

**AUDIT REPORT OF  
WOOD COUNTY, WEST VIRGINIA  
For the Fiscal Year Ended June 30, 2010**

**AUDIT REPORT OF  
WOOD COUNTY, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax  
Emergency 911  
Home Confinement  
Rainy Day

**NONMAJOR FUNDS**

*Special Revenue Funds*

Dog and Kennel  
General School  
Magistrate Court  
Worthless Check  
Enhanced 911 Equipment  
Community Criminal Justice  
Assessor's Valuation  
Concealed Weapons  
Special Law Enforcement  
Local Law Enforcement  
Small Cities Block Grant  
Drug Court  
Treasury Forfeiture  
DOJ Forfeiture

*Capital Project Funds*

Capital Reserve  
Special Building

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**FIDUCIARY FUND TYPE**

*Agency Funds*

State

School

Municipal

Other Agency

**BLENDED COMPONENT UNIT**

Wood County Building Commission

**WOOD COUNTY, WEST VIRGINIA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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## ***INTRODUCTORY SECTION***

***FINANCIAL SECTION***



**WOOD COUNTY, WEST VIRGINIA  
COUNTY OFFICIALS  
For the Fiscal Year Ended June 30, 2010**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	David Blair Couch	01-01-07 / 12-31-12
	Wayne Dunn	01-01-09 / 12-31-14
	Rick Modesitt	01-01-05 / 12-31-10
Clerk of the County Commission:	Jamie Six	01-01-05 / 12-31-10
Clerk of the Circuit Court:	Carole Jones	01-01-05 / 12-31-10
Sheriff:	Jeff S. Sandy	01-01-09 / 12-31-12
Prosecuting Attorney:	Jason A. Wharton	01-01-09 / 12-31-12
Assessor:	Rich Shaffer	01-01-09 / 12-31-12



# State of West Virginia

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Glen B. Guiner III  
State Auditor and  
Chief Inspector

Stuart T. Stickel, CPA  
Deputy Chief Inspector

## ***INDEPENDENT AUDITOR'S REPORT***

Honorable Members of the  
Wood County Commission  
Parkersburg, West Virginia 26101

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County, West Virginia (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management did not implement Governmental Accounting Standards Board statement number forty-five. Accounting principles generally accepted in the United States of America require the expenses and associated liability related to other post employment benefits (OPEB) be recognized during the period in which the liability is incurred, thereby increasing the expenses, liabilities and reducing the net assets for the governmental activities. The amount by which this departure would affect the expenses and net assets and the associated notes to the financial statements related to the governmental activities is not reasonably determinable.

Management also has not recorded the prior year audit adjustments to the capital assets and is not properly depreciating their capital assets in the governmental activities. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated properly, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not determinable.

In our opinion, except for the effects, if any, of not presenting the expenses and the corresponding liability related to other post employment benefits and of not properly presenting the capital assets and related depreciation as described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Wood County, West Virginia, as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial statements of each major fund and the aggregate remaining fund information of Wood County, West Virginia, as of June 30, 2010, and the respective budgetary comparisons for the General Fund and Coal Severance Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The budgetary comparison for the Assessor's Valuation Fund and the introductory section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements of the County. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements of the County. The budgetary comparison for the Assessor's Valuation Fund and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Glen B. Gainer, III". The signature is stylized with a large, prominent "G" and "B".

Glen B. Gainer, III  
West Virginia State Auditor

March 21, 2011

**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Governmental <u>Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 6,399,461
Receivables:	
Taxes	489,670
Grants	178,094
Due from:	
Other governments	17,143
Capital assets:	
Nondepreciable:	
Land	1,615,518
Construction in progress	228,056
Depreciable:	
Buildings	7,369,717
Structures and improvements	4,980,205
Machinery and equipment	7,417,014
Less: accumulated depreciation	<u>( 8,121,773)</u>
 Total assets	 \$ <u><u>20,573,105</u></u>
 <b>LIABILITIES</b>	
Current liabilities payable	
from current assets:	
Accounts payable	317,579
Payroll payable	8,035
Noncurrent liabilities:	
Notes payable - due within one year	111,673
Notes payable - due in more than one year	190,141
Leases payable - due within one year	235,319
Leases payable - due in more than one year	205,984
Compensated absences payable	<u>368,138</u>
 Total liabilities	 <u>1,436,869</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	12,745,620
Unrestricted	<u>6,390,616</u>
 Total net assets	 <u>19,136,236</u>
 Total liabilities and net assets	 \$ <u><u>20,573,105</u></u>

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

**WOOD COUNTY, WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2010**

	Program Revenues				Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b><u>Functions / Programs</u></b>					
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 9,844,243	\$ 3,616,285	\$ 694,299	\$ 579,501	\$ ( 4,954,158)
Public safety	9,010,632	--	--	829,406	( 8,181,226)
Health and sanitation	168,790	--	--	--	( 168,790)
Culture and recreation	806,040	--	--	--	( 806,040)
Social services	45,250	--	--	--	( 45,250)
Capital projects	454,690	--	--	--	( 454,690)
Total governmental activities	20,329,645	3,616,285	694,299	1,408,907	( 14,610,154)
General revenues:					
Ad valorem property taxes					12,061,536
Alcoholic beverages tax					27,511
Hotel occupancy tax					456,128
Animal tax					37,490
Gas and oil severance tax					41,642
Other taxes					307,648
Coal severance tax					136,873
Licenses and permits					70,014
Unrestricted investment earnings					281,634
Refunds					141,194
Miscellaneous					1,355,685
Total general revenues					14,917,355
Change in net assets					307,201
Net assets - beginning					18,829,035
Net assets - ending				\$	19,136,236

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

**WOOD COUNTY, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2010**

	<u>General</u>	<u>Coal Severance Tax</u>	<u>E911 Fund</u>	<u>Home Confinement Fund</u>	<u>Rainy Day Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
<b>Current:</b>							
Cash and cash equivalents	\$ 1,678,514	\$ 158,708	\$ 914,003	\$ 31,624	\$ 1,659,405	\$ 1,957,207	\$ 6,399,461
Receivables:							
Taxes	489,670	--	--	--	--	--	489,670
Grants	178,094	--	--	--	--	--	178,094
Due from:							
Other funds	121,844	--	--	--	--	--	121,844
Other governments	17,143	--	--	--	--	--	17,143
Total assets	<u>\$ 2,485,265</u>	<u>\$ 158,708</u>	<u>\$ 914,003</u>	<u>\$ 31,624</u>	<u>\$ 1,659,405</u>	<u>\$ 1,957,207</u>	<u>\$ 7,206,212</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	213,246	--	7,217	3,833	--	93,283	317,579
Payroll payable	8,035	--	--	--	--	--	8,035
Due to:							
Other funds	--	--	--	121,844	--	--	121,844
Deferred revenues:							
Taxes	443,573	--	--	--	--	--	443,573
Total liabilities	<u>664,854</u>	<u>--</u>	<u>7,217</u>	<u>125,677</u>	<u>--</u>	<u>93,283</u>	<u>891,031</u>
<b>Fund balances:</b>							
Unreserved, reported in:							
General fund	1,820,411	--	--	--	--	--	1,820,411
Special revenue funds	--	158,708	906,786	(94,053)	1,659,405	685,852	3,316,698
Capital projects funds	--	--	--	--	--	1,178,072	1,178,072
Total fund balances	<u>1,820,411</u>	<u>158,708</u>	<u>906,786</u>	<u>(94,053)</u>	<u>1,659,405</u>	<u>1,863,924</u>	<u>6,315,181</u>
Total liabilities and fund balances	<u>\$ 2,485,265</u>	<u>\$ 158,708</u>	<u>\$ 914,003</u>	<u>\$ 31,624</u>	<u>\$ 1,659,405</u>	<u>\$ 1,957,207</u>	<u>\$ 7,206,212</u>

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

**WOOD COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2010**

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Total fund balances on the governmental fund's balance sheet	\$ 6,315,181
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note IV.C.)	13,488,737
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note IV.B.)	443,573
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note IV.G.)	<u>( 1,111,255)</u>
Net assets of governmental activities	<u><u>\$ 19,136,236</u></u>

