on the 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 5J<sup>th</sup> 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).

Contributions

Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately \$149 million for the fiscal year ended June 30, 2018. Contributions to the OPES plan from the Board were \$1,855 for the year ended June 30, 2019.

Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

Actuarial Assumptions

Actuarial assumptions of the plan are as follows:

Inflation rate	2.75%
Salary increases	Dependent upon pension system, ranging from 3.0% to 6.5%, including inflation.
Investment rate of return	7.15%, net of OPES plan investment expense, including inflation.
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13 and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims beginning in 2022 to account for the excise tax.

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

Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

The long-term rates of return on OPES plan investments are determined using a building-block method in which estimates of future real rates of returns (expected returns, net of OPES plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI. Best estimates of long-term geometric rates are summarized in the following table:

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

Discount Rate

The discount rate used to measure the OPES liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPES 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 OPES plan investments was applied to all periods of projected benefit payments to determine the total OPES liability. Discount rates are subject to change between measurement dates.

OPES Plan Fiduciary Net Position

Detailed information about the OPES 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 57<sup>th</sup> Street, Suite 2, Charleston, WV 25304.

Implementation of GASS Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Board will implement all provisions of GASS Statement No. 75 on July 1, 2019, the earliest date possible at which the Board can fully implement this accounting standard.

Berkeley County Farmland Protection Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE 9 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources. The constraints placed on the general fund are presented below:

Fund Balance	General Fund
Nonspendable:	
Prepayments	\$ 2,181
Committed for:	
Easement acquisition	3,747,307
Legal defense	30,647
	3,777,954
Assigned for:	
Easement acquisition	2,208,770
	2,208,770
Total fund balance	\$ 5,988,905

**NOTE 10 - OTHER INFORMATION**

Risk Management

The Board is exposed to various risks of loss related to torts and theft for which the Board carries insurance for these various risks.

Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to financial and/or compliance audits by the granters or their representatives. Any disallowed claims, including amounts already collected, may result in a liability to the Board.

**NOTE 11-SUBSEQUENTEVENTS**

The Board has evaluated all subsequent events through February 26, 2020, the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Public Employees Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net position liability (asset) (percentage)	0.003455%	0.003477%	0.002803%
Board's proportionate share of the net pension liability	\$ 5,359	\$ 15,010	\$ 25,763
Board's covered-employee payroll	\$ 47,741	\$ 47,741	\$ 47,741
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.23%	31.44%	53.96%
Plan fiduciary net position as a percentage of the total net pension liability	96.33%	93.67%	86.11%

\*Information for years prior to 2017 was not available

**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Public Employees Retirement System**

	2019	2018	2017
Contractually required contributions	\$ 4,774	\$ 5,251	\$ 5,729
Contributions in relation to the contractually related contributions	(4,774)	(5,251)	(5,729)
Contribution deficit (surplus)	\$ -	\$ -	\$ -
Board's covered payroll	\$ 47,741	\$ 47,741	\$ 47,741
Contributions as a percentage of covered-employee payroll	10.00%	11.00%	12.00%

\*Information prior to 2017 is not available

**ACCOMPANYING INFORMATION**



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

Berkeley County Farmland Protection Board  
Berkeley County, West Virginia  
229 East Martin Street  
Martinsburg, West Virginia 25401

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the government wide activities and major fund of the Berkeley County Farmland Protection Board, Berkeley County, West Virginia (the Board), a component unit of Berkeley County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated February 26, 2020.

***Internal Control Over Financial Reporting***

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

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

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

Board of Directors  
Berkeley County Farmland Protection Board  
Berkeley County, West Virginia  
Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Required by Government Auditing Standards  
Page 2

***Compliance and Other Matters***

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

***Purpose of this Report***

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

*BHM CPA Group*

BHM CPA Group, Inc  
Huntington, West Virginia  
February 26, 2020