

**AUDIT REPORT OF
WOOD COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Capital Reserves
Rainy Day
Special Building

NONMAJOR FUNDS

Special Revenue Funds

Dog and Kennel
General School
Magistrate Court
Worthless Check
Enhanced 911 Equipment
Home Confinement
Community Criminal Justice
Assessor's Valuation
Concealed Weapons
Special Law Enforcement
Local Law Enforcement
Small Cities Block Grant
Drug Court
E-911
County Clean Up
Tourism Grant -Fort Boreman

FIDUCIARY FUND TYPE

Agency Funds

County Offices
State
School
Municipal
Other Agency

**WOOD COUNTY, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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INTRODUCTORY SECTION

**WOOD COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2008**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Robert K. Tebay	01-01-03 / 12-31-08
	Rick Modesitt	01-01-05 / 12-31-10
	David Blair Couch	01-01-07 / 12-31-12
Clerk of the County Commission:	Jamie Six	01-01-05 / 12-31-10
Clerk of the Circuit Court:	Carole Jones	01-01-05 / 12-31-10
Sheriff:	K. D. Merritt	01-01-05 / 12-31-08
Prosecuting Attorney:	Virginia Conley	01-01-05 / 12-31-08
Assessor:	Steven Grimm	01-01-05 / 12-31-08

FINANCIAL SECTION



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County, West Virginia (the County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County, West Virginia, as of June 30, 2008, 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 conformity with accounting principles generally accepted in the United States of America.

Honorable Members of the
Wood County Commission
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer, III". The signature is fluid and cursive, with a prominent "G" and "B".

Glen B. Gainer, III
West Virginia State Auditor

November 25, 2009

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental <u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,537,450
Receivables:	
Taxes	637,560
Due from:	
Other governments	51,429
Capital assets:	
Nondepreciable:	
Land	1,360,341
Depreciable:	
Buildings	5,102,369
Structures and improvements	4,954,937
Machinery and equipment	5,527,330
Less: accumulated depreciation	<u>(6,225,583)</u>
Total assets	<u>\$ 19,945,833</u>
LIABILITIES	
Current liabilities payable	
from current assets:	
Accounts payable	316,694
Payroll payable	1,886
Noncurrent liabilities:	
Notes payable - due within one year	103,031
Notes payable - due in more than one year	409,079
Leases payable - due within one year	264,435
Leases payable - due in more than one year	320,665
Compensated absences payable	<u>363,753</u>
Total liabilities	<u>1,779,543</u>
NET ASSETS	
Invested in capital assets,	
net of related debt	9,622,184
Unrestricted	<u>8,544,106</u>
Total net assets	<u>18,166,290</u>
Total liabilities and net assets	<u>\$ 19,945,833</u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
<u>Functions / Programs</u>				
Governmental activities:				
General government	\$ 8,925,844	\$ 3,593,981	\$ 451,823	\$ (4,880,040)
Public safety	8,418,919	--	990,191	(7,428,728)
Health and sanitation	163,992	--	--	(163,992)
Culture and recreation	466,742	--	--	(466,742)
Social services	42,500	--	--	(42,500)
Total governmental activities	18,017,997	3,593,981	1,442,014	(12,982,002)
General revenues:				
Ad valorem property taxes				12,137,147
Alcoholic beverages tax				32,076
Hotel occupancy tax				448,910
Gas and oil severance tax				52,683
Other taxes				1,118,355
Coal severance tax				151,889
Licenses and permits				80,735
Intergovernmental:				
Local				270,454
Unrestricted investment earnings				514,861
Refunds				196,647
Reimbursement				27,744
Video Lottery				306,122
Contributions from other entities				19,143
Miscellaneous				81,340
Total general revenues and transfers				15,438,106
Change in net assets				2,456,104
Net assets - beginning				15,710,186
Net assets - ending			\$	18,166,290