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



**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	<u>General</u>	<u>Coal Severance Tax</u>	<u>E911 Fund</u>	<u>Home Confinement Fund</u>	<u>Rainy Day Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Taxes:							
Ad valorem property taxes	\$ 12,215,490	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,215,490
Alcoholic beverages tax	27,511	--	--	--	--	--	27,511
Hotel occupancy tax	456,128	--	--	--	--	--	456,128
Animal tax	--	--	--	--	--	37,490	37,490
Gas and oil severance tax	41,642	--	--	--	--	--	41,642
Other taxes	307,648	--	--	--	--	--	307,648
Coal severance tax	--	136,873	--	--	--	--	136,873
Licenses and permits	25,934	--	--	--	--	44,080	70,014
Intergovernmental:							
Federal	1,220,995	--	--	--	--	187,912	1,408,907
State	417,151	--	--	--	--	--	417,151
Charges for services	911,030	--	1,834,002	202,143	--	182,958	3,130,133
Fines and forfeits	24,078	--	--	--	--	462,074	486,152
Interest and investment earnings	214,448	1,170	26,626	--	16,666	22,724	281,634
Refunds	141,194	--	--	--	--	--	141,194
Payments in lieu of taxes	277,148	--	--	--	--	--	277,148
Contributions and donations	57,168	91,962	--	--	--	687,999	837,129
Miscellaneous	513,377	--	--	--	--	5,179	518,556
Total revenues	<u>16,850,942</u>	<u>230,005</u>	<u>1,860,628</u>	<u>202,143</u>	<u>16,666</u>	<u>1,630,416</u>	<u>20,790,800</u>
<b>EXPENDITURES</b>							
Current:							
General government	9,548,655	--	--	--	--	291,459	9,840,114
Public safety	7,941,642	251,250	212,018	28,654	--	697,485	9,131,049
Health and sanitation	168,790	--	--	--	--	--	168,790
Culture and recreation	804,542	--	--	--	--	--	804,542
Social services	45,250	--	--	--	--	--	45,250
Capital projects	157,313	192,708	--	--	908,180	1,746,107	2,984,308
Total expenditures	<u>18,646,192</u>	<u>443,958</u>	<u>212,018</u>	<u>28,654</u>	<u>908,180</u>	<u>2,735,051</u>	<u>22,974,053</u>
Excess (deficiency) of revenues over (under) expenditures	( 1,795,250)	( 213,953)	1,648,610	173,489	( 891,514)	( 1,104,635)	( 2,183,253)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,757,198	--	40,225	--	422,763	442,960	3,663,146
Transfers (out)	( 897,331)	--	( 1,307,242)	( 278,256)	--	( 1,180,317)	( 3,663,146)
Capital leases	--	251,250	--	--	--	--	251,250
Total other financing sources (uses)	<u>1,859,867</u>	<u>251,250</u>	<u>( 1,267,017)</u>	<u>( 278,256)</u>	<u>422,763</u>	<u>( 737,357)</u>	<u>251,250</u>
Net change in fund balances	64,617	37,297	381,593	( 104,767)	( 468,751)	( 1,841,992)	( 1,932,003)
Fund balances - beginning	<u>1,755,794</u>	<u>121,411</u>	<u>523,193</u>	<u>10,714</u>	<u>2,128,156</u>	<u>3,705,916</u>	<u>8,247,184</u>
Fund balances - ending	<u>\$ 1,820,411</u>	<u>\$ 158,708</u>	<u>\$ 906,786</u>	<u>\$ ( 94,053)</u>	<u>\$ 1,659,405</u>	<u>\$ 1,863,924</u>	<u>\$ 6,315,181</u>

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

**WOOD COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2010**

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

Net change in fund balances - total governmental funds	\$ ( 1,932,003)
Capital outlays are reported as an expenditure in the governmental funds, but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year. (Note IV.C.)	3,642,189
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note IV.C.).	( 1,165,738)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (Note IV.C.)	( 190,416)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Note II.A.)	( 153,954)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note IV.G.)	( 251,250)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note II.A.)	<u>358,373</u>
Change in net assets of governmental activities	<u>\$ 307,201</u>

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

**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Modified</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Accrual Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Positive</u>
						<u>(Negative)</u>
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 11,636,302	\$ 11,711,302	\$ 12,215,490	\$ 21,073	\$ 12,236,563	\$ 525,261
Alcoholic beverages tax	20,000	20,000	27,511	--	27,511	7,511
Hotel occupancy tax	550,000	550,000	456,128	--	456,128	( 93,872)
Gas and oil severance tax	40,000	40,000	41,642	--	41,642	1,642
Other taxes	350,000	350,000	307,648	--	307,648	( 42,352)
Licenses and permits	36,750	36,750	25,934	--	25,934	( 10,816)
Intergovernmental:						
Federal	--	2,414,000	1,220,995	( 178,094)	1,042,901	( 1,371,099)
State	--	492,106	417,151	--	417,151	( 74,955)
Charges for services	547,000	862,854	911,030	--	911,030	48,176
Fines and forfeits	20,000	20,000	24,078	--	24,078	4,078
Interest and investment earnings	240,000	240,000	214,448	--	214,448	( 25,552)
Refunds	160,000	266,213	141,194	--	141,194	( 125,019)
Payments in lieu of taxes	255,000	277,148	277,148	--	277,148	--
Contributions and donations	17,000	17,000	57,168	17,143	74,311	57,311
Miscellaneous	361,500	440,136	513,377	--	513,377	73,241
Total revenues	<u>14,233,552</u>	<u>17,737,509</u>	<u>16,850,942</u>	<u>( 139,878)</u>	<u>16,711,064</u>	<u>( 1,026,445)</u>
<b>EXPENDITURES</b>						
Current:						
General government	8,066,187	12,195,226	9,548,655	--	9,548,655	2,646,571
Public safety	7,997,215	8,382,439	7,941,642	--	7,941,642	440,797
Health and sanitation	171,285	171,285	168,790	--	168,790	2,495
Culture and recreation	883,313	916,094	804,542	--	804,542	111,552
Social services	51,250	51,250	45,250	--	45,250	6,000
Capital projects	533,463	608,273	137,315	--	137,315	470,960
Total expenditures	<u>17,702,713</u>	<u>22,324,567</u>	<u>18,646,192</u>	<u>--</u>	<u>18,646,192</u>	<u>3,678,375</u>
Excess (deficiency) of revenues over (under) expenditures	( 3,469,161)	( 4,587,058)	( 1,795,250)	( 139,878)	( 1,935,128)	2,651,930
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,752,161	2,911,795	2,757,198	( 121,844)	2,635,354	( 276,441)
Transfers (out)	--	--	( 897,331)	--	( 897,331)	( 897,331)
Proceeds from the sale of assets	<u>17,000</u>	<u>22,440</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 22,440)</u>
Total other financing sources (uses)	<u>2,769,161</u>	<u>2,934,235</u>	<u>1,859,867</u>	<u>( 121,844)</u>	<u>1,738,023</u>	<u>( 1,196,212)</u>
Net change in fund balance	( 700,000)	( 1,652,823)	64,617	( 261,722)	( 197,105)	1,455,718
Fund balance - beginning	<u>700,000</u>	<u>1,652,823</u>	<u>1,755,794</u>	<u>( 101,456)</u>	<u>1,654,338</u>	<u>1,515</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,820,411</u>	<u>\$ ( 363,178)</u>	<u>\$ 1,457,233</u>	<u>\$ 1,457,233</u>

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

**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Modified</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Accrual Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Positive</u>
						<u>(Negative)</u>
<b>REVENUES</b>						
Taxes:						
Coal severance tax	\$ 150,000	\$ 150,000	\$ 136,873	\$ --	\$ 136,873	\$ ( 13,127)
Interest and investment earnings	700	700	1,170	--	1,170	470
Contributions and donations	--	--	91,962	--	91,962	91,962
	<u>150,700</u>	<u>150,700</u>	<u>230,005</u>	<u>--</u>	<u>230,005</u>	<u>79,305</u>
Total revenues						
<b>EXPENDITURES</b>						
Current:						
Public safety	--	--	251,250	( 251,250)	--	--
Capital projects	265,700	272,111	192,708	--	192,708	79,403
	<u>265,700</u>	<u>272,111</u>	<u>443,958</u>	<u>( 251,250)</u>	<u>192,708</u>	<u>79,403</u>
Total expenditures						
Excess (deficiency) of revenues over (under) expenditures	( 115,000)	( 121,411)	( 213,953)	251,250	37,297	158,708
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital leases	--	--	251,250	( 251,250)	--	--
	<u>--</u>	<u>--</u>	<u>251,250</u>	<u>( 251,250)</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)						
Net change in fund balance	( 115,000)	( 121,411)	37,297	--	37,297	158,708
Fund balance - beginning	115,000	121,411	121,411	--	121,411	--
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 158,708</u>	<u>\$ --</u>	<u>\$ 158,708</u>	<u>\$ 158,708</u>

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

**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2010**

	Agency Funds
<b>ASSETS</b>	
Non-pooled cash	\$ <u>3,467,442</u>
Total assets	\$ <u><u>3,467,442</u></u>
<b>LIABILITIES</b>	
Due to: other governments	<u>3,467,442</u>
Total liabilities	\$ <u><u>3,467,442</u></u>

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

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except as noted, the accounting policies of Wood County, West Virginia (the County), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

**A. Reporting Entity**

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

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

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

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

*Blended Component Unit*

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

The Wood County Building Commission serves Wood County, West Virginia, and is governed by a board comprised of 3 members appointed by the County Commission for a term of 5 years each. The Building Commission acquires property and debt on behalf of the County.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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*Jointly Governed Organizations*

The County, in conjunction with Wirt County, Roane County, Ritchie County, Calhoun County, and Pleasants County, has created the Mid-Ohio Valley Board of Health. The board is composed of 12 members with 2 members appointed by the Wood County Commission and 10 members from the other counties. The County appropriated \$94,000 for an operating grant for the Mid-Ohio Valley Board of Health for the fiscal year.

