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Marietta, OH 45750  
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1035 Murdoch Ave.  
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104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569



**WOOD COUNTY  
WEST VIRGINIA**

**Single Audit  
For the Year Ended June 30, 2015  
RFP# 07-015**

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- Association of Certified Anti - Money Laundering Specialists •

**WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax  
Special Building  
E-911  
Building Commission Debt Service

**NONMAJOR FUNDS**

***Special Revenue Funds***

Dog and Kennel  
General School  
Magistrate Court  
Worthless Check  
Emergency Communication 911  
Home Confinement  
Federal Grant  
Community Partnership Grant  
FEMA Hazard Mitigation  
Concealed Weapons  
Fire Board  
Assessor's Valuation  
Voters Registration  
Prosecuting Attorney Forfeiture  
Special Law Enforcement  
Excess Levy

***Capital Project Funds***

Capital Reserve

**FIDUCIARY FUND TYPE**

*Agency Funds*

State  
School  
Municipal  
Other Agency

**DISCRETELY PRESENTED COMPONENT UNITS**

Wood County Parks and Recreation Commission  
Wood County Development Authority

**BLENDED COMPONENT UNITS**

Wood County Building Commission

**WOOD COUNTY, WEST VIRGINIA  
COUNTY OFFICIALS  
For the Fiscal Year Ended June 30, 2015**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Stephen Gainer	01-01-11 / 12-31-16
	David Blair Couch	01-01-13 / 12-31-18
	Robert K.Tebay	01-01-15 / 12-31-20
Clerk of the County Commission:	Mark Rhodes	11-15-14 / 12-31-16
Clerk of the Circuit Court:	Carole Jones	01-01-13 / 12-31-16
Sheriff:	K.D. Merritt	01-01-13 / 12-31-16
Prosecuting Attorney:	Jason Wharton	01-01-13 / 12-31-16
Assessor:	Rich Shaffer	01-01-13 / 12-31-16

# WOOD COUNTY, WEST VIRGINA

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## INDEPENDENT AUDITOR'S REPORT

June 15, 2016

Wood County Commission  
1 Court Square / PO Box 1474  
Parkersburg, WV 26102

To the Commissioners:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Wood County Parks and Recreation Commission and the Wood County Development Authority, which represent 100 percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wood County Parks and Recreation Commission and the Wood County Development Authority, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control.



*...“bringing more to the table”*  
Tax— Accounting — Audit — Review — Compilation — Agreed Upon Procedure — Consultation — Bookkeeping — Payroll  
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### **Auditor's Responsibility (continued)**

Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

### **Summary of Opinions**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Adverse
Aggregate Discretely Presented Component Units	Qualified
Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

### **Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units**

Management of the Wood County Parks and Recreation Commission has contracted with a service organization that is independent of the Commission to process Sewer Treatment Plant fund activity. Management is unable to provide us with information we requested regarding the design or proper operation of the service organization's internal controls relative to the processing of the Commission's sewer operations. We were unable to perform procedures to satisfy ourselves as to the proper processing of sewer activity. We cannot reasonably determine the amount by which this departure would affect the assets, fund balance, expenses, and revenues of the business-type activities and Sewer Treatment Plant Fund.

### **Qualified Opinion on the Aggregate Discretely Presented Component Units**

In our opinion, based on our audit and the report of other auditors, except for the possible effects of such adjustments, if any, as might be determined to be necessary for the matters discussed in the *Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely-presented component units of Wood County, West Virginia, as of June 30, 2015 and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Adverse Opinion on Governmental Activities**

Management did not implement Governmental Accounting Standards Board (GASB) Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require the expenses and associated liability related to other postemployment benefits (OPEB) be recognized during the period in which the liability is incurred, thereby increasing the expenses, liabilities and reducing the net position for the governmental activities. The amount by which this departure would affect the expenses and net position and the associated notes to the financial statements related to the governmental activities is not reasonably determinable.

Management has also not adopted and implemented the provisions required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, governmental activities do not include the County's net pension liability, deferred inflows/outflows of resources, and pension expense related to pension on the statements nor did they provide the required note disclosure information associated with the net pension liability as required by GASB Statements No. 68 and 71 for the County.

### **Basis for Adverse Opinion on Governmental Activities (Continued)**

We cannot reasonably determine the amounts by which this departure would affect the net pension liability, deferred inflows/outflows of resources, and pension expense of the governmental activities.

Management has also not properly 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 State of America require that those capital assets be capitalized and depreciated properly, which would affect the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, expenses, and the associated notes to the financial statements related to the governmental activities is not reasonably determinable.

### **Adverse Opinion on Governmental Activities**

In our opinion, because of the matters described in the "*Basis for Adverse Opinion on Governmental Activities*" paragraphs, the financial statements referred to above do not present fairly the financial position of the governmental activities for Wood County, West Virginia as of June 30, 2015, and the changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In addition, in our opinion, the financial statements referred to above present fairly, in all respects, the respective financial position of each major fund and the aggregate remaining fund information of Wood County, West Virginia, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

The budgetary comparison for the Assessor's Valuation Fund and the introductory section are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

The Schedule of Expenditures of Federal Awards Expenditures presents 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 financial statements.

**Other Matters (Continued)**

*Supplementary and Other Information (Continued)*

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Primary Government	Component Units	
	Governmental <u>Activities</u>	Parks and <u>Recreation</u>	Development <u>Authority</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,099,737	\$ 385,666	\$ 210,087
Receivables:			
Accounts	--	50,883	--
Taxes	788,547	--	--
Due from Treatment Plant	--	326,130	--
Total current assets	<u>5,888,284</u>	<u>762,679</u>	<u>210,087</u>
Restricted assets:			
Restricted cash	188,519	--	--
Capital assets:			
Nondepreciable:			
Land	2,047,511		325,374
Other Nondepreciable Capital Assets	--	606,089	
Depreciable:			
Buildings	6,823,318	--	--
Structures and improvements	13,273,643	--	--
Cold Water Creek property and expansion	--	--	45,991,522
Transmission and distribution	--	--	--
Machinery and equipment	9,351,399	--	--
Leasehold improvements	--	--	--
Other Depreciable Capital Assets	--	11,593,593	--
Less: accumulated depreciation	<u>( 12,743,943)</u>	<u>( 10,427,473)</u>	<u>( 14,413,754)</u>
Total noncurrent assets	<u>18,940,447</u>	<u>1,772,209</u>	<u>31,903,142</u>
Total assets	<u>24,828,731</u>	<u>2,534,888</u>	<u>32,113,229</u>
<b>DEFERRED OUTFLOWS</b>			
	<u>--</u>	<u>7,307</u>	<u>--</u>
Total deferred outflows of resources	<u>--</u>	<u>7,307</u>	<u>--</u>
<b>LIABILITIES</b>			
Current liabilities payable			
from current assets:			
Accounts payable	138,384	3,634	--
Payroll payable	--	14,103	--
Other accrued expenses	188,519	--	--
Mountwood Park	--	326,130	--
Current liabilities payable from			
restricted assets:			
Notes payable	--	653,108	--
Accrued revenue bond/note			
Interest payable	--	--	911,086
Customer deposits	--	650	--
Unearned revenue	--	29,640	--
Noncurrent liabilities:			
Bonds payable - due within one year	270,000	--	--
Bonds payable - due in more than one year	5,330,000	--	--
Notes payable - due within one year	--	46,474	653,108
Notes payable - due in more than one year	--	173,593	21,554,046
Leases payable - due within one year	3,252	--	--
Net Pension Liability	--	20,157	--
Compensated absences payable	<u>421,097</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>6,351,252</u>	<u>1,267,489</u>	<u>23,118,240</u>
<b>DEFERRED INFLOWS</b>			
Net difference between projected and actual			
earnings on pension investments	<u>--</u>	<u>22,335</u>	<u>--</u>
Total deferred inflows of resources	<u>--</u>	<u>22,335</u>	<u>--</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,148,676	1,552,142	9,695,988
Restricted for:			
Debt service	188,519	--	--
Other purposes	--	--	( 807,951)
Unrestricted	<u>5,140,284</u>	<u>353,337</u>	<u>106,952</u>
Total net position	<u>\$ 18,477,479</u>	<u>\$ 1,905,479</u>	<u>\$ 8,994,989</u>