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

WOOD COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Capital Reserves</u>	<u>Rainy Day</u>	<u>Special Building</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Current:							
Cash and cash equivalents	\$ 2,034,932	\$ 114,122	\$ 1,066,202	\$ 2,095,615	\$ 1,876,851	\$ 1,349,728	\$ 8,537,450
Receivables:							
Taxes	637,560	--	--	--	--	--	637,560
Due from:							
Other governments	51,429	--	--	--	--	--	51,429
Total assets	<u>\$ 2,723,921</u>	<u>\$ 114,122</u>	<u>\$ 1,066,202</u>	<u>\$ 2,095,615</u>	<u>\$ 1,876,851</u>	<u>\$ 1,349,728</u>	<u>\$ 9,226,439</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	316,694	--	--	--	--	--	316,694
Payroll payable	1,886	--	--	--	--	--	1,886
Deferred revenues:							
Taxes	573,804	--	--	--	--	--	573,804
Total liabilities	<u>892,384</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>892,384</u>
Fund balances:							
Unreserved, reported in:							
General fund	1,831,537	--	--	--	--	--	1,831,537
Special revenue funds	--	114,122	--	2,095,615	--	1,349,728	3,559,465
Capital projects funds	--	--	1,066,202	--	1,876,851	--	2,943,053
Total fund balances	<u>1,831,537</u>	<u>114,122</u>	<u>1,066,202</u>	<u>2,095,615</u>	<u>1,876,851</u>	<u>1,349,728</u>	<u>8,334,055</u>
Total liabilities and fund balances	<u>\$ 2,723,921</u>	<u>\$ 114,122</u>	<u>\$ 1,066,202</u>	<u>\$ 2,095,615</u>	<u>\$ 1,876,851</u>	<u>\$ 1,349,728</u>	<u>\$ 9,226,439</u>

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

WOOD COUNTY, WEST VIRGINIA
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances on the governmental fund's balance sheet	\$ 8,334,055
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. (Note IV.C.)	10,719,394
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note IV.B.)	573,804
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note II-A.)	<u>(1,460,963)</u>
Net assets of governmental activities	<u><u>\$ 18,166,290</u></u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	<u>General</u>	Coal Severance <u>Tax</u>	Capital <u>Reserves</u>	Rainy <u>Day</u>	Special <u>Building</u>	Other Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES							
Taxes:							
Ad valorem property taxes	\$ 12,273,984	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,273,984
Alcoholic beverages tax	32,076	--	--	--	--	--	32,076
Hotel occupancy tax	448,910	--	--	--	--	--	448,910
Gas and oil severance tax	52,683	--	--	--	--	--	52,683
Other taxes	498,705	--	--	--	--	619,650	1,118,355
Coal severance tax	--	151,889	--	--	--	--	151,889
Licenses and permits	43,715	--	--	--	--	37,020	80,735
Intergovernmental:							
Federal	824,600	--	--	--	--	165,591	990,191
State	451,823	--	--	--	--	--	451,823
Charges for services	825,331	--	--	--	--	1,831,636	2,656,967
Fines and forfeits	31,219	--	--	--	--	905,795	937,014
Interest and investment earnings	138,518	846	6,039	35,930	49,185	64,299	294,817
Refunds	415,681	--	--	--	--	1,010	416,691
Reimbursements	--	--	--	--	--	27,744	27,744
Video Lottery	306,122	--	--	--	--	--	306,122
Payments in lieu of taxes	270,454	--	--	--	--	--	270,454
Contributions and donations	17,143	--	--	--	--	2,000	19,143
Miscellaneous	67,860	--	--	--	--	--	67,860
Total revenues	<u>16,698,824</u>	<u>152,735</u>	<u>6,039</u>	<u>35,930</u>	<u>49,185</u>	<u>3,654,745</u>	<u>20,597,458</u>
EXPENDITURES							
Current:							
General government	9,086,750	--	--	--	--	152,396	9,239,146
Public safety	7,750,278	--	215,313	--	--	470,789	8,436,380
Health and sanitation	163,992	--	--	--	--	--	163,992
Culture and recreation	790,366	--	--	--	--	1,693	792,059
Social services	42,500	--	--	--	--	--	42,500
Capital projects	638,808	189,852	--	--	86,089	74,002	988,751
Total expenditures	<u>18,472,694</u>	<u>189,852</u>	<u>215,313</u>	<u>--</u>	<u>86,089</u>	<u>698,880</u>	<u>19,662,828</u>
Excess (deficiency) of revenues over (under) expenditures	(1,773,870)	(37,117)	(209,274)	35,930	(36,904)	2,955,865	934,630
OTHER FINANCING SOURCES (USES)							
Transfers in	2,835,760	--	360,000	750,000	350,000	11,995	4,307,755
Transfers (out)	(1,110,995)	--	--	--	(10,843)	(3,185,917)	(4,307,755)
Proceeds from the sale of assets	14,780	--	--	--	--	--	14,780
Capital leases	378,600	--	--	--	--	--	378,600
Total other financing sources (uses)	<u>2,118,145</u>	<u>--</u>	<u>360,000</u>	<u>750,000</u>	<u>339,157</u>	<u>(3,173,922)</u>	<u>393,380</u>
Net change in fund balances	344,275	(37,117)	150,726	785,930	302,253	(218,057)	1,328,010
Fund balances - beginning	<u>1,487,262</u>	<u>151,239</u>	<u>915,476</u>	<u>1,309,685</u>	<u>1,574,598</u>	<u>1,567,785</u>	<u>7,006,045</u>
Fund balances - ending	<u>\$ 1,831,537</u>	<u>\$ 114,122</u>	<u>\$ 1,066,202</u>	<u>\$ 2,095,615</u>	<u>\$ 1,876,851</u>	<u>\$ 1,349,728</u>	<u>\$ 8,334,055</u>