The County, in conjunction with Washington County, OH, and Ritchie County, WV, has created the Mid-Ohio Valley Regional Airport Authority. The authority is composed of 8 members with 4 members appointed by the Wood County Commission and 4 members from the other counties. The County appropriated \$50,000 for an operating grant for the Mid-Ohio Valley Regional Airport Authority for the fiscal year.

*Related Organizations*

The County's officials are also responsible for appointing the members of boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County Commission appoints board members to the following organizations:

<u>Name of Organization</u>	<u>Operating grant made during the year</u>
Mid-Ohio Valley Workforce Investment Authority	\$ --
Mid-Ohio Valley Regional Council	13,677
Wood County Board of Parks and Recreation	124,247
Northeastern Area Agency on Aging	40,000
Parkersburg/Wood County Convention & Visitors Bureau	244,834
Parkersburg/Wood County Public Library	235,257
West Virginia Little Kanawha River Parkway	--
Wood County Community Resources	--
Wood County Recreation Commission	59,500
Wood County Solid Waste Authority	--
Wood County Development Authority	40,501
Wood County Planning Commission	--

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

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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



**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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

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

The *Home Confinement fund*, a special revenue fund, accounts for all home incarceration fees ordered to be paid to the county sheriff by the circuit court or a magistrate. The fees are to be used solely for the purpose of administering a home incarceration program, including the purchase of electronic monitoring devices and other supervision expenses.

The *Rainy Day fund*, a special revenue fund, accounts for revenues from the transfer of some or all surplus in the General Fund at the end of the fiscal year and investment revenues. Expenditures may be made for the General Fund shortfall or for any other purpose the commission considers appropriate.

Additionally, the government reports the following fund types:

The agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the full accrual basis of accounting. These funds are used to account for assets that Wood County, West Virginia holds for others in an agency capacity.

Wood County, West Virginia follows FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

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.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

State statutes authorize the government 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 the federal mortgage association; 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 the S.E.C. which have fund assets over three hundred million dollars.

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.

**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."

*Property Tax Receivable*

The property tax receivable allowance is equal to 69 percent of the property taxes outstanding at June 30, 2010.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid. Taxes paid on or before the due date are allowed a two and one half percent discount. A tax lien is issued for all unpaid real estate taxes as of the date of the sheriff's sale and these liens are sold between October 14th and November 23rd of each year. Sixty days of estimated property tax collections are recorded in revenues at the end of each fiscal year.

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

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

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ - -	13.14 cents
Class II	1,540,403,870	26.28 cents
Class III	774,281,854	52.56 cents
Class IV	781,382,112	52.56 cents

### **3. Inventories and Prepaid Items**

There are no material inventories maintained; therefore they do not appear on the financial statements. The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**4. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Asset</u>	<u>Straight-line Years</u>	<u>Inventory Purposes</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	\$ 1	\$ Capitalize only
Land improvement	20 to 30 years	1	Capitalize only
Building	40 years	1	50,000.00
Building improvements	20 to 25 years	1	50,000.00
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	5,000.00
Vehicles	5 to 10 years	1,000	5,000.00
Infrastructure	40 to 50 years	50,000	250,000.00

**5. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

**6. Long-term Obligations**

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

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation states that, "Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this difference are as follows:

Current year deferred revenues	\$ 443,573
Prior year deferred revenues	<u>( 597,527)</u>
Net adjustment to decrease net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ ( 153,954)</u></u>

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

Compensated absences	\$ 20,620
Notes	107,265
Leases	<u>230,488</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 358,373</u></u>

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

Wood County, West Virginia prepares its budget on the cash less payables basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General and the Coal Severance Tax Funds.

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

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

<u>Description</u>	<u>Amount</u>
<u>General County Fund</u>	
General government expenditure increase	\$ 4,129,039
Public safety expenditure increase	385,224
Culture and recreation expenditure increase	32,781
Capital projects expenditure increase	74,810
<u>Coal Severance Fund</u>	
Capital projects expenditure increase	6,411

Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. Deficit Fund Equity**

The Home Confinement Fund had a deficit fund balance of (\$94,053) as of June 30, 2010. The fund owes \$121,844 to the General County Fund for reimbursement of payroll expenses.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year-end, the government had no investments.

*Custodial Credit Risk*

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

At year end, the government's bank balances were \$9,866,903. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution's trust department or agent in the government's name.

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

Cash and cash equivalents	\$ 6,399,461
Cash and cash equivalents-restricted	<u>3,467,442</u>
Total	<u><u>\$ 9,866,903</u></u>

**B. Receivables**

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

	<u>General</u>
Receivables:	
Taxes	\$ 714,670
Grants	<u>178,094</u>
Gross Receivables	<u>892,764</u>
Less: Allowance for uncollectibles	<u>( 225,000)</u>
Net Total Receivables	<u><u>\$ 667,764</u></u>

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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

	Unavailable
Delinquent property taxes receivable (General Fund)	\$ 443,573
Total deferred/unearned revenue for governmental funds	\$ 443,573

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<b>Primary Government</b>		
	Beginning Balance	Increases	Decreases
			Ending Balance
<b>Governmental activities:</b>			
Capital assets, not being depreciated:			
Land	\$ 1,409,767	\$ 378,427	\$ (172,676)
Construction in progress	--	228,056	--
Total capital assets not being depreciated	1,409,767	606,483	(172,676)
Capital assets being depreciated:			
Buildings and improvements	5,167,289	2,202,428	--
Structures and improvements	4,954,937	25,268	--
Machinery and equipment	6,688,664	808,010	(79,660)
Less: Total accumulated depreciation	(7,017,955)	(1,165,738)	61,920
Total capital assets being depreciated, net	9,792,935	1,869,968	(17,740)
Governmental activities capital assets, net	\$ 11,202,702	\$ 2,476,451	\$ (190,416)

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

<b>Governmental activities:</b>	
General government	\$ 334,048
Public safety	256,770
Culture and recreation	1,498
Capital projects	573,422
Total depreciation expense-governmental activities	\$ 1,165,738



**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

*Construction in Progress*

The government has active construction projects as of the fiscal year ended June 30, 2010. The projects include the construction of a Justice Center. At year end the amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Funded</u>	<u>Spent-to Date</u>
Justice Center	Special Building Fund	\$ 228,056
		<u>\$ 228,056</u>

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

The composition of interfund balances as of the fiscal year ended June 30, 2010 is as follows:

*Due to/from other funds*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Home Confinement	payroll reimbursement	\$ 121,844
Total			<u>\$ 121,844</u>

*Interfund Transfers:*

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General County	Emergency 911	reimbursement	\$ 40,225
General County	Dog	loan	200
General County	Rainy Day	savings	422,763
General County	Special Building	savings	434,143
Emergency 911	General County	payroll & gas reimbursement	1,307,242
Assessor's Valuation	General County	payroll & insurance	602,141
Home Confinement	General County	payroll	269,639
General School	General County	regional jail bills	384,606
Magistrate Court	General County	reimbursement	60,682
Community Criminal Justice	General County	gasoline reimbursement	12,031
Special Law Enforcement	General County	reimbursement	367
Local Law Enforcement	General County	grant reimbursement	107,442
Concealed Weapons	General County	payroll	13,048
Home Confinement	Community Criminal Justice	drug fee reimbursement	7,739
Home Confinement	Drug Court	drug fee reimbursement	878
Total			<u>\$ 3,663,146</u>

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**E. Leases**

*Capital Leases*

The government has entered into lease agreements as lessee for financing the acquisition of public safety equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of the fiscal year ended June 30, 2010 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2011	\$ 243,365
2012	157,176
2013	<u>52,006</u>
Total minimum lease payments	452,547
Less: amount representing interest	<u>( 11,244)</u>
Present value of minimum lease payments	<u><u>\$ 441,303</u></u>

**F. Notes Payable**

The Wood County Building Commission, a blended component unit, entered into a loan agreement dated May 24, 2005, with United Bank, Inc. The economic substance of the loan is that the Commission is financing the renovation and acquisition of furniture for the Wood County Judge Black Annex and, accordingly, it is recorded in the County Commission's assets and liabilities. The loan was for \$1,000,000, but only \$797,910 has been drawn down. This amount was drawn down prior to this fiscal year. The outstanding balance at June 30, 2010, was \$301,814.