The accompanying notes are integral part of the financial statements.

**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units	
						Parks and Recreation	Development Authority
<b>Functions / Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 9,771,624	\$ 602,604	\$ --	\$ 371,006	\$ ( 8,798,014)		
Public safety	9,867,958	2,777,224	1,000,320	269,607	( 5,820,807)		
Health and sanitation	172,394	--	--	--	( 172,394)		
Culture and recreation	1,600,921	66,476	--	--	( 1,534,445)		
Social services	35,055	--	--	--	( 35,055)		
Capital projects	338,840	--	--	--	( 338,840)		
Interest on long-term debt	384,675	--	--	--	( 384,675)		
Total governmental activities	22,126,671	3,446,304	1,000,320	640,613	( 17,039,434)		
Total primary government	\$ 22,126,671	\$ 3,446,304	\$ 1,000,320	\$ 640,613	( 17,039,434)		
<b>Component units:</b>							
Parks and Recreation	660,217	650,991	--	--	--	\$ ( 9,226)	\$ --
Development Authority	3,039,495	564,912	--	--	102,000	--	( 2,474,583)
Total component units	\$ 3,699,712	\$ 1,215,903	\$ --	\$ --	102,000	( 9,226)	( 2,474,583)
General revenues:							
Ad valorem property taxes					14,389,360	--	--
Alcoholic beverages tax					10,381	--	--
Hotel occupancy tax					754,775	130,000	--
Animal tax					32,816	--	--
Gas and oil severance tax					87,182	--	--
Other taxes					657,379	--	--
Coal severance tax					148,601	--	--
Licenses and permits					152,252	--	--
Interest					--	33	510
Intergovernmental					--	--	102,000
Unrestricted investment earnings					11,188	--	--
Refunds					162,933	--	--
Reimbursement					278,375	--	--
Royalties					--	1,975	--
Contributions from other entities					5,020	203,369	431,157
Gain on sale of capital assets					10,000	--	--
Miscellaneous					432,253	--	--
Total general revenues					17,132,515	335,377	533,667
Change in net position					93,081	326,151	( 1,940,916)
Net position - beginning					18,384,398	1,579,328	10,935,905
Net position - ending					\$ 18,477,479	\$ 1,905,479	\$ 8,994,989

The accompanying notes are integral part of the financial statements.

**WOOD COUNTY, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2015

	<u>General</u>	Coal Severance <u>Tax</u>	E911 <u>Fund</u>	Special Building <u>Building</u>	Building <u>Commission</u>	Other Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>							
<b>Assets:</b>							
<b>Current:</b>							
Cash and cash equivalents	\$ 2,177,173	\$ 131,578	\$ 633,686	\$ 1,001,417	\$ --	\$ 1,155,883	\$ 5,099,737
Receivables:							
Taxes	788,547	--	--	--	--	--	788,547
Restricted cash	--	--	--	--	188,519	--	188,519
	<u>2,965,720</u>	<u>131,578</u>	<u>633,686</u>	<u>1,001,417</u>	<u>188,519</u>	<u>1,155,883</u>	<u>6,076,803</u>
Total assets							
	<u>2,965,720</u>	<u>131,578</u>	<u>633,686</u>	<u>1,001,417</u>	<u>188,519</u>	<u>1,155,883</u>	<u>6,076,803</u>
<b>Deferred Outflows:</b>							
Total deferred outflows of resources	--	--	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets and deferred outflows of resources	\$ <u>2,965,720</u>	\$ <u>131,578</u>	\$ <u>633,686</u>	\$ <u>1,001,417</u>	<u>188,519</u>	\$ <u>1,155,883</u>	\$ <u>6,076,803</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	138,384	--	--	--	--	--	138,384
Other accrued expenses	--	--	--	--	188,519	--	188,519
	<u>138,384</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>188,519</u>	<u>--</u>	<u>326,903</u>
Total liabilities							
	<u>138,384</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>188,519</u>	<u>--</u>	<u>326,903</u>
<b>Deferred Inflows:</b>							
Unavailable revenue - taxes	396,624	--	--	--	--	--	396,624
	<u>396,624</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>396,624</u>
Total deferred inflows of resources							
	<u>396,624</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>396,624</u>
Total liabilities and deferred inflows of resources	535,008	--	--	--	188,519	--	723,527
	<u>535,008</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>188,519</u>	<u>--</u>	<u>723,527</u>
<b>Fund balances:</b>							
Nonspendable	--	--	--	--	--	--	--
Restricted	--	--	633,686	1,001,417	--	1,155,883	2,790,986
Committed	1,142,156	--	--	--	--	--	1,142,156
Assigned	1,664,459	131,578	--	--	--	--	1,796,037
Unassigned (Deficit)	( 375,903)	--	--	--	--	--	( 375,903)
	<u>2,430,712</u>	<u>131,578</u>	<u>633,686</u>	<u>1,001,417</u>	<u>--</u>	<u>1,155,883</u>	<u>5,353,276</u>
Total fund balances							
	<u>2,430,712</u>	<u>131,578</u>	<u>633,686</u>	<u>1,001,417</u>	<u>--</u>	<u>1,155,883</u>	<u>5,353,276</u>
Total liabilities, deferred inflows and fund balances	\$ <u>2,965,720</u>	\$ <u>131,578</u>	\$ <u>633,686</u>	\$ <u>1,001,417</u>	<u>188,519</u>	\$ <u>1,155,883</u>	\$ <u>6,076,803</u>

The accompanying notes are integral part of the financial statements.