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

WOOD COUNTY, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds	\$ 1,328,010
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note II-B.)	1,316,016
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(14,780)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	13,480
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Note II-B.)	(136,837)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II-B.)	(378,600)
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-B.)	<u>328,815</u>
Change in net assets of governmental activities	<u>\$ 2,456,104</u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	<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>
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 11,433,708	\$ 11,890,958	\$ 12,273,984	\$ 32,348	\$ 12,306,332	\$ 415,374
Alcoholic beverages tax	20,000	32,100	32,076	--	32,076	(24)
Hotel occupancy tax	300,000	600,000	448,910	--	448,910	(151,090)
Gas and oil severance tax	40,000	40,000	52,683	--	52,683	12,683
Other taxes	500,000	540,817	498,705	--	498,705	(42,112)
Licenses and permits	28,100	39,200	43,715	--	43,715	4,515
Intergovernmental:						
Federal	--	1,017,469	824,600	--	824,600	(192,869)
State	--	712,070	451,823	--	451,823	(260,247)
Charges for services	588,300	899,800	825,331	--	825,331	(74,469)
Fines and forfeits	20,000	30,000	31,219	--	31,219	1,219
Interest and investment earnings	156,000	366,044	358,562	--	358,562	(7,482)
Refunds	50,000	314,893	195,637	--	195,637	(119,256)
Video Lottery	240,000	244,000	306,122	--	306,122	62,122
Payments in lieu of taxes	255,000	270,400	270,454	--	270,454	54
Contributions and donations	20,000	20,000	17,143	--	17,143	(2,857)
Miscellaneous	43,400	66,970	67,860	--	67,860	890
Total revenues	<u>13,694,508</u>	<u>17,084,721</u>	<u>16,698,824</u>	<u>32,348</u>	<u>16,731,172</u>	<u>(353,549)</u>
EXPENDITURES						
Current:						
General government	7,631,281	11,169,887	9,086,750	(155,000)	8,931,750	2,238,137
Public safety	7,938,307	8,374,701	7,750,278	--	7,750,278	624,423
Health and sanitation	168,150	168,185	163,992	--	163,992	4,193
Culture and recreation	664,704	987,925	790,366	--	790,366	197,559
Social services	46,500	46,500	42,500	--	42,500	4,000
Capital projects	493,645	497,881	638,808	(223,600)	415,208	82,673
Total expenditures	<u>16,942,587</u>	<u>21,245,079</u>	<u>18,472,694</u>	<u>(378,600)</u>	<u>18,094,094</u>	<u>3,150,985</u>
Excess (deficiency) of revenues over (under) expenditures	(3,248,079)	(4,160,358)	(1,773,870)	410,948	(1,362,922)	2,797,436
OTHER FINANCING SOURCES (USES)						
Transfers in	2,531,079	2,800,328	2,835,760	--	2,835,760	35,432
Transfers (out)	--	--	(1,110,995)	--	(1,110,995)	(1,110,995)
Proceeds from the sale of assets	17,000	20,300	14,780	--	14,780	(5,520)
Capital leases	--	--	378,600	(378,600)	--	--
Total other financing sources (uses)	<u>2,548,079</u>	<u>2,820,628</u>	<u>2,118,145</u>	<u>(378,600)</u>	<u>1,739,545</u>	<u>(1,081,083)</u>
Net change in fund balance	(700,000)	(1,339,730)	344,275	32,348	376,623	1,716,353
Fund balances - beginning	<u>700,000</u>	<u>1,339,730</u>	<u>1,487,262</u>	<u>(147,532)</u>	<u>1,339,730</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,831,537</u>	<u>\$ (115,184)</u>	<u>\$ 1,716,353</u>	<u>\$ 1,716,353</u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes:				
Coal severance tax	\$ 150,000	\$ 150,000	\$ 151,889	\$ 1,889
Intergovernmental:				
Interest and investment earnings	<u>700</u>	<u>700</u>	<u>846</u>	<u>146</u>
Total revenues	<u>150,700</u>	<u>150,700</u>	<u>152,735</u>	<u>2,035</u>
EXPENDITURES				
Current:				
Capital projects	<u>296,220</u>	<u>301,939</u>	<u>189,852</u>	<u>112,087</u>
Total expenditures	<u>296,220</u>	<u>301,939</u>	<u>189,852</u>	<u>112,087</u>
Excess (deficiency) of revenues over (under) expenditures	(145,520)	(151,239)	(37,117)	114,122
Net change in fund balance	(145,520)	(151,239)	(37,117)	114,122
Fund balances - beginning	<u>145,520</u>	<u>151,239</u>	<u>151,239</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 114,122</u>	<u>\$ 114,122</u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