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 111,673	\$ 10,125
2012	116,262	5,536
2013	<u>73,879</u>	<u>1,049</u>
Total	<u><u>\$ 301,814</u></u>	<u><u>\$ 16,710</u></u>

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

**G. Long-term Debt**

**Changes in Long-term Liabilities**

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 420,541	\$ 251,250	\$ ( 230,488)	\$ 441,303	\$ 235,319
Notes	409,079	--	( 107,265)	301,814	111,673
Compensated absences	388,758	--	( 20,620)	368,138	--
Governmental activities Long-term liabilities	<u>\$ 1,218,378</u>	<u>\$ 251,250</u>	<u>\$ ( 358,373)</u>	<u>\$ 1,111,255</u>	<u>\$ 346,992</u>

**V. OTHER INFORMATION**

**A. Risk Management**

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

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the state. Other private insurance companies may begin to offer coverage to private sector employees beginning July 1, 2008 and to government employers beginning July 1, 2012. For the most part, all employers in the state, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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

**C. Deferred Compensation Plan**

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

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

**VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

*Plan Descriptions, Contribution Information, and Funding Policies*

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

**Public Employees Retirement System (PERS)**

Eligibility to participate	All county full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
County's contribution rate	11.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	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 10) times the years of service times 2% equals the annual retirement benefit.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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Deferred retirement portion	No
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Provisions for:

Cost of living	No
Death benefits	Yes

**West Virginia Deputy Sheriff Retirement System (WVDRS)**

Eligibility to participate	West Virginia deputy sheriffs first employed after the effective date and any deputy sheriffs hired prior to the effective date who elect to become members.
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Authority establishing contribution obligations and benefit provisions	State Statute
--	---------------

Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 10.5%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature. The government's contribution to WVDRS for the current fiscal year ending was \$147,340 for employees' share and \$182,009 for employer's share.
----------------------------------	--

Period required to vest	Five years
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Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.
---	--

Deferred retirement option	No deferred retirement option is available.
----------------------------	---

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

Annual pension cost and amount contributed:	For the current fiscal year ended, the annual cost was \$329,349 for all covered employees with a contributed percentage of 100%.
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**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2010**

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*Trend Information*

<u>Fiscal Year</u>	<b>Public Employees Retirement System (PERS)</b>		<b>West Virginia Deputy Sheriff Retirement System (WVDRS)</b>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2010	\$ 912,777	100%	\$ 329,349	100%
2009	\$ 849,799	100%	\$ 321,403	100%
2008	\$ 817,685	100%	\$ 314,963	100%

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

***SUPPLEMENTARY INFORMATION***

**WOOD COUNTY, WEST VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**ASSESSOR'S VALUATION FUND**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Modified</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Accrual Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Positive (Negative)</u>
Revenues:						
Other taxes	\$ 665,590	\$ 665,590	\$ 687,999	\$ --	\$ 687,999	\$ 22,409
Map sales	2,000	2,000	6,499	--	6,499	4,499
Interest	6,000	6,000	9,610	--	9,610	3,610
Total revenues	<u>673,590</u>	<u>673,590</u>	<u>704,108</u>	<u>--</u>	<u>704,108</u>	<u>30,518</u>
Expenditures:						
General government	965,459	906,409	200,779	( 54,374)	146,405	760,004
Capital outlay	125,209	90,655	--	--	--	90,655
Total expenditures	<u>1,090,668</u>	<u>997,064</u>	<u>200,779</u>	<u>( 54,374)</u>	<u>146,405</u>	<u>850,659</u>
Excess (deficiency) of revenues over (under) expenditures	( 417,078)	( 323,474)	503,329	54,374	557,703	881,177
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (out)	--	--	( 602,141)	--	( 602,141)	( 602,141)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>( 602,141)</u>	<u>--</u>	<u>( 602,141)</u>	<u>( 602,141)</u>
Net change in fund balance	( 417,078)	( 323,474)	( 98,812)	54,374	( 44,438)	279,036
Fund balance at beginning of year	<u>417,078</u>	<u>323,474</u>	<u>323,474</u>	<u>--</u>	<u>323,474</u>	<u>--</u>
Fund balance at end of year	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>224,662</u></u>	\$ <u><u>54,374</u></u>	\$ <u><u>279,036</u></u>	\$ <u><u>279,036</u></u>



***ACCOMPANYING INFORMATION***



## State of West Virginia

Glen B. Gainer III  
State Auditor and  
Chief Inspector

Office of the State Auditor  
Chief Inspector Division  
Building 1, Room W-420

Toll Free: 877-982-9148  
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Stuart T. Stickel, CPA  
Deputy Chief Inspector

Charleston, West Virginia 25305

### **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  
Wood County Commission  
Parkersburg, West Virginia 26101

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County, West Virginia (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon, dated March 21, 2011. In that report, our opinion was qualified for the omission of the expenses and related liability related to other post employment benefits (OPEB) and for not properly recording and depreciating the capital assets. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 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 and Questioned Costs as items 2010-1, 2010-2, and 2010-7 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 accompanying Schedule of Findings and Questioned Costs as items 2010-6, 2010-10, 2010-12, and 2010-14 to be significant deficiencies.

#### **Compliance and Other Matters**

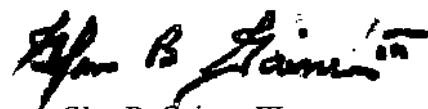
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-3, 2010-4, 2010-5, 2010-8, 2010-9, 2010-11, and 2010-13.

We noted certain matters that we reported to management of the County in a separate letter dated March 21, 2011.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the County Commission, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Glen B. Gainer, III  
West Virginia State Auditor

March 21, 2011



## State of West Virginia

Glen B. Gainer III  
State Auditor and  
Chief Inspector

Stuart T. Stickel, CPA  
Deputy Chief Inspector

Office of the State Auditor  
Chief Inspector Division  
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### **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Members of the  
Wood County Commission  
Parkersburg, West Virginia 26101

#### **Compliance**

We have audited the compliance of Wood County, (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2010.

### **Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the County Commission, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Glen B. Gainer, III". The signature is stylized with a large, sweeping initial "G" and a trailing flourish.

Glen B. Gainer, III  
West Virginia State Auditor

March 21, 2011

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
<b>U. S. Department of Housing and Urban Development</b>			
Pass-through Programs From:			
West Virginia Development Office			
<u>Program Title</u>			
Community Development Block Grants-State's Program	14.228	08-SCBG-0058	\$ <u>80,470</u>
<b>Total U. S. Department of Housing and Urban Development</b>			<u>80,470</u>
 <b>U. S. Department of Justice</b>			
Direct Programs:			
<u>Program Title</u>			
Edward Byrne Memorial Formula Grant Program	16.579	N/A	50,110
Public Safety Partnership and Community Policing Grants	16.710	N/A	46,211
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	6,446
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to Units of Local Governments	16.804	N/A	178,094
Pass-through Programs From:			
West Virginia Department of Criminal Justice Services			
<u>Program Title</u>			
Juvenile Justice and Delinquency Prevention_ Allocation to States	16.540	08-JJP-236 and 09-JJP-263	19,242
Crime Victim Assistance	16.575	09-VA-029	34,380
Edward Byrne Memorial Formula Grant Program	16.579	07-JAG-23	30,151

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
Violence Against Women Formula Grants	16.588	07-VAW-015 and 08-VAW-013	\$ 28,912
ARRA - Violence Against Women Formula Grants	16.588	09-VAWR-11	2,968
Enforcing Underage Drinking Laws Program	16.727	08-EUD-103 and 09-EUD-125	35,105
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803	09-RAJ-37	807
		09-RAJ-55	22,716
		09-RAJ-89	39,770
Pass-through Programs From: City of Parkersburg <u>Program Title</u>			
Edward Byrne Memorial Formula Grant Program	16.579	08-JAG-11	<u>32,035</u>
<b>Total U. S. Department of Justice</b>			<u>526,947</u>
<b>U.S. Department of Transportation</b>			
Pass-through Programs From: West Virginia Department of Transportation <u>Program Title</u>			
State and Community Highway Safety	20.600	F08-HS-03, F09-HS-03, and F10-HS-03	<u>266,462</u>
<b>Total U.S. Department of Transportation</b>			\$ <u>266,462</u>

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
Pass-through Programs From:			
West Virginia Department of			
Criminal Justice Services			
<u>Program Title</u>			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	09-SIG-17 and 10-SIG-17	\$ <u>70,910</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>70,910</u>
<b>U.S. Department of Homeland Security</b>			
Pass-through Programs From:			
West Virginia Office of			
Emergency Services			
<u>Program Title</u>			
Hazard Mitigation Grant	97.039	FEMA-DR-1691-WV	15,060
Emergency Management Performance Grants	97.042	2008-EMPG and 2009-EMPG	42,525
Homeland Security Grant Program	97.067	07-LE-13	95,000
Pass-through Programs From:			
Volunteer West Virginia			
<u>Program Title</u>			
Homeland Security Grant Program	97.067	07-CC-CPP-04	13,625
Pass-through Programs From:			
Kanawha County Commission			
<u>Program Title</u>			
Homeland Security Grant Program	97.067	07-LE-08	2,509
		07-SHS-13	31,093
		08-SHS-10	<u>80,550</u>
<b>Total U.S. Department of Homeland Security</b>			<u>280,362</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 1,225,151</u>

The accompanying notes are an integral part of this schedule.