**WOOD COUNTY, WEST VIRGINIA**  
*RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS*  
*TO THE STATEMENT OF NET POSITION*  
June 30, 2015

Total fund balances on the governmental fund's balance sheet	\$ 5,353,276
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note IV.C.)	18,751,928
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note IV.B.)	396,624
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note IV.G.)	<u>( 6,024,349)</u>
Net position of governmental activities	<u>\$ 18,477,479</u>

The accompanying notes are integral part of the financial statements.

**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2015

	<u>General</u>	<u>Coal Severance Tax</u>	<u>E911 Fund</u>	<u>Special Building</u>	<u>Building Commission</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Taxes:							
Ad valorem property taxes	\$ 13,771,347	\$ --	\$ --	\$ --	\$ --	\$ 758,286	\$ 14,529,633
Alcoholic beverages tax	10,381	--	--	--	--	--	10,381
Hotel occupancy tax	754,775	--	--	--	--	--	754,775
Animal tax	--	--	--	--	--	32,816	32,816
Gas and oil severance tax	87,182	--	--	--	--	--	87,182
Other taxes	437,023	--	--	--	--	--	437,023
Coal severance tax	--	148,601	--	--	--	--	148,601
Licenses and permits	70,352	--	--	--	--	81,900	152,252
Intergovernmental:			--				
Federal	995,269	--	--	--	--	--	995,269
State	626,239	--	--	--	--	--	626,239
Local	7,000	--	--	--	--	12,425	19,425
Charges for services	669,080	--	1,809,141	--	--	395,442	2,873,663
Fines and forfeits	204,942	--	--	--	--	367,699	572,641
Interest and investment earnings	5,521	102	1,119	2,728	--	1,718	11,188
Refunds	138,503	16,313	399	--	--	7,718	162,933
Reimbursements	--	--	62,500	164,042	--	51,833	278,375
Payments in lieu of taxes	220,356	--	--	--	--	--	220,356
Contributions and donations	--	--	--	--	--	5,020	5,020
Miscellaneous	381,598	--	--	50,000	--	655	432,253
Total revenues	<u>18,379,568</u>	<u>165,016</u>	<u>1,873,159</u>	<u>216,770</u>	<u>--</u>	<u>1,715,512</u>	<u>22,350,025</u>
<b>EXPENDITURES</b>							
Current:							
General government	9,772,151	--	392,888	--	--	99,717	10,264,756
Public safety	8,862,906	--	--	--	--	412,070	9,274,976
Health and sanitation	172,394	--	--	--	--	--	172,394
Culture and recreation	1,682,899	--	--	--	--	--	1,682,899
Social services	35,055	--	--	--	--	--	35,055
Capital outlay	73,642	115,196	--	2,500	--	167,997	359,335
Debt service:							
Principal	--	--	--	--	260,000	--	260,000
Interest	--	--	--	--	384,675	--	384,675
Total expenditures	<u>20,599,047</u>	<u>115,196</u>	<u>392,888</u>	<u>2,500</u>	<u>644,675</u>	<u>679,784</u>	<u>22,434,090</u>
Excess (deficiency) of revenues over expenditures	<u>( 2,219,479)</u>	<u>49,820</u>	<u>1,480,271</u>	<u>214,270</u>	<u>( 644,675)</u>	<u>1,035,728</u>	<u>( 84,065)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,765,081	--	--	400,000	644,674	--	3,809,755
Transfers (out)	( 400,000)	--	( 1,739,301)	( 644,674)	--	( 1,025,780)	( 3,809,755)
Proceeds from the sale of assets	10,000	--	--	--	--	--	10,000
Total other financing sources (uses)	<u>2,375,081</u>	<u>--</u>	<u>( 1,739,301)</u>	<u>( 244,674)</u>	<u>644,674</u>	<u>( 1,025,780)</u>	<u>10,000</u>
Net change in fund balances	155,602	49,820	( 259,030)	( 30,404)	( 1)	9,948	( 74,065)
Fund balances - beginning	<u>2,275,110</u>	<u>81,758</u>	<u>892,716</u>	<u>1,031,821</u>	<u>1</u>	<u>1,145,935</u>	<u>5,427,341</u>
Fund balances - ending	<u>\$ 2,430,712</u>	<u>\$ 131,578</u>	<u>\$ 633,686</u>	<u>\$ 1,001,417</u>	<u>\$ --</u>	<u>\$ 1,155,883</u>	<u>\$ 5,353,276</u>

The accompanying notes are integral part of the financial statements.

**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, 2015

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

Net change in fund balances - total governmental funds	\$ ( 74,065)
--	--------------

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.)	868,783
--	---------

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.)	( 713,412)
---	------------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note IV.C.)	( 145,041)
---	------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year deferred revenues.	( 140,273)
---	------------

Prior year deferred revenues:	\$536,897	
Current year deferred revenues:	\$396,624	

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 position. 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.)	( 6,585)
--	----------

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)	303,674
---	---------

Change in net position of governmental activities	\$ <u>93,081</u>
---	------------------

**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, 2015

	<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	\$ 12,922,806	\$ 13,025,306	\$ 13,771,347	\$ --	\$ 13,771,347	\$ 746,041
Alcoholic beverages tax	5,000	10,000	10,381	--	10,381	381
Hotel occupancy tax	715,397	750,397	754,775	--	754,775	4,378
Gas and oil severance tax	40,000	87,000	87,182	--	87,182	182
Other taxes	375,000	433,000	437,023	--	437,023	4,023
Licenses and permits	66,200	72,123	70,352	--	70,352	( 1,771)
Intergovernmental:						
Federal	--	1,351,028	995,269	--	995,269	( 355,759)
State	--	1,184,165	626,239	--	626,239	( 557,926)
Local	--	7,000	7,000	--	7,000	--
Charges for services	685,690	674,571	669,080	--	669,080	( 5,491)
Fines and forfeits	13,000	15,396	204,942	--	204,942	189,546
Interest and investment earnings	151,000	189,150	5,521	4,333	9,854	( 179,296)
Refunds	140,000	217,549	138,503	--	138,503	( 79,046)
Payments in lieu of taxes	275,000	210,385	220,356	--	220,356	9,971
Miscellaneous	422,000	476,345	381,598	--	381,598	( 94,747)
Total revenues	15,811,093	18,703,415	18,379,568	4,333	18,383,901	( 319,514)
<b>EXPENDITURES</b>						
Current:						
General government	8,605,145	11,478,251	9,772,151	--	9,772,151	1,706,100
Public safety	9,773,718	9,653,231	8,862,906	--	8,862,906	790,325
Health and sanitation	178,250	178,250	172,394	--	172,394	5,856
Culture and recreation	1,600,899	1,726,078	1,682,899	--	1,682,899	43,179
Social services	35,500	35,500	35,055	--	35,055	445
Capital outlay	200,000	196,310	73,642	--	73,642	122,668
Total expenditures	20,393,512	23,267,620	20,599,047	--	20,599,047	2,668,573
Excess (deficiency) of revenues over expenditures	( 4,582,419)	( 4,564,205)	( 2,219,479)	4,333	( 2,215,146)	2,349,059
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,772,419	4,123,347	2,765,081	300,000	3,065,081	( 1,058,266)
Transfers (out)	--	( 700,000)	( 400,000)	--	( 400,000)	300,000
Proceeds from the sale of assets	10,000	10,000	10,000	--	10,000	--
Total other financing sources (uses)	3,782,419	3,433,347	2,375,081	300,000	2,675,081	( 758,266)
Net change in fund balance	( 800,000)	( 1,130,858)	155,602	304,333	459,935	1,590,793
Fund balance - beginning	800,000	1,130,858	2,275,110	( 1,152,581)	1,122,529	( 8,329)
Fund balance - ending	\$ --	\$ --	\$ 2,430,712	\$ ( 848,248)	\$ 1,582,464	\$ 1,582,464