Agency
Funds

ASSETS

Non-pooled cash	\$ <u>1,456,901</u>
Total cash	<u>1,456,901</u>
Total assets	\$ <u><u>1,456,901</u></u>

LIABILITIES

Due to: other governments	<u>1,456,901</u>
Total liabilities	<u>1,456,901</u>

NET ASSETS

Net assets held in trust	\$ <u><u>--</u></u>
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The notes to the financial statements are an integral part of this statement.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Blended Component 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 3 members appointed by the County Commission for a term of 5 years each. The Building Commission acquires property and debt on behalf of the County.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Jointly Governed Organizations

The County, in conjunction with Wirt County, Roane County, Ritchie County, Calhoun County, and Pleasants County, has created the Mid-Ohio Valley Board of Health. The board is composed of 12 members with 2 members appointed by the Wood County Commission and 10 members from the other counties. The County appropriated \$90,000 for an operating grant for the Mid-Ohio Valley Board of Health for the fiscal year.

The County, in conjunction with Washington County, OH, and Ritchie County, WV has created the Mid-Ohio Valley Regional Airport Authority, the board is composed of 8 members with 4 members appointed by the Wood County Commission and 4 members from the other counties. The County appropriated \$67,500 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 appoints board members to the following organizations:

<u>Name of Organization</u>	<u>Operating grant made during the year</u>
Mid-Ohio Valley Workforce Investment Authority	\$ --
Mid-Ohio Valley Regional Council	12,768
Wood Co. Board of Parks and Recreation	57,500
Northeastern Area Agency on Aging	--
Parkersburg/Wood County Convention & Visitors Bureau	224,626
Parkersburg/Wood County Public Library	From County Levy
West Virginia Little Kanawha River Parkway	5,000
Wood County Community Resources	--
Wood County Recreation Commission	73,000
Wood County Solid Waste Authority	--
Wood County Development Authority	40,000
Wood County Planning Commission	--

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. 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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

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

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

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

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

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

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

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

The *Special Building fund*, a capital projects fund, account for major purchases and or renovations of buildings owned by the County.