**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2010**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 - SUBRECIPIENT DISBURSEMENTS**

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
Community Development Block Grant - State's Program	14.228	\$ 900
State and Community Highway Safety	20.600	87,128
ARRA - Violence Against Women Formula Grants	16.588	2,968
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	819
Homeland Security Grant Program	97.067	11,281

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2010**

---

**Section I - Summary of Auditor's Results**

---

**Financial Statements**

Type of auditor's report issued:	Qualified
Internal Control over Financial Reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to the financial statements noted?	<u>Yes</u>

**Federal Awards**

**Internal Control over Major Programs:**

Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with § 510(a) of Circular A-133?	No

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program**

16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant Program
20.600	State and Community Highway Safety
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B Program:	\$ 300,000
Auditee qualify as a low-risk auditee?	No

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Section II - Financial Statement Findings**

---

**Annual Financial Statements  
2010 - 1**

**CONDITION:**

We noted during our audit that the County Clerk's annual financial statements did not balance and contained numerous errors. It was also noted that the County Clerk's computer trial balances did not always match the financial statements.

**CRITERIA:**

Generally accepted accounting principles require that accounting records be prepared accurately and contain all important information necessary for the preparation of the annual financial statements. Generally accepted accounting principles require that complete and accurate financial statements are prepared. Information on the annual financial statement should reconcile and balance properly.

**CAUSE:**

The County Clerk's office did not have adequate control procedures in place to assure the accurate preparation and presentation of the annual financial statement.

**EFFECT:**

Additional audit work was required to determine corrections that were necessary for the financial statements. A substantial number of audit adjustments were required to accurately state the financial statements.

**RECOMMENDATION:**

Care should be taken to compile an accurate annual financial statement. The fund level and government-wide levels of the financial statement should properly reconcile. Furthermore, proper documentation should support the amounts recorded to the financial statement and reported in the notes.

**AUDITED AGENCY'S RESPONSE:**

County Clerk: The Finance Office had added to the errors due to the recent turnover in that department. While in recent years we had the guidance of the State Auditor's Office to help with the Financial Statement, we had similar findings. Additional training and best practices from the State Auditor's Office, during the next Clerks' Meeting, would be helpful in reducing errors. At the end of each month, have a formal meeting with Tax Office to reconcile and document any discrepancies.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Capital Assets  
2010 - 2**

**CONDITION:**

We noted during our audit of Wood County that there was a significant deficiency in the accounting policy for capital assets in the County Clerk's bookkeeping system. Specifically, prior year audit adjustments had not all been applied to the client prepared asset records to the beginning balance total and correspondingly to additions, deletions, and depreciation expense for the fiscal year. Further, the backup provided by the County Clerk's finance office did not match the amounts presented on the annual financial statement.

**CRITERIA:**

The State Auditor as the ex officio Chief Inspector and Supervisor of Public Offices has directed all counties throughout the state to maintain their financial records of all funds on the GAAP basis of accounting. The Governmental Accounting Standards Board (GASB) is recognized as the authoritative source on generally accepted accounting principles for governmental entities. Pronouncements of the (GASB) apply to the financial reports of all state and local governmental entities. These pronouncements require that capital assets and accumulated depreciation to be properly reconciled and balanced on the annual financial statement.

**CAUSE:**

The Wood County Clerk's Office did not properly record the capital assets and accumulated depreciation on their financial records. This in turn caused the annual financial statements to be materially misstated.

**EFFECT:**

Numerous adjustments would have been required to be made by the auditors to correctly state the capital assets and accumulated depreciation. Therefore, a qualified opinion was issued for capital assets on the annual audit report.

**RECOMMENDATION:**

A record of capital assets should be properly maintained on the County's financial system. This record should be reconciled with the annual financial statement and with additions and disposals made throughout the year.

**AUDITED AGENCY'S RESPONSE:**

County Clerk: There has been turnover in the Finance Office and the County Administrator's Office. In recent years, the Administrator's Office would add and delete vehicles in the insurance without notifying the County Clerk's Office. We now have a better communication with the County Administrator's Office. Best Practices Training from the State Auditor's Office for new staff would be very helpful.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Purchase Orders  
2010 - 3**

**CONDITION:**

It was noted during our audit that the Wood County Commission does not have in place internal control procedures to ensure that the purchasing procedures policy is closely followed.

**CRITERIA:**

The Wood County Commission's purchasing policy states in part:

"All purchases in excess of one hundred dollars and zero cents (\$100.00) are required to have approval of the County Commission prior to the purchase being made. All purchases, regardless of the cost, must utilize the purchase order system through the office of the Wood County Commission."

**CAUSE:**

Internal controls for the issuance and recording of purchase orders were not adequate to insure that the policy was properly followed.

**EFFECT:**

Purchase orders were not issued for all appropriate expenditures in the current fiscal year, and therefore, were not recorded against the current budget appropriations to be disclosed in the financial statement as encumbrances at the end of the fiscal year.

**RECOMMENDATION:**

It is recommended that the Wood County Commission review current internal control procedures and the policies for the issuance and recording of purchase orders and comply with them as such. It is noted that on January 24, 2011 the County revised their policy.

**AUDITED AGENCY'S RESPONSE:**

County Clerk: Major changes in policy and procedure are currently being implemented.

County Commission: As noted, the Commission adopted a new purchasing policy on January 24, 2011. This policy addresses this issue since the invoice to purchase order matchup is now being performed in the finance office. The purchase orders are created in the Commission office and the invoices are sent directly to the finance office.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Schedule of Expenditures of Federal Awards  
2010 - 4**

**CONDITION:**

We noted during our audit that the annual financial statement for Wood County did not include the Schedule of Expenditures of Federal Awards.

**CRITERIA:**

Federal guidelines require that counties receive a Single Audit if their federal grant expenditures exceed the amount of \$500,000. It is therefore imperative that the County accurately report all federal grant expenditures on the Schedule of Expenditures of Federal Awards.

OMB Circular A133 §310(b) states in part that:

"§ \_\_.310(b) Financial statements.

(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a sub recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub recipients from each Federal program."

**CAUSE:**

The Wood County Commission and County Clerk have not implemented an efficient system for keeping track of federal grant expenditures, program names, and CFDA numbers for reporting purposes. This inefficiency makes the compilation of the necessary information very time-consuming and care was not taken to accurately and completely compile the Schedule of Expenditures of Federal Awards.

**EFFECT:**

As a result of these weaknesses, additional time was used by the auditor in order to acquire the necessary documentation for the Schedule of Expenditures of Federal Awards.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Schedule of Expenditures of Federal Awards  
2010 - 4 (continued)**

**RECOMMENDATION:**

It is recommended that the Wood County Commission, County Clerk, and Sheriff work together to establish procedures to ensure that the expenditures made from grant funds are properly receipted and are accurately presented on the annual financial statement and Sheriff's Settlement. It is further recommended that a schedule be maintained during the year including each grant program name, award amount, CFDA number, and any expenditures made from the program during the year to be utilized in the compilation of the annual financial statement and the Schedule of Expenditures of Federal Awards.

**AUDITED AGENCY'S RESPONSE:**

County Clerk: As a result of these weaknesses, additional time was used by the auditor to acquire the necessary documentation for the Schedule of Expenditures of Federal Awards. The CFDA Spreadsheet will be made part of Wood County's Financial Statement in the future. Also, it would be very beneficial to have Best Practices Training for new employees from the Auditor's Office.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Miscellaneous Revenue Receipts  
2010 - 5**

**CONDITION:**

We noted during our audit that the Wood County Sheriff's tax office failed to consistently issue receipts in a timely fashion. Receipts for miscellaneous revenue are written once a week. In addition, certain receipts did not reflect the correct payer. Specifically, payments received from the U.S. Department of Justice and the U.S. Treasury indicated the payer as the State of West Virginia and funds transferred from the Home Confinement fund were recorded as received from the Office of the County Clerk. Furthermore, receipts for negative amounts were issued to record transfers made to another fund.

**CRITERIA:**

West Virginia Code §7-5-1 states in part:

". . . When any money is paid to the Sheriff, except for taxes, the Sheriff shall give to the person paying the same duplicate receipts therefore, stating briefly the fund or account for which paid. . . ."

