

RFP # 15-182  
MINERAL

# MINERAL COUNTY DEVELOPMENT AUTHORITY

(A COMPONENT UNIT OF MINERAL COUNTY)

## FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

WITH INDEPENDENT AUDITOR'S REPORT THEREON

DAVID L. HOWELL, CPA  
200 UPPER KANAWHA VALLEY WAY  
CABIN CREEK, WEST VIRGINIA 25035

**MINERAL COUNTY DEVELOPMENT AUTHORITY**

**SCHEDULE OF FUNDS INCLUDED IN REPORT**

Year Ended June 30, 2015

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**GOVERNMENTAL FUND TYPE**

**MAJOR FUND**

General

# MINERAL COUNTY DEVELOPMENT AUTHORITY

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Year Ended June 30, 2015

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## INTRODUCTORY SECTION

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## LIST OF OFFICIALS

Year Ended June 30, 2015

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<u>OFFICE</u>	<u>NAME</u>	<u>TERM</u>
President:	Terry Liller	7-01-14 / 6-30-15
Vice President:	John Lusk	7-01-14 / 6-30-15
Treasurer:	Anne Palmer	7-01-14 / 6-30-15
Secretary:	David Webb	7-01-14 / 6-30-15
Board Members:	Robert Eagle	7-01-14 / 6-30-15
	Dorin Armentrout	7-01-14 / 6-30-15
	Tom Braithwaite	7-01-14 / 6-30-15
	Lynn Carr	7-01-14 / 6-30-15
	Debi Cruse	7-01-14 / 6-30-15
	Shelley Friend	7-01-14 / 6-30-15
	Leon Garland	7-01-14 / 6-30-15
	Robert E. Hines	7-01-14 / 6-30-15
	Benjamin Smith	7-01-14 / 6-30-15
	Scott Staley	7-01-14 / 6-30-15
	Jerry Whisner	
	<u>Appointive</u>	
Executive Director:	Kevin Clark	

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the  
Mineral County Development Authority  
Keyser, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Mineral County Development Authority (the "Authority"), a component unit of Mineral County, West Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mineral County Development Authority, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

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

### **Other Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2016, on our consideration of the Authority'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reports and compliance.



David L. Howell, CPA  
Cabin Creek, West Virginia  
June 23, 2016



# MINERAL COUNTY DEVELOPMENT AUTHORITY

## GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

Year Ended June 30, 2015

	General	Adjustments (Note II)	Statement of Net Position
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 220,869	-	\$ 220,869
Notes receivable	19,843	-	19,843
Noncurrent:			
Capital assets:			
Nondepreciable:			
Land	-	399,628	399,628
Depreciable:			
Land improvements	-	1,266,469	1,266,469
Buildings and improvements	-	1,502,918	1,502,918
Machinery and equipment	-	2,136	2,136
Less: accumulated depreciation	-	(1,651,282)	(1,651,282)
Total assets	240,712	1,519,869	1,760,581
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows	-	-	-
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 240,712	1,519,869	\$ 1,760,581

The accompanying notes are an integral part of these financial statements

MINERAL COUNTY DEVELOPMENT AUTHORITY

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION (CONTINUED)

Year Ended June 30, 2015

	General	Adjustments (Note II)	Statement of Net Position
<b>LIABILITIES:</b>			
Current liabilities payable			
from current assets:			
Accounts payable	450	-	450
Accrued note interest payable	39,304	-	39,304
Noncurrent liabilities due			
within one year:			
Notes payable	-	69,680	69,680
Noncurrent liabilities due			
in more than one year:			
Notes payable	-	712,924	712,924
	<u>39,754</u>	<u>782,604</u>	<u>822,358</u>
<b>FUND BALANCE/NET POSITION</b>			
Fund balance:			
Unassigned	200,958	(200,958)	-
	<u>\$ 200,958</u>	<u>(200,958)</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>			
Deferred inflows	\$ -	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-
Total liabilities, fund balance and deferred inflows of resources	<u>\$ 240,712</u>		
Net position:			
Net investment in capital assets			737,265
Unrestricted			200,958
			<u>938,223</u>
Total net position			<u>\$ 938,223</u>

The accompanying notes are an integral part of these financial statements

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE / NET POSITION

Year Ended June 30, 2015

	General	Adjustments (Note II)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Personal services	\$ 41,492	-	41,492
Economic development	25,590	-	25,590
Depreciation	-	36,862	36,862
	67,082	36,862	103,944
<b>GENERAL REVENUES</b>			
Intergovernmental:			
State	31,008	-	31,008
Local	31,100	-	31,100
Interest and investment earnings	661	-	661
Contributions from MCIDC	86,623	31,245	117,868
Miscellaneous	2,871	-	2,871
	152,263	31,245	183,508
Excess of revenues over expenditures before extraordinary item	85,181	(5,617)	-
Extraordinary item	-	60,000	60,000
Change in net position		54,383	139,564
Fund balance/net position			
Beginning of the year	115,777	682,882	798,659
End of the year	\$ 200,958	737,265	938,223