The accompanying notes are integral part of the financial statements.

**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, 2015

	<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	\$ 179,133	\$ 179,133	\$ 148,601	\$ - -	\$ 148,601	\$ ( 30,532)
Interest and investment earnings	50	50	102	- -	102	52
Refunds	- -	16,313	16,313	- -	16,313	- -
Total revenues	179,183	195,496	165,016	- -	165,016	( 30,480)
<b>EXPENDITURES</b>						
Capital outlay	223,183	277,254	115,196	- -	115,196	162,058
Total expenditures	223,183	277,254	115,196	- -	115,196	162,058
Net change in fund balance	( 44,000)	( 81,758)	49,820	- -	49,820	131,578
Fund balance - beginning	44,000	81,758	81,758	- -	81,758	- -
Fund balance - ending	\$ - -	\$ - -	\$ 131,578	\$ - -	\$ 131,578	\$ 131,578

The accompanying notes are integral part of the financial statements.



**WOOD COUNTY, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2015

	Agency Funds
<b>ASSETS</b>	
Non-pooled cash	\$ 2,183,085
Total cash	<u>2,183,085</u>
Receivables:	
Taxes	<u>3,135,568</u>
Total receivables	<u>3,135,568</u>
Total assets	<u>5,318,653</u>
<b>DEFERRED OUTFLOWS</b>	
	<u>--</u>
Total deferred outflows of resources	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 5,318,653</u>
<b>LIABILITIES</b>	
Due to: other governments	\$ <u>5,318,653</u>
Total liabilities	<u>5,318,653</u>
<b>DEFERRED INFLOWS</b>	
Unavailable revenue - taxes	<u>--</u>
Total deferred inflows of resources	<u>--</u>
Total liabilities and deferred inflows of resources	<u>\$ 5,318,653</u>

The accompanying notes are integral part of the financial statements.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except as noted, the accounting policies of Wood County, West Virginia (the government), 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 units] 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 Units*

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 three members appointed by the County Commission for a term of five 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, 2015

*Discretely Presented Component Units*

Discretely presented component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Because of the nature of services they provide and the County's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement 39 and GASB Statement 61). The discretely presented component units are presented on the government-wide statements.

The Wood County Economic Development Authority serves Wood County, West Virginia, and is governed by a board comprised of not more than thirty-one members appointed by the County Commission for a term of three years each. The Wood County Economic Development Authority promotes, develops, and advances the business prosperity and economic welfare of the County.

The Wood County Board of Parks and Recreation serves all citizens of Wood County by providing recreational services and is governed by an eleven-member board appointed by the County Commission. The County provides financial support to the Board on an annual basis.

Complete financial statements for each of the individual component units can be obtained at the entity's administrative offices.

*Jointly Governed Organizations*

The County, in conjunction with Wirt, Roane, Ritchie, Calhoun and Pleasants Counties has created the Mid-Ohio Valley Board of Health. The Board is composed of twelve members with two members appointed by the Wood County and ten members from the other participating governments. The County appropriated \$80,000 for an operating grant for the Mid-Ohio Valley Board of Health for the fiscal year.

The County, in conjunction with Washington County, Ohio, and Ritchie County, West Virginia has created the Mid-Ohio Valley Regional Airport Authority. The authority is composed of eight members with four members being appointed by the Wood County Commission and four members being appointed by 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:

Name of Organization

Mid-Ohio Valley Workforce Investment Authority	West Virginia Little Kanawha River Parkway
Mid-Ohio Valley Regional Council	Wood County Community Resources
Parkersburg/Wood County Public Library	Wood County Recreation Commission
Northeastern Area Agency on Aging	Wood County Solid Waste Authority
Parkersburg/Wood County Convention & Visitor's Center	Wood County Planning Commission

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

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

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.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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.

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 *Special Building Fund*, a capital projects fund, accounts for purchase, improvement and maintenance of County Buildings.

The *Building Commission Debt Service fund*, a debt service fund, accounts for payment of the Justice Center Bonds.

The *E-911 fund*, a special revenue fund, accounts for the operation of a communication center with trained personnel for emergencies in the County. The fees for its operations 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.

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.

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

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

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

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

**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.

**WOOD COUNTY, WEST VIRGINIA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
For the Fiscal Year Ended June 30, 2015

If it is determined that the available interest rate offered by an acceptable depository in the county is less than the interest rate, net of administrative fees referred to in article six, chapter twelve of the West Virginia Code, offered it through the state board of investments, the county treasurer may, with the approval of each fiscal body whose funds are involved, make such funds available to the state board of investments for investment in accordance with the provisions of article six, chapter twelve of the code.

State statutes authorize the government to enter into agreements with the State Treasurer for the investment of monies. Authority is provided for investment in the Investment Management Board, the West Virginia Board of Treasury or the Municipal Bond Commission, or to invest such funds in the following classes of securities: Any investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §80a, the portfolio of which is limited: (i) To obligations issued by or guaranteed as to the payment of both principal and interest by the United States of America or its agencies or instrumentalities; and (ii) to repurchase agreements fully collateralized by obligations of the United States government or its agencies or instrumentalities: Provided, That the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian: Provided, however, That the investment company or investment trust is rated within one of the top two rating categories of any nationally recognized rating service such as Moody's or Standard & Poor's.

## **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 20 percent of the property taxes outstanding at June 30, 2015.