Proper internal control procedures require receipts be written at the time of collection and a copy be given to the payer at that time. In order to maintain accurate financial records, it is imperative that the receipt issued accurately shows the date of the collection and from whom it was collected. Receipts should not be issued for negative amounts.

**CAUSE:**

The Wood County Sheriff's tax office does not have procedures in place to ensure that receipts are accurately issued in a timely fashion.

**EFFECT:**

There is a greater risk of inaccuracies occurring when preparing the reconciliation of funds report. Additionally, there is a greater risk that a misuse of funds collected could occur and not be detected in a timely fashion.

**RECOMMENDATION:**

Receipts should always be prepared and given to the actual payer at the time the money is collected. Negative receipts should not be issued for any reason.

**AUDITED AGENCY'S RESPONSE:**

The Sheriff Tax Office had a policy and procedure that when a Wood County entity such as Day Report, 911, Home Confinement, County Grants, Circuit Court, and Concealed Weapons made a deposit, a verification of the deposit was made at the time of the transaction. The Tax Deputy would follow-up the transaction with a formal receipt. The audit showed no discrepancies in the deposit amounts, however, the auditor's decision was that a formal receipt should be provided with the government entity at the time of the transaction. The Wood County Tax Office will adopt this recommendation and effective 3/14/11, issue a duplicate receipt.



**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Sheriff's Tax Office - Backup for Reconciliation Items  
2010 - 6**

**CONDITION:**

We noted during our audit that the Wood County Sheriff's tax office failed to maintain accurate supporting documentation for reconciliation amounts used for the Sheriff's Settlement.

**CRITERIA:**

Proper internal controls require that adequate supporting documentation be properly maintained and readily available for inspection for all items utilized to reconcile bank balances with the Sheriff's Settlement. These would include items such as outstanding checks, deposits in transit and bank balances.

**CAUSE:**

The Wood County Sheriff's tax office failed to have policies and procedures in place to ensure that proper supporting documentation was available for all reconciling items on the Sheriff's Settlement.

**EFFECT:**

Various reconciling items presented on the Sheriff's Settlement, such as outstanding check totals, did not correspond with supporting documentation. The cash balance for the Sheriff's Settlement did not reconcile with the cash balance of the County Clerk's trial balances. Additional audit work was required to ensure the validity of cash reconciliations.

**RECOMMENDATION:**

Supporting documentation for reconciling items should be accurate and properly maintained. Detail lists of reconciling items should balance with the total amount used to reconcile bank accounts. For instance, the grand total amount of outstanding checks used in the reconciliation of bank accounts should equal the individual listing of outstanding checks. The Sheriff's office should reconcile the cash balance of the Sheriff's Settlement with the cash balances of the County Clerk trial balances. Any discrepancies should be investigated promptly and corrected.

**AUDITED AGENCY'S RESPONSE:**

The Sheriff's Tax Office had a long standing policy that within 30 days of the end of each month that the Tax Office would send the Sheriff's Financial Statements to the Wood County Clerks Finance Office. If this was done prior to the Wood County Clerks Finance Office completing their End of the Month Report, a magnitude of adjusting entries were required to have the Sheriff's Financial Statements match the Wood County Clerks Finance Office End of the Month Report. The adjusting entries were required mainly to address voided checks and typographical errors. To correct this issue and reduce adjusting entries, the Sheriff's Office will meet with a representative of the Wood County Clerks Finance Office monthly to handle adjusting entries prior to the issuance of the formal report. All the adjusting entries made by the Tax Office will require a footnote describing the action and why this was required. By having the monthly meetings, the end of the fiscal year Settlement Reports will be completed more efficiently with fewer end of the year adjustments. The Wood County Tax Office appreciates this issue being brought to our attention and will adopt this new procedure effective 3/14/11.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Other Post-Employment Benefits Obligation**

**2010 - 7**

**CONDITION:**

We noted during this audit that the Wood County Commission failed to record the Other Post-employment Benefits obligation payable in the County's financial statements in accordance with GASB Statement Number 45 and generally accepted accounting standards.

**CRITERIA:**

Governmental Accounting Standards Board (GASB) Statement Number 45 requires that state and local government employers report the costs and obligation associated with post-employment healthcare and other non-pension benefits known as other post-employment benefits. The requirements of this statement are effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. Governments with annual revenues of \$100 million or more (Phase 1 governments) are required to implement in the periods beginning after December 15, 2006. Governments with annual revenues between \$10 million and \$100 million (Phase 2 governments) are required to implement in the periods after December 15, 2007. Governments with revenues less than \$10 million (Phase 3 governments) are required to implement in the periods after December 15, 2008. Component units are required to implement GASB 45 the same fiscal year as the primary government.

**CAUSE:**

Officials did not obtain the actuarial study to determine a correct calculation of the annual required contributions which were necessary to reflect this liability in the financial statements and failed to account for the Other Post-employment Benefits obligation.

**EFFECT:**

The liabilities are substantially understated which necessitates a qualification of opinion on the financial statements.

**RECOMMENDATION:**

The County should review the requirements set forth in GASB Statement Number 45 and calculate the liability related to Other Post-employment Benefits accordingly.

**AUDITED AGENCY'S RESPONSE:**

County Clerk: The County Clerk's Office has requested for the past two years that the County Commission contract with an agency. The County Commission signed a contract on March 7, 2011 with Plan Benefit Services for the actuarial study.

County Commission: On March 7, 2011, following an OPEB presentation by Plan Benefits Services, Charleston, WV, the Commission executed a contract with them to perform an actuarial study to identify our OPEB liability.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Concealed Weapons - Invoices**

**2010 - 8**

**CONDITION:**

We noted during our audit that the Wood County Sheriff's Office did not have itemized invoices for all expenditures made from the Concealed Weapons Fund. Specifically, we noted 4 expenditures out of a sample of 45 that were made without proper documentation on hand.

**CRITERIA:**

West Virginia Code §12-3-18 states, in part, that:

"It shall be unlawful for any county court, board of education or the council of the municipal corporation, or any other body charged with the administration of the fiscal affairs of any county, school district, independent school district or municipality, to pay claims for services rendered or materials furnished unless an itemized account therefor is filed by the claimant covering the claim.....The president or presiding officer of the fiscal body allowing claims shall indorse on all accounts allowed the words "allowed and payment authorized," together with the date of allowance and signature of the president or other presiding officer."

**CAUSE:**

The Wood County Sheriff's office did not have controls or policies in place to ensure that proper invoices were present at the time of payment.

**EFFECT:**

Although the Sheriff's office subsequently provided a number of invoices that were not present when our sample was initially tested, the risk of improper expenditures occurring without being detected is greatly increased when there is a lack of proper documentation.

**RECOMMENDATION:**

Officials at the Wood County Sheriff's office should review these statutes and guidelines and comply with the provisions set forth therein.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Concealed Weapons - Invoices  
2010 - 8 (continued)**

**AUDITED AGENCY'S RESPONSE:**

The Wood County Sheriff's Office states that the expenditures in question concern the payment of the following items:

1. Purchase of a leadership books titled "Why Is No One Following Me?" for officers of the Wood County Sheriff's Office. Doctor James Johnson the owner of Ethos Leadership Group, LLC provided free of charge to the Wood County Sheriff's Office, a seminar designed to make strong leaders stronger.
  - a. Issue: Failure to have an itemized receipt for books purchased.
  - b. Response: Concur and seek to avoid this issue in the future.
2. Purchase of a Helicopter heat seeking Flir Unit.
  - a. Issue: Failure to have a receipt attached
  - b. Response: Receipt was obtained and supplied to the Auditor on 3/9/11.
  - c. Response: Concur and seek to avoid this issue in the future.
3. Payments totaling \$100.00 of US Currency.
  - a. Issue: Failure to have itemized receipts.
  - b. Response: Payments were made with witnesses being present but no signed receipts were obtained.
  - c. Response: Concur and seek to avoid this issue in the future.
4. Payment to a restaurant in Charleston, West Virginia for Wood County Sheriff's Office employee's
  - a. Issuc: A receipt was obtained but did not detail the number of employces and food ordered.
  - b. Response: Concur and seek to avoid this issue in the future.

A policy has been established that a check will not be issued by a Tax Deputy until an itemized receipt has been received and attached to a copy of the check. The Chief of Tax Operations will ensure that outstanding itemized receipts are obtained and filed.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Concealed Weapons - Improper Expenditures**  
**2010 - 9**

**CONDITION:**

We noted during our audit of the Wood County Sheriff's Office that certain expenditures made from the Concealed Weapons fund for employee recognition gifts and meals were for an unauthorized purpose. Specifically, we noted 4 expenditures out of a sample of 45 that were documented as being for retirement recognition purposes. Additionally, it was noted there was a lack of proper documentation present to ensure adherence to Ethics Guidelines and opinions related to Public Employee Recognition Events.