The accompanying notes are an integral part of these financial statements

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2015

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

The accounting policies of the Mineral County Development Authority (the Authority) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

#### **A. Reporting Entity**

The Authority, a component unit of Mineral County, West Virginia, is governed by a president, vice president, treasurer and secretary who are appointed by the Authority and eleven Board members who are approved by the Mineral County Commission. The Authority is a legally separate organization for which elected officials of the primary government are financially accountable. The Authority is a discretely presented component unit of the primary government based upon the criteria stipulated in the Governmental Accounting Standards Board Statement No. 14 (as amended by GASB Statement No. 39 and GASB Statement No. 61).

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) and the fund financial statements report information on all activities of the government. These statements are presented using the dual statement presentation as suggested for single-purpose governments. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

#### **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. 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.

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The government reports the following major governmental funds:

The *General fund*, is the government's primary operating fund. It accounts for all financial sources of the general government.

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

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

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

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### 1. Deposits and Investments

The Mineral County Development Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

#### 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."

#### 3. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, are reported 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.

Capital assets of the government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	15
Buildings and improvements	40
Machinery and equipment	5 - 10

#### 4. Compensated Absences

It is the government's policy to require employees to use all earned vacation time by the end of the fiscal year; therefore no liability is reported for vacation leave. No liability is reported for unpaid accumulated sick leave.

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

### 6. Deferred Outflows/Inflows of Resources

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

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

### 7. Fund Balances

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

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form. The government does not have any nonspendable fund balance this fiscal year.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation. The government does not have any restricted fund balance this fiscal year.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the County Commission, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government does not have any committed fund balance this fiscal year.

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**Assigned** The assigned category is the portion of fund balance that has been approved by formal action of the Authority to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The government does not have any assigned fund balance this fiscal year.

**Unassigned** The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

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

### **NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### **A. Explanation of Adjustments Shown on the Governmental Fund Balance Sheet/Statement of Net Position**

The governmental fund balance sheet/statement of net position includes an adjustment between the governmental fund balance total and the governmental activities net position as reported in the statement of net position. Capital assets and long-term liabilities are not reported on the governmental fund level, but are reported in net position. The details of this difference are as follows:

Fund balance - total governmental funds	\$	200,958
Capital assets		1,519,869
Notes payable		<u>(782,604)</u>
Total	\$	<u>938,223</u>



MINERAL COUNTY DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**B. Explanation of Adjustments Shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances/statement of activities includes an adjustment between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the Statement of Activities. The details of this difference are as follows:

Depreciation expense	\$	(36,862)
Contributions from MCIDC		31,245
Extraordinary item		60,000
		<hr/>
Total	\$	<u>54,383</u>

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

At year end, the government held no investments.

*Custodial Credit Risk*

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the government's bank balances were \$220,869 which was collateralized by the FDIC.

**B. Receivables and Payables**

*Note Receivable*

During the year, the Mineral County Industrial Development Corporation (MCIDC) dissolved and transferred all assets, including a note receivable to the Mineral County Development Authority due from United Disposal Service, Inc. The balance of the note receivable due to the Authority at June 30, 2015 was \$19,843.

Accounts payable and accrued interest payable are accrued at the fund level and government wide level.

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 368,383	31,245	-	399,628
Total capital assets not being depreciated	368,383	31,245	-	399,628
Capital assets being depreciated:				
Land improvements	1,266,469	-	-	1,266,469
Buildings and improvements	1,502,918	-	-	1,502,918
Machinery and equipment	2,136	-	-	2,136
Less: accumulated depreciation	(1,614,420)	(36,862)	-	(1,651,282)
Total capital assets being depreciated, net	1,157,103	(36,862)	-	1,120,241
Governmental activities capital assets, net	\$ 1,525,486	(5,617)	-	1,519,869

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

Governmental activities capital	\$ (36,862)
Economic development	\$ (36,862)

### D. Long-Term Debt

#### *Notes Payable*

The Authority entered into two loan agreements with the West Virginia Infrastructure and Jobs Development Council (IJDC) on September 22, 1998, and September 12, 2006, for the financing of the land and building at the Fort Ashby Industrial Park. A third loan was obtained from the Mineral County Industrial Development Corporation (MCIDC) to complete the project. All of the loans are secured by the land and buildings at the park and are expected to be retired when the Authority sells or leases the assets.