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.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy
Class I	\$ - -	13.14 cents	.54 cents
Class II	1,758,454,872	26.28 cents	1.08 cents
Class III	813,685,382	52.56 cents	2.16 cents
Class IV	785,859,425	52.56 cents	2.16 cents

Wood County, West Virginia held a special election on November 6, 2012. The County was authorized to lay an excess levy to provide approximately \$454,700 annually during the five fiscal years beginning June 30, 2014 through June 30, 2018 , for the purpose or purposes for which additional funds are needed for the Parkersburg and Wood County Public Library to: build and operate a larger South Parkersburg Library to replace the 1,200 square foot building that has been in use since 1972; move the entrance of the Emerson Library from Emerson Avenue to the side parking lot for increased accessibility for seniors, children, and the disabled; add weekend hours at Williamstown and South Parkersburg Libraries; reinstate cut hours for Waverly and Bookmobile; increase sharing of materials with Vienna Library and Wood County Schools; increase staff dedicated to children's services; and contribute to the general operation of the Library.

### 3. Inventories and Prepaid Items

There are no material inventories maintained; therefore they do not appear on the financial statements.

### 4. Restricted Assets

Certain assets of the Building Commission Debt Service funds are classified as restricted assets because their use is restricted by bond agreements.

### 5. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of capitalization policy amount example \$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:

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

<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	12,500
Building	40 years	1	25,000
Building improvements	20 to 25 years	1	25,000
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	2,500
Vehicles	5 to 10 years	1,000	15,000
Infrastructure	40 to 50 years	50,000	100,000

#### 6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but not unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and fund financial statements in accordance with GASB Statement No. 16 *Accounting for Compensated Absences*.

#### 7. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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

#### 8. Fund Balances

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

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



**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the County Commission for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

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

#### **9. Stabilization Arrangements**

The government has created a stabilization arrangement in accordance with West Virginia Code § 7-21-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used at the Order of the Commission. The stabilization balance at fiscal year-end was \$1,142,156.

#### **10. Deferred Outflows/inflows of Resources**

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

### **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 position of governmental activities as reported in the government-wide Statement of Activities. One 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:

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

Compensated absences	\$ ( 19,152)
Bonds	260,000
Leases	<u>62,826</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 303,674</u>

### 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 basis of accounting less payables basis of accounting except that the budget for the General County fund includes General County cash but not money reserved for the Financial Stabilization fund. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for both the General and 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>General Fund Amount</u>	<u>Coal Severance Amount</u>
General government expenditure increase	\$ 3,573,106	\$ - -
Public safety expenditure decrease	( 120,487)	- -
Culture and recreation expenditure increase	125,179	- -
Capital projects expenditure increase (decrease)	( 3,690)	54,071

#### B. Encumbrances

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances are listed below for major funds, and nonmajor funds in the aggregate.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

<u>Encumbrance Description</u>	<u>General Fund</u>	<u>Coal Severance</u>
Supplies	\$ 41,704	\$ -
Vehicles	-	102,104

#### **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 \$7,608,439. 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 Position of the primary government and Statement of Net Position of the Fiduciary Funds is as follows:

Cash and cash equivalents	\$ 5,099,737
Cash and cash equivalents - restricted	<u>2,371,604</u>
Total	<u><u>\$ 7,471,341</u></u>

##### **B. Receivables**

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

	<u>General</u>	<u>Fiduciary</u>
Receivables:		
Taxes	\$ 788,547	3,135,568

Governmental funds report deferred inflows 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 inflows and unearned revenue reported in the governmental funds were as follows:

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 535,008
Total unavailable/unearned revenue for governmental funds	\$ <u>535,008</u>

**C. Capital Assets**

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

	<b>Primary Government</b>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,863,789	\$ 183,722	\$ --	\$ 2,047,511
Total capital assets not being depreciated	<u>1,863,789</u>	<u>183,722</u>	<u>--</u>	<u>2,047,511</u>
Capital assets being depreciated:				
Buildings and improvements	6,519,943	303,375	--	6,823,318
Structures and improvements	13,273,643	--	--	13,273,643
Machinery and equipment	9,262,177	381,686	( 292,464)	9,351,399
Less: Total accumulated depreciation	<u>( 12,280,021)</u>	<u>( 713,412)</u>	<u>249,490</u>	<u>( 12,743,943)</u>
Total capital assets being depreciated, net	<u>16,775,742</u>	<u>( 28,351)</u>	<u>( 42,974)</u>	<u>16,704,417</u>
Governmental activities capital assets, net	<u>\$ 18,639,531</u>	<u>\$ 155,371</u>	<u>\$ ( 42,974)</u>	<u>\$ 18,751,928</u>

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

Governmental activities:	
General government	\$ 136,677
Public safety	175,849
Culture and recreation	11,199
Capital Projects	<u>389,687</u>
Total depreciation expense-governmental activities	<u>\$ 713,412</u>

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

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

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General County	Special Building	Justice Center	\$ 400,000
Special Building	Building Commission	Loans	644,674
Concealed Weapons	General County	Payroll Reimbursement	8,171
General Schools	General County	Fines	264,006
Magistrate Court	General County	Rent	54,166
E911	General County	Payroll Reimbursement	1,739,301
Assessor Valuation	General County	Payroll Reimbursement	699,437
Total			<u>\$ 3,809,755</u>

**E. Leases**

The future minimum lease obligations as of the fiscal year ended June 30 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2016	\$ 3,252

**F. Long-term Debt**

**Governmental Activities**

*Revenue Bonds*

The County issued bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
Justice Center 2010 B	1/1/2012	2.500%	\$ 95,000	\$ 95,000	\$ - -
Justice Center 2010 A	1/1/2021	5.785%	2,635,000	890,000	1,745,000
Justice Center 2010 A	1/1/2026	6.750%	1,745,000	- -	1,745,000
Justice Center 2010 A	1/1/2029	7.375%	1,215,000	- -	1,215,000
Justice Center 2010 A	1/1/2031	7.500%	895,000	- -	895,000
Total revenue bonds			<u>\$ 6,585,000</u>	<u>\$ 985,000</u>	<u>\$ 5,600,000</u>

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Principal	Interest
2016	\$ 270,000	\$ 369,106
2017	275,000	353,097
2018	285,000	336,647
2019	295,000	319,609
2020	305,000	301,984
2021 - 2025	1,685,000	1,200,947
2026 - 2030	2,030,000	558,009
2031 - 2035	455,000	17,062
Totals	<u>\$ 5,600,000</u>	<u>\$ 3,456,461</u>

*Pledged Revenues - Revenue Bonds*

The Wood County Building Commission, a blended component unit of Wood County West Virginia, has pledged future lease rental to be paid by the Wood County Commission to repay \$6,585,000 of lease revenue bonds issued in 2010. Proceeds from the bonds provided financing for the Justice Center and appurtenant facilities to house various public officials and county offices for the County Commission of Wood County, West Virginia. The bonds are payable solely from lease revenue paid by the County Commission through 2031. Annual principal and interest remaining to be paid on the outstanding bonds is \$9,056,461. Principal and interest paid for the current year and total customer net revenues were \$652,313 and \$644,675, respectively.