**CRITERIA:**

West Virginia Code §11-8-26(a) states in part that:

"...a local fiscal body shall not expend money or incur obligations: (1) In an unauthorized manner; (2) For an unauthorized purpose..."

West Virginia Ethics Commission Guideline- Use of Public Resources for a Retirement Gift/Party states in part that:

"...A limited use of public resources to honor the departure of a dedicated public servant is acceptable under this standard, provided the following limitations are followed: (4)...an agency may not spend public funds to pay for meals, food or beverages at an event recognizing a departing public servant. Any meals, food or beverage must be purchased using private funds collected in accordance with these guidelines."

West Virginia Ethics Commission Guideline - Public Employee Recognition Events states in part that:

"...the expenditure of public funds for all events to recognize employees does not violate the Ethics Act if an agency expends no more than \$25.00 per employee per fiscal year. This money may be allocated between one or more events or activities which are held to recognize employees and promote employee morale. It may be used to purchase light refreshments, meals or mementos of appreciation."

Further, West Virginia Ethics Commission Advisory Opinion 2010-05 further clarifies the guideline for Public Employee Recognition Events as follows:

"The Commission finds that an agency's decision to allocate more than \$25.00 to one or more employees, in lieu of expending up to \$25.00 per employee per fiscal year, does not violate the Ethics Act so long as the expenditure on any one employee does not exceed \$100.00 and the total amount expended for this purpose during the fiscal year does not exceed the sum total of \$25.00 per employee."

**CAUSE:**

The Wood County Sheriff's Office was not aware of applicable Ethics Commission Guidelines and therefore, did not have policies and procedures in place to ensure disbursements from the Concealed Weapons fund were within statutory and Ethics Act guidelines.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Concealed Weapons - Improper Expenditures  
2010 - 9 (continued)**

**EFFECT:**

Expenditures were made in violation of statutory and Ethics Commission guidelines.

**RECOMMENDATION:**

Officials at the Wood County Sheriff's office should review these statutes and guidelines and comply with the provisions set forth therein.

**AUDITED AGENCY'S RESPONSE:**

The Sheriff's Tax Office states that the expenditures in question concern the payment for food and drink for four (4) retirement functions. Those payments were as follows:

- A Crossing Guard who worked for Blennerhassett School for 20 years.
- The Director for the Wood County Sheriff's Office Confinement Operations.
- A Lieutenant for the Wood County Sheriff's Office (Also was a Promotion Luncheon)
- Chief of the Parkersburg Police Department

The Wood County Sheriff's Office states that they did not make these expenditures without consultation and research.

During a 2009 audit the Tax Office inquired as to the restrictions of the Concealed Weapons Fund and was supplied a copy of West Virginia Code §61-7-4.

The Wood County Sheriff's Office reviewed West Virginia Code §61-7-4, which states in section 11 (c) - *"Any surplus in the fund on hand at the end of each fiscal year may be expended for other law-enforcement purposes or operating needs of the sheriff's office, as the sheriff may consider appropriate."*

In addition, the Wood County Sheriff's Office reviewed the West Virginia Ethics Commission Website and reviewed a guideline dated 12/4/08 titled, "Public Employee Recognition Events." The Wood County Sheriff's Office relied on the following:

*"In order to provide uniform guidance as to what level of spending for this purpose complies with the Ethics Act, the Ethics Commission hereby finds that the expenditure of public funds for all events to recognize employees does not violate the Ethics Act if an agency expends no more than \$25.00 per employee per fiscal year. This money may be allocated between one or more events or activities which are held to recognize employees and promote employee morale. It may be used to purchase light refreshments, meals or mementos of appreciation."*

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Section II - Financial Statement Findings**

---

**Concealed Weapons - Improper Expenditures  
2010 - 9 (continued)**

During the recent audit of the Concealed Weapons Fund, the Wood County Sheriff's Office was advised that in addition to the West Virginia Ethics Commission guideline titled "Public Employee Recognition Events", that there was an additional guideline titled "Retirement Gifts and Events". This guideline states on page 4 in section 4 the following:

"Absent specific legislative authority, an agency may not spend public funds to pay for meals, food or beverages at an event recognizing a departing public servant. Any meals, food or beverages must be purchased using private funds collected in accordance with these guidelines."

The Wood County Sheriff's Office appreciates the West Virginia Auditors office bringing this guideline to the Wood County Sheriff's Office attention. The Wood County Sheriff's Office also appreciates the Auditors bringing to the Wood County Sheriff's Office attention the classification of the payments suggestions. An example is the retirement of a Lieutenant for the Wood County Sheriff's Office. The check for this expense memo section states "retirement", but the documented facts show that in addition to the one retirement this luncheon was also for the promotion of (5) employees. As a result 5/6 of this expense would be authorized per guidelines. The Wood County Sheriff's Office will comply with the Retirement Gifts and Events Guidelines effective 3/14/11.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Circuit Clerk Waivers  
2010 - 10**

**CONDITION:**

We noted during our audit that the Circuit Clerk's office does not reconcile waivers granted per the computer records to actual waivers granted.

**CRITERIA:**

A notarized financial affidavit or a court order is required for a waiver of fees to be granted by the Circuit Clerk's office. Proper internal controls would require a reconciliation of actual waivers granted to waivers granted per the computer records.

**CAUSE:**

Policies have not been in effect for the reconciliation of waivers granted.

**EFFECT:**

Without a timely reconciliation of waivers, the likelihood of a misuse of funds is greatly increased.

**RECOMMENDATION:**

Copies of waivers granted should be maintained in a separate file and include all the necessary information to identify the corresponding case and receipt number. The waivers file should be reconciled with the computer records on a regular basis by someone not involved in the actual granting of the waivers, such as the Circuit Clerk.

**AUDITED AGENCY'S RESPONSE:**

Circuit Clerk: Pursuant to prior conversations and suggestions from our auditor regarding fee waivers, we have for some time been making copies of the waivers and keeping in a separate file as previously directed. However, the auditor indicated to us recently that the waivers could not be readily matched to the computer printout because they did not all have the case number and/or receipt number. Even though we are somewhat limited by staff to cover all required duties, we will make every effort to ensure that waivers are maintained and reconciled as directed.



**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Section II - Financial Statement Findings**

---

**Day Report Center Collections and Deposits**  
**2010 - 11**

**CONDITION:**

We noted during our audit that the Wood County Day Report Center does not maintain a separate bank account at the center. Instead, they are making daily deposits at the Sheriff's tax office.

**CRITERIA:**

West Virginia Code §62-11C-7(b) states:

"All fees ordered by the circuit court, magistrate court, municipal court or community criminal justice board pursuant to this section are to be paid to the community criminal justice board, who shall remit the fees monthly to the treasurer of the county designated as the fiscal agent for the board pursuant to section six of this article."

**CAUSE:**

Policies were not in effect to ensure compliance with the statute on collection of funds.

**EFFECT:**

With deposits not being made in the correct manner, the possibility of a misuse of funds increases, and the difficulty of preparing an accurate reconciliation of funds is also increased.

**RECOMMENDATION:**

Deposits of monies should be made in compliance with the West Virginia Code. Therefore, a separate bank account should be set up by the Wood County Day Report Center and maintained at the Center. All monies collected at the Center should be deposited into this account daily. Within the first ten days of each month, the Center should then prepare a monthly report summarizing all fees collected in the prior month and remit the reconciled collections and the report to the Sheriff's Tax Office by check. A receipt should be obtained from the Sheriff's Tax Office and attached to the monthly report copy and maintained in a file at the Center.

**AUDITED AGENCY'S RESPONSE:**

As per discussion with the auditors, a bank account in the name of the Wood County Day Report will be opened by April 1, 2011. All funds collected by the Wood County Day Report Center will be deposited daily into the account, and at the end of each month a check payable to the Wood County Commission will be drawn on that account. That check will be deposited through the Wood County Tax Office, and the funds will go into the Community Corrections Fund.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

---

**Day Report Center Receipts  
2010 - 12**

**CONDITION:**

We noted during our audit that money collected at the Wood County Day Report Center was not always being properly receipted. Specifically, payments received from the State of WV, DHHR, & Home Confinement were not being issued a receipt at the Center.

It was further noted that the computer system used at the Day Report Center cannot issue receipts. To compensate, the Center is using a three part receipt book in order to provide the client with a record of their payment. These receipts are then being entered into the computer system to maintain an accounts receivable listing. However, the manual receipts are not being reconciled to the receipts per the computer system.

**CRITERIA:**

Proper internal controls would require that an effective, accurate and secure transacting and accounting of monies that flow through the Wood County Day Report Center be maintained.

**CAUSE:**

The Wood County Day Report Center did not have controls in effect concerning the accounting for transactions at the Center.