MINERAL COUNTY DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Lender	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2015
IJDC	9/1/2018	3%	\$ 432,229	(49,625)	382,604
IJDC	9/1/2026	3%	400,000	-	400,000
MCIDC	unknown	3%	60,000	(60,000)	-
Total notes payable			<u>\$ 892,229</u>	<u>(109,625)</u>	<u>782,604</u>

Debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		
	Principal	Interest	Total
2016	\$ 69,680	6,725	76,405
2017	138,276	17,378	155,654
2018	139,566	16,656	156,222
2019	141,367	14,856	156,223
2020	47,905	13,048	60,953
2021 - 2025	209,625	38,399	248,024
2026	36,185	1,591	37,776
Totals	<u>\$ 782,604</u>	<u>108,653</u>	<u>891,257</u>

Changes in Long-Term Liabilities

	Governmental Activities				Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Notes payable	\$ 842,604	-	(60,000)	782,604	69,680
Governmental activities Long-term liabilities	<u>\$ 842,604</u>	<u>-</u>	<u>(60,000)</u>	<u>782,604</u>	<u>69,680</u>

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### **NOTE 4      OTHER INFORMATION**

#### **A. Risk Management**

The Authority 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 Authority is covered under the Mineral County Commission's insurance policy.

#### **B. Contingent Liabilities**

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against the Mineral County Development Authority.

#### **C. Extraordinary Item**

During the year, the Mineral County Industrial Development Corporation (MCIDC) dissolved and transferred all assets to the Mineral County Development Authority. Among those assets was a note receivable due from the Authority in the amount of \$60,000. The Authority recognized the receipt of the note as a forgiveness of debt and extinguished the related liability. The debt forgiveness was reported on the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance / Net Position as an Extraordinary Item in the amount of \$60,000.

#### **D. Subsequent Events**

The Authority has evaluated events and transactions occurring after June 30, 2015 through the date of the Auditors' Report, which is the release date. No significant events were noted requiring adjustments to or disclosure in the financial statements.

## ACCOMPANYING INFORMATION



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

Honorable Members of the  
Mineral County Development Authority  
Keyser, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mineral County Development Authority (the "Authority"), a component unit of the Mineral County, West Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 23, 2016.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2015-001 through 2015-002 to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings as items 2015-001 through 2015-002 to be significant deficiencies.

**Compliance and Other Matters**

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

**Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings. The Authority'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



David L. Howell, CPA  
Cabin Creek, West Virginia  
June 23, 2016

# MINERAL COUNTY DEVELOPMENT AUTHORITY

## SCHEDULE OF FINDINGS

Year Ended June 30, 2015

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### **2015 - 001 Segregation of Duties**

#### **CONDITION:**

It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting assets arising from the transactions were not assigned to different individuals.

#### **CRITERIA:**

Proper internal control dictates responsibility for approving, executing and recording transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above areas.

#### **CAUSE:**

The entity has not implemented proper control procedures to sufficiently segregate duties.

#### **EFFECT:**

Internal control structure elements do not reduce to a relatively low level the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner.

#### **RECOMMENDATION:**

The Mineral County Development Authority (the Authority) should distribute among the accounting staff the duties of approving, executing and recording transactions to the extent as being economically practicable.

#### **VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The Authority will segregate duties to the extent that it is economically feasible.



# MINERAL COUNTY DEVELOPMENT AUTHORITY

## SCHEDULE OF FINDINGS

Year Ended June 30, 2015

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### **2015 - 002    Reviews and Updates of Capital Asset and Depreciation Schedules**

#### **CONDITION:**

The Authority failed to review and update detailed capital asset and depreciation schedules. The capital asset list is comprised of individual assets at cost, and depreciable lives, but is not periodically reviewed and updated for proper financial statement presentation.

#### **CRITERIA:**

Proper internal control dictates that detailed capital asset schedules and depreciation schedules be reviewed and updated on a regular basis.

#### **CAUSE:**

The Authority has no controls in place to ensure that assets and depreciation are properly reported.

#### **EFFECT:**

By not updating detailed capital asset schedules, the Authority loses custodial control over certain assets. By not reviewing and updating depreciation amounts, the entity may not properly report accumulated depreciation and depreciation expense.

#### **RECOMMENDATION:**

The Authority should analyze past capital asset and depreciation schedules and maintain updated versions of these schedules.

#### **VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The Authority will examine all available capital asset and depreciation schedules and regularly review and update these schedules.

MINERAL COUNTY DEVELOPMENT AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2015

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<u>FINDING NUMBER</u>	<u>FINDING DESCRIPTION</u>	<u>STATUS</u>
2014-001	Segregation of Duties	Uncorrected
2014-002	Depreciation Schedules	Uncorrected