**Changes in Long-term Liabilities**

	<b>Governmental Activities</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds payable	\$ 5,860,000	\$ --	\$ ( 260,000)	\$ 5,600,000	\$ 270,000
Less: deferred amounts: discount	( 108,652)	--	( 6,585)	( 102,067)	--
Total bonds payable	5,751,348	--	( 266,585)	5,497,933	270,000
Capital leases	66,078	--	( 62,826)	3,252	3,252
Compensated absences	401,945	19,152	--	421,097	--
Governmental activities Long-term liabilities	<u>\$ 6,219,371</u>	<u>\$ 19,152</u>	<u>\$ ( 329,411)</u>	<u>\$ 5,922,282</u>	<u>\$ 273,252</u>

**WOOD COUNTY, WEST VIRGINIA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
For the Fiscal Year Ended June 30, 2015

**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 WV Corp for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010. Workers compensation coverage is provided for this entity by WV Corp.

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

**B. Related Party Transaction**

The Mid-Ohio Valley Day Report Center (Day Report Center), an operation of the Wood County Commission, is actively doing business with the West Virginia Drug Testing Laboratories, Inc. (Drug Lab), a nonprofit corporation. The Drug Lab performs drug testing for the various departments of the Wood County Commission, and the County provides labor and other services to the Drug Lab. One of the County Commissioners serves on the board and is an officer for the Drug Lab.

**C. 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.

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.

**D. 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.

**WOOD COUNTY, WEST VIRGINIA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
For the Fiscal Year Ended June 30, 2015

**VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

*Plan Descriptions, Contribution Information, and Funding Policies*

Wood County, West Virginia participates in state-wide, cost-sharing, multiple-employer defined benefit plans 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.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

**Public Employees Retirement System**

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	14.00%
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.
Deferred retirement portion	No
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.
Authority establishing contribution obligations and benefit provisions	State Statute



**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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 13%. 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 \$138,523 for employees' share and \$203,711 for employer's share.
Period required to vest	Five years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (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 \$342,234 for all covered employees with a contributed percentage of 100%.

**Emergency Medical Services Retirement System (EMSRS)**

Eligibility to participate	Any emergency medical services officer first employed after the effective date and any emergency medical service officers hired prior to the effective date who elect to become members.
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	8.50%
County's contribution rate	10.50%
Period required to vest	Five years

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

Benefits and eligibility for distribution      A member who has attained age 50 and has earned 20 or more years of contributing service; or age 50 when age plus contributory service equals 70 while still in covered employment; or the attainment of age 60 and completion of 10 years contributory service while still in covered employment; or attainment of age 62 and completion of 5 years of contributory service. The final average salary is the average of the highest annual compensation received by the member during covered employment for any 5 consecutive plan years (January 1 - December 31) within the last 10 years of service.

Deferred retirement option      No deferred retirement option is available.

Provisions for:

Cost of living	No
Death benefits	Yes

*Trend Information*

<u>Fiscal Year</u>	<u>Public Employees Retirement System (PERS)</u>		<u>West Virginia Deputy Sheriff Retirement System (WVDRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2015	\$ 1,147,507	100%	\$ 342,234	100%
2014	\$ 1,149,150	100%	\$ 361,423	100%
2013	\$ 1,139,427	100%	\$ 376,501	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.

**WOOD COUNTY, WEST VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**ASSESSOR'S VALUATION FUND**  
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>Budget Basis</u>	<u>Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Other taxes	\$ 688,022	\$ 735,022	\$ 758,286	\$ 23,264
Charges for services	3,600	3,600	3,639	39
Interest	300	300	491	191
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	691,922	738,922	762,416	23,494
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>				
Current:				
General government	881,922	983,968	85,868	898,100
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	881,922	983,968	85,868	898,100
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	( 190,000)	( 245,046)	676,548	921,594
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	--	--	--
Transfers (out)	--	--	( 705,193)	( 705,193)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	--	--	( 705,193)	( 705,193)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	( 190,000)	( 245,046)	( 28,645)	216,401
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance at beginning of year	190,000	245,046	245,046	--
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ --	\$ --	\$ 216,401	\$ 216,401
	<hr/>	<hr/>	<hr/>	<hr/>

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

<i>Federal Agency / Pass-Through Entity / Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Number</i>	<i>Total Expenditures</i>
<b>U.S. Department of the Interior</b>			
<i>Direct from the Federal Government:</i>			
Payment in Lieu of Taxes	15.226	N/A	\$ 20,622
<b>Total U.S. Department of the Interior</b>			20,622
<b>U.S. Department of Justice</b>			
<i>Direct from the Federal Government:</i>			
Edward Byrne Memorial Formula Grant Program	16.579	14-JAG-14	25,257
<i>Pass-Through the West Virginia Division of Justice and Community Services:</i>			
Crime Victim Assistance	16.575	14-VA-031, 13-VA-036	36,618
<b>Total U.S. Department of Justice</b>			61,875
<b>U.S. Department of Transportation</b>			
<i>Pass-through the West Virginia Department of Transportation:</i>			
Recreational Trails Program	20.219	N/A	51,229
Highway Safety Cluster:			
		F14-HS-03-402, F15-HS-03-DOHDD, F15-HS-03-154AL	
State and Community Highway Safety	20.600		73,244
Alcohol Impaired Driving Countermeasures Incentive Grant I	20.601	F14-HS-03-410, F15-HS-03-410	13,250
Safety Belt Performance Grants	20.609	F15-HS-03-406	17
State Traffic Safety Information System Improvements Grants	20.610	F15-HS-03-402	42,546
Child Safety and Child Booster Seat Incentive Grants	20.613	F14-HS-03-154	8,331
National Priority Safety Programs	20.616	F14HS-03-405e, F15HS-03-405b	78,185
Total Highway Safety Cluster			215,573
State and Community Highway Safety	20.607	F14-HS-03-405b	11,977
<b>Total U.S. Department of Transportation</b>			278,779
<b>U.S. Department of Homeland Security</b>			
<i>Direct from the Federal Government:</i>			
Port Security Grant Program	97.056	BMW2013PU0007	257,182
<i>Pass-through the West Virginia Office of Homeland Security and Emergency Management:</i>			
Hazard Mitigation Grant	97.039	FEMA-DR-4071-WV-004	361,368
Emergency Management Performance Grants	97.042	FEMA-DR-1691WV	2,638
<b>Total U.S. Department of Homeland Security</b>			621,188
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			\$ 982,464

See notes to the schedule of expenditures of federal awards.

**WOOD COUNTY, WEST VIRGINIA**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
For the Fiscal Year Ended June 30, 2015

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County and is presented on the cash 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 preparation of the financial statements.