**EFFECT:**

The records maintained by the Wood County Day Report Center could not be reconciled with actual amounts deposited with the Wood County Sheriff's tax office. With a lack of proper reconciliation, the possibility of discrepancies occurring without being detected, or of an improper use of funds, is greatly increased.

**RECOMMENDATION:**

Receipts should be written at the Center for all payments received. The manual receipts should be entered into the computer by someone other than the person issuing the manual receipts. A computer report should be generated daily that reconciles with the manual receipts and with the deposit made. These reports should be filed onsite with the indication that the reconciliation was made including copies of the manual receipts associated with that deposit. A monthly computer report should also be generated that reconciles with deposits and be used to prepare the monthly report and remittance to the Sheriff's tax office.

**AUDITED AGENCY'S RESPONSE:**

The proper procedures are now in place to issue a receipt for any funds received by mail. This rectifies the situation.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Section II - Financial Statement Findings**

---

**Assessor's Office - Cash Shortage  
2010 - 13**

**CONDITION:**

We noted during our audit that there was a cash shortage in the dog tax revenue in the Assessor's office. Revenues were not deposited into the Assessor's bank account nor was the money on hand. The total amount of discrepancy verified during this fiscal year audit was \$1150.00.

**CRITERIA:**

West Virginia Code §61-3-22 states that:

"If any officer, clerk or agent of this State, or of any county, district, school district or municipal corporation thereof, or of any banking institution or incorporated company, or any clerk or agent of any firm or person or association of persons not incorporated, make, alter or omit to make any entry in any book of account of, or in any account kept by such State, county....or mutilate, destroy or conceal any such account or book of accounts, with intent in so doing to conceal, the true state of any account, or to defraud the State or any county....or with intent to enable or assist any person to obtain money to which he was not entitled, such officer, clerk or agent shall be guilty of a felony, and, upon conviction, shall be confined in the penitentiary not less than one or more than ten years."

West Virginia Code §61-5-22 states that:

"If any clerk of a court, or other public officer, fraudulently make a false entry, or erase, alter or destroy any record in his keeping and belonging to his office, or shall willfully secrete any such record from any person having the right to inspect the same, he shall be guilty of a misdemeanor, and upon conviction, shall be confined in jail not more than one year and be fined not exceeding one thousand dollars; and in addition thereto, he shall forfeit his office and be forever incapable of holding any office of honor, trust or profit in this state."

West Virginia Code §61-3-20 states in part that:

"If any officer, agent, clerk or servant of this state, or of any county, district, school district or municipal corporation...embezzles or fraudulently converts to his own use, bullion, money, bank notes, drafts, security for money, or any effects or property of any other person, which shall have come into his possession, or been placed under his care or management, by virtue of his office, place or employment, he shall be guilty of the larceny thereof. . . ."

**CAUSE:**

The Assessor's office did not have proper internal controls in effect for their computer system and their accounting system to detect discrepancies in a timely manner. Further, the duties of collecting revenues and writing receipts, preparing and making deposits, issuing checks, reconciling bank accounts, and preparing the monthly statements were not properly segregated among different employees.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

---

**Section II - Financial Statement Findings**

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**Assessor's Office - Cash Shortage  
2010 - 13 (continued)**

**EFFECT:**

Checks were written and carried as outstanding but were never given to the entities. Money was diverted to personal use and the County did not receive the benefit of this revenue.

**RECOMMENDATION:**

Stronger internal controls need to be implemented in the Assessor's dog tax office. The duties of collecting revenues and writing receipts, preparing and making deposits, issuing checks, reconciling bank accounts, and preparing the monthly statements should be segregated among different employees. Reconciling items should be reviewed and verified periodically to ensure validity and accuracy. It is noted that restitution was made.

**AUDITED AGENCY'S RESPONSE:**

Assessor: We discovered the shortage and requested a special audit which was conducted. Restitution was made and the employee is no longer employed by the County. Since full restitution was made, the shortage that had existed was eliminated. All problems were discovered and remedies instituted by the assessor. The special audit verified the amount of the theft so we would know the amount of the restitution. I spoke with the prosecutor about legal action and was told I was able to make the decision regarding prosecution and because the employee was cooperating and was willing to make full restitution, I considered the entire scope of the issue and chose to accept the resignation of the employee and full restitution. I did not see an advantage to dragging the issue through the courts and tying up the courts time on this issue. Segregation of duties has been implemented to greatly reduce the possibility of this happening again. Money collected by the clerks is given to one employee one month and to another the next month. The deposit is recorded and compiled by one clerk and the deposit is made by the other. If one clerk is not present, the assessor makes the deposit. The job of reconciling the checkbook and completing the month end reports is also alternated between employees. We are watching very carefully for any discrepancies in the dog fund. Our deposits are made daily. We also acknowledge the help from the Auditor's Office and appreciate their assistance.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Section II - Financial Statement Findings**

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**Segregation of Duties  
2010 - 14**

**CONDITION:**

We noted during our audit that there is an insufficient segregation of duties in the Wood County Courthouse. Specifically, we noted that the same employees can collect fees and other revenue, prepare and make deposits, prepare checks, reconcile bank accounts, and prepare monthly reports for the respective office.

**CRITERIA:**

Proper internal control procedures require that various duties be segregated among different employees, to make the likelihood of an improper use of monies less possible. The duties of collecting, recording, depositing, reconciling, and disbursing of monies should be separated. A segregation of duties also can make it more likely that errors made can be discovered and corrected.

**CAUSE:**

The Wood County Commission, Wood County's elected officials and/or department heads do not have a system to insure that these duties are properly segregated.

**EFFECT:**

By not having a sufficient segregation of duties between different employees in each office, the possibility of discrepancies occurring without being detected, or of an improper use of funds, is greatly increased.

**RECOMMENDATION:**

The duties of collecting revenues and writing receipts, preparing and making deposits, issuing checks, reconciling bank accounts, and preparing the monthly statements should be segregated among different employees.

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Section II - Financial Statement Findings**

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**Segregation of Duties  
2010 - 14 (continued)**

**AUDITED AGENCY'S RESPONSE:**

Assessor: Segregation of duties has been implemented to greatly reduce the possibility of this happening again. Money collected by the clerks is given to the one person one month and to a different person the next month. The deposit is recorded and compiled by one clerk and the deposit is made by the other. If one clerk is not present the assessor makes the deposit. The job of reconciling the checkbook and completing the month end reports is also alternated between employees. We are watching very carefully for any discrepancies in the dog fund. Our deposits are made daily.

Circuit Clerk: Pursuant to prior conversations and suggestions from our auditor regarding the segregation of duties relating to collecting of revenues and writing receipts, preparing and making deposits, issuing checks, reconciling bank accounts, and preparing the monthly statements, changes have been made so that the same person is no longer performing these duties on a regular basis. Everyone waiting on the counter collects monies and writes receipts. Bank deposits are prepared by different people, checks are issued when possible by more than one deputy and are checked by another if for large amounts. We also now have two who work on reconciling bank accounts and preparing the monthly statements. We are somewhat limited by staff to cover required duties, but we are making every effort to ensure that the person making deposits each day does not write receipts for that day, and that the person balancing books at the end of the month does not do daily deposits.

When I completed the segregation of duties section of the internal control questionnaire, I tried to indicate each person who could do each of the duties indicated. I did not intend to indicate that they did everything listed all the time. There is some variation to who is doing what and when they are doing it. With limited staff, we try to do our best to comply. I might add that a deputy who was previously doing some of the bookkeeping work, etc., no longer works here so we are trying to manage around that also. I hope that these procedures alleviate concerns about the segregation of duties and the problems that could arise with an insufficient segregation of duties.

Commission: The Wood County Commission offices all have segregation of duties. All our deposits are made by the Sheriff's Tax Office.

**WOOD COUNTY, WEST VIRGINIA**  
**CORRECTIVE ACTION PLAN**  
**For the Fiscal Year Ended June 30, 2010**

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There were no findings at the federal program level, therefore no corrective action plan is necessary.

**WOOD COUNTY, WEST VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Fiscal Year Ended June 30, 2010**

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**Status of Prior Year Audit Findings - Financial Statements**

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2009-1	Expenditures in Excess of the Amounts Allocated in the Levy Estimate - Coal Severance Fund	Corrected
2009-2	Capital Assets	Restated
2009-3	Purchase Orders	Restated
2009-4	Schedule of Expenditures of Federal Awards	Restated
2009-5	Expenditures	Corrected
2009-6	Home Confinement	Corrected
2009-7	Day Report Center Collections and Deposits	Restated
2009-8	Day Report Center Controls and Procedures	Restated
2009-9	Segregation of Duties	Restated
2009-10	Other Post-Employment Benefits Obligation	Restated
2009-11	Allowable Costs	Corrected

**Status of Prior Year Audit Findings - Federal Awards**

None.