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave.  
Parkersburg, WV 26101  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 15, 2016

Wood County Commission  
1 Court Square / PO Box 1474  
Parkersburg, WV 26102

To the Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report dated June 15, 2016. In that report, our opinion was qualified for the aggregate discretely presented component units for a lack of information regarding the sewer operations of the Wood County Parks and Recreation Commission. An adverse opinion was issued on governmental activities because the County did not implement Governmental Accounting Standards Board (GASB) Statements No. 45, 68 and 71 and for not properly recording capital assets and related depreciation. Our report refers to other auditors who audited the financial statements of the Wood County Parks and Recreation Commission and the Wood County Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

**Internal Control Over Financial Reporting**

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

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



*... "bringing more to the table"*  
Tax—Accounting—Audit—Review—Compilation—Agreed Upon Procedure—Consultation—Bookkeeping—Payroll  
Litigation Support—Financial Investigations  
Members: American Institute of Certified Public Accountants  
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• Association of Certified Anti - Money Laundering Specialists •



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 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 considered the deficiencies described in the accompanying Schedule of Audit Findings as items 2015-001, 2015-002 and 2015-004 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 deficiency described in the accompanying Schedule of Audit Findings as item 2015-003 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Audit Findings as items 2015-005, 2015-006 and 2015-007.

### **Entity's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Findings. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We also noted certain matters not requiring inclusion on this report that we have reported to management of Wood County Commission in a separate letter dated June 15, 2016.

### **Purpose of this Report**

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



**Perry and Associates**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

June 15, 2016

Wood County Commission  
1 Court Square / PO Box 1474  
Parkersburg, WV 26102

To the Commissioners:

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

We have audited the **Wood County's**, West Virginia (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the County's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the County's major federal programs.

***Management's Responsibility***

The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.



***... "bringing more to the table"***

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***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of audit findings as item 2015-007. This finding did not require us to modify our compliance opinion on the major federal programs.

The County's response to our noncompliance finding is described in the accompanying schedule of audit findings. We did not audit the County's response and, accordingly, we express no opinion on it.

***Report on Internal Control Over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal programs' compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Modified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #97.039 Hazard Mitigation Grant Program CFDA #97.056 Port Security Grant Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Pension Liability**  
**2015-001**

**CONDITION:**

We determined the County omitted the required net pension liability and related deferred inflows and outflows, expenses and required disclosures.

**CRITERIA:**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27* and also GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* are applicable for periods beginning after June 15, 2014. These statements focus on an earnings approach for recognizing a liability on an accrual basis as pensions are earned by employees. GASB 68 and 71 also recognize a liability for the payable to a defined benefit pension plan on both the accrual basis and the modified accrual basis.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

**Pension Liability (Continued)**  
**2015-001**

**CAUSE:**

The County is required to follow GASB Nos. 68 and 71 but did not report the net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense related to pension on the statements nor did they provide the required note disclosure associated with the net pension liability or required supplementary schedules of net pension liabilities and pension contributions.

**EFFECT:**

Failure to disclosure the required information per GASB Nos. 68 and 71 can mislead users of the financial statements. In addition, failure to report the pension related amounts and include the disclosures as required by GASB No. 68 and 71 resulted in the adverse opinion on the financial statements.

**RECOMMENDATION:**

The County should take action on reporting the County's net pension liability in the future.

**AUDITED AGENCY'S RESPONSE:**

Management is in the process of implementing corrective action.

**Other Post-Employment Benefits Obligated**  
**2015-002**

**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 governments total annual revenues in the first fiscal year ending after June 15, 1999. Governments with annual revenues of \$100 million or more (Phase I 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 and expenditures are substantially understated which necessitates a qualification of opinion on the financial statements.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

**Other Post-Employment Benefits Obligated (Continued)**  
**2015-002**

**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:**

The County Commission of Wood County's stance has never changed – Wood County has no OPEB liability because Wood County does not offer Other Post-Employment Benefits. Until the Auditor describes the benefit offered, the Finding is not justified.

**AUDITOR RESPONSE:**

As stated in the finding, GASB Statement Number 45 requires that local government employers report the costs and obligation associated with postemployment healthcare and other non-pension benefits.

**Sheriff's Tax Refund Account**  
**2015-003**

**CONDITION:**

We noted during our audit that the Wood County Sheriff's Tax Office is not properly maintaining the tax refund account. The tellers write the refund checks as necessary. They then give these checks to the office manager for review. The office manager generates a computer report showing the amount of refund that should have been issued that day. She then issues a check from the tax distribution account to be transferred into the refund account for the amount on the computer report. At no time is the computer report being reconciled to the checks written for that day, and an unidentified balance is being carried in this account. If properly maintained, this account would come to a reconciled zero balance at the end of each month.

**CRITERIA:**

Proper internal control procedures dictate that a policy be adopted and adhered to in regards to the maintenance of the Sheriff's tax refund account. Proper internal controls require that accounting controls are established and maintained to identify and correct all differences in timely manner.

**CAUSE:**

The Sheriff's Tax Office did not have proper internal control procedures in place for issuing tax refunds and maintaining the refund account.

**EFFECT:**

Discrepancies were not discovered and corrected in a timely manner. Money has been transferred from the tax distribution account without the corresponding refund checks being issued. An unidentified balance is being held in this account.

**RECOMMENDATION:**

The Wood County Sheriff's Tax Office should take steps to properly reconcile this account. Computer reports should be compared to checks issued to determine to whom the money in the refund account is owed. Checks should be remitted to the proper taxpayers to bring this account to a reconciled zero balance. Further, any old outstanding checks should be turned over to the State Treasurer as unclaimed property.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

**Sheriff's Tax Refund Account (Continued)**  
**2015-003**

**AUDITED AGENCY'S RESPONSE:**

At the present time there are two refund accounts. The new refund account was opened to coincide when we implemented the new tax system to process refunds. This account is reconciled on a monthly basis and does come back to an equalized balance. The old refund account exists with prior unclaimed refunds, in which we are aware these funds need to be turned over to the State Treasurer as unclaimed property. We are in the process of preparing a report for submission to the State Treasurer. This account also receives a monthly statement of activity from the banking institution, in which it is reconciled at the time.

**Capital Assets**  
**2015-004**

**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 correctly 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 client did properly calculate depreciation for the entire year.

**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. Depreciation should be calculated on applicable assets at the end of each month.

**AUDITED AGENCY'S RESPONSE:**

There is activity that for depreciation that is not accurately reflected on the report. We will investigate the discrepancy and correct for future Financial Statements. That report will be corrected.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

**Day Report Center Collections and Remittance**  
**2015-005**

**CONDITION:**

During our audit of the Mid-Ohio Valley Day Report Center, we were unable to perform procedures to satisfy ourselves as to an adequate confirmation of the revenues collected by the Center. Specifically, we noted the following issues:

- The computer system utilized by the Center does not properly maintain a daily cash balance with an accurate detailed transaction ledger of receipts and checks issued.
- Proper monthly bank reconciliations are not being performed. Deposits and checks are being compared to the bank statements; however, discrepancies are not being investigated and corrected properly. Additionally, deposits in transit and outstanding checks are not being properly accounted for in order to determine the reconciled cash balance.
- The Center does not remit all fees collected to the Sheriff's tax office on a monthly basis. Instead, they are remitting the ending monthly bank balance rather than the actual revenues collected.

**CRITERIA:**

Proper internal controls would require that an effective, accurate and secure transacting and accounting of monies that flow through the Mid-Ohio Valley Day Report Center be maintained. These controls would include a ledger detailing all receipts and checks issued by the Center resulting in a daily cash balance that could be reconciled to the monthly bank statement.

West Virginia Code 62-11C-7(d) 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:**

Adequate control procedures were not in place to ensure that all cash reconciling items were properly accounted for and to ensure that state statutes were being followed.

**EFFECT:**

With reconciliations and remittances 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. The records maintained by the Mid-Ohio Valley Day Report Center could not be adequately confirmed with actual amounts deposited. Further, we were unable to trace all receipts to the bank and subsequently to the Sheriff's receipts into the Community Criminal Justice Fund.

**RECOMMENDATION:**

Bank reconciliations should include all the revenues collected and checks issued for the first day to the last day of a given month. The reconciled bank balance, which includes deposits in transit and outstanding checks, should then be compared to the actual cash balance of the Center. If any discrepancies are found, they should be investigated and corrected but not just by simply adjusting the checkbook balance. The check issued to the Sheriff's office each month should be for the reconciled month end cash balance which normally would equal the previous month's collections.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

**Day Report Center Collection and Remittance (Continued)**  
**2015-005**

**RECOMMENDATION (Continued):**

Further, deposits and remittances of monies should be made in compliance with the West Virginia Code. Within the first ten days of each month, the Center should 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:**

Management is in the process of implementing corrective action.

**Drug Lab – Comingling Funds**  
**2015-006**

**CONDITION:**

We noted during our audit that the Wood County Commission is comingling the funds and operations of the Mid-Ohio Valley Day Report Center with the funds and operations of the West Virginia Drug Testing Laboratories, Inc. (Drug Lab), a separate legal nonprofit corporation. Specifically, we have noted the following situations:

- This County is paying the salaries and benefits for the two employees of the Wood County branch of the Drug Lab.
- The County is paying for drug lab testing and for testing supplies out of the Community Criminal Justice Fund.
- Some County employees receive additional compensation for the duties they are performing for the operations of the Drug Lab.
- The Drug Lab employees participate in the Public Employees Retirement System (PERS) under the County's FEIN.

While some reimbursements are being made from the Drug Lab to the County for these expenses, accurate accounting records are not being maintained to ensure that all expenses incurred by the County in relation to the Drug Lab are being fully reimbursed.

**CRITERIA:**

West Virginia Code 62-11C-8(a) states, in part, that:

“The treasurer of the county designated as the fiscal agent for the board . . . shall establish a separate fund designated the community criminal justice fund . . . Funds in the community criminal justice account are to be expended by order of the designated county's commission upon recommendation of the community criminal justice board in furtherance of the operation of an approved community corrections program.”

Proper internal control procedures require that accounting records be prepared accurately and contain all necessary information to properly separate the activities of the Day Report Center and the Drug Lab operations. Further, it is necessary to have policies in place to define who is considered to be employed by the County Commission and who is considered employed by the Drug Lab.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

**Drug Lab – Comingling Funds (Continued)**  
**2015-006**

**CAUSE:**

The County Commission does not have the proper controls and procedures in place to differentiate the operations and activities of the Day Report Center and the Drug Lab.

**EFFECT:**

Under the current accounting system being utilized, we are unable to adequately separate the operations of these two entities. We cannot determine what expenses have been incurred by the County for the operations of the Drug Lab and cannot verify that all of these expenses have been fully reimbursed. Additionally, we are unable to determine if the employees of the Drug Lab are eligible for retirement benefits under the County's umbrella.

**RECOMMENDATION:**

It is recommended that the County Commission establish policies and procedures to ensure that the operations of the County are kept separate from the operations of the Drug Lab. The accounting system should be designed to clearly separate the revenues and expenses of each of these entities. Invoices should be prepared by the County and issued to the West Virginia Drug Testing Laboratories, Inc. for all services performed and expenditures incurred by the County in operating the Drug Lab. The Drug Lab should issue checks accordingly to these invoices, and the County should be receipting these payments as reimbursements.

In addition, contracts and agreements need to be developed between the County Commission and the Drug Lab to define which entity is the employer of the Drug Lab employees. The County Commission should contact the Public Employees Retirement Board for assistance in determining if these employees are eligible to participate in the retirement system under the County's umbrella.

**AUDITED AGENCY'S RESPONSE:**

Management is in the process of implementing corrective action.



**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 2015**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>	
Finding Number	2015-007
CFDA Title and Number	CFDA #97.039 Hazard Mitigation Grant Program
	CFDA #97.056 Port Security Grant Program
Federal Award Number/Year	2015
Federal Agency	U.S. Department of Homeland Security
Pass-Through Agency	West Virginia Office of Homeland Security and Emergency Management

**Noncompliance**

*Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, Section .200(b)* provides that a non-federal entity that expends \$500,000 or more in a year in federal awards shall have a single audit conducted as discussed in the Circular. Section .105 defines such entities as “auditees”. Section .300(a) states, an auditee shall “identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity.”

Section .300(e) further states, an auditee shall “ensure that the audits required by this part are properly performed and submitted when due.” Section .320(a) provides that single audits shall be completed and a reporting package submitted to the federal clearinghouse designated by OMB, within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The County expended in excess of \$500,000 in federal awards during the fiscal year ended June 30, 2015; however, the County did not file their report with the Federal Audit Clearinghouse at the time of this audit, which is past the March 31 filing deadline.

We recommend the County develop procedures for timely submission of its A-133 reporting package.

**AUDITED AGENCY’S RESPONSE:**

Both our 2014 and 2015 audit reports were not completed in a timely fashion. In the future, our audits will be conducted in a timely manner.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	Schedule of Expenditures of Federal Awards	No	Partially corrected; moved to management letter.
2014-002	Other Post-Employment Benefits Obligations	No	Repeated at 2015-002
2014-003	Miscellaneous Revenue Receipts	Yes	Finding no longer valid
2014-004	Sheriff's Tax Refund Account	No	Partially corrected; repeated as 2015-003
2014-005	Capital Assets	No	Partially corrected; repeated as 2015-004
2014-006	Circuit Clerk Depository Collateral	Yes	Finding no longer valid
2014-007	Day Report Center Collections and Remittance	No	Partially corrected; repeated as 2015-005
2014-008	Drug Lab – Comingling of Funds	No	Partially corrected; repeated as 2015-006
2014-009	Tax Computer System	No	Partially corrected; moved to management letter.