The *Capital Reserves fund*, a capital projects fund, accounts for major purchases of capital assets for the Emergency 911 center and is three percent of the E911 fund..

Additionally, the government reports the following fund types:

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

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

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deeds of trust for property situated within this State if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation, nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

2. Receivables and Payables

Interfund Transactions

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

Property Tax Receivable

The property tax receivable is equal to 100 percent of the property taxes outstanding at June 30, 2008.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

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

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

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

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ 3,097,164	13.14 cents
Class II	1,445,642,256	26.28 cents
Class III	798,866,709	52.56 cents
Class IV	766,865,125	52.56 cents

3. Inventories and Prepaid Items

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

The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

4. 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 \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

5. Compensated Absences

West Virginia Code §7-14-17(a) allows deputy sheriffs to carry thirty vacation days from year to year. The sheriff applies this section of code to all sheriff's office employees. Other employees cannot carry over vacation benefits past the calendar year-end. No liability is reported for unpaid and accumulated sick leave.

6. 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 statement of net assets.

7. Fund Equity

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund Balance Sheet includes a reconciliation between fund balance total governmental funds and net assets-governmental activities as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that, "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Capital leases payable	\$ (585,100)
Compensated absences	(363,753)
Loans payable	<u>(512,110)</u>
Net adjustment to decrease fund balance- total governmental funds to arrive at net assets-governmental activities	<u><u>\$ (1,460,963)</u></u>

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation for the current period." The details of the difference are as follows:

Capital outlays	\$ 2,586,868
Depreciation expense	<u>(1,270,852)</u>
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 1,316,016</u></u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Another element of that reconciliation states that, "Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this difference are as follows:

Current year deferred revenues	\$ 573,804
Prior year deferred revenues	<u>(710,641)</u>
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (136,837)</u>

Another element of that reconciliation states that, "The issuance of long-term debt (i.e. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
Capital lease financing	<u>\$ (378,600)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (378,600)</u>

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

Compensated absences	\$ (34,228)
Notes	98,964
Leases	<u>264,079</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 328,815</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 for tax revenues and the modified accrual basis for other revenues and expenditures. 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>Amount</u>
<u>General County Fund</u>	
General government expenditure increase	\$ 3,538,606
Public safety expenditure increase	436,394
Health and sanitation expenditure increase	35
Culture and recreation expenditure increase	323,221
Capital projects expenditure increase	4,236
<u>Coal Severance Fund</u>	
Capital projects expenditure increase	5,719

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year-end, the government had no investments.

Custodial Credit Risk

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

At year end, the government's bank balances were \$9,994,351. Of this amount \$8,565,912 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. \$1,428,439 was exposed to credit risk because it was not collateralized.

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

Cash and cash equivalents	\$ 8,537,450
Cash and cash equivalents-restricted	<u>1,456,901</u>
Total	<u>\$ 9,994,351</u>

B. Receivables

Receivables at year end for the government's individual major and nonmajor funds were as follows:

	<u>General Fund</u>
Receivables:	
Taxes	<u>\$ 637,560</u>
Net Total Receivables	<u>\$ 637,560</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

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

	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 573,804
Total deferred/unearned revenue for governmental funds	<u>\$ 573,804</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,360,341	\$ --	\$ --	\$ 1,360,341
Total capital assets not being depreciated	<u>1,360,341</u>	<u>--</u>	<u>--</u>	<u>1,360,341</u>
Capital assets being depreciated:				
Buildings and improvements	5,102,369	--	--	5,102,369
Structures and improvements	3,732,636	1,222,301	--	4,954,937
Machinery and equipment	4,497,868	1,364,567	(335,105)	5,527,330
Less: Total accumulated depreciation	<u>(5,288,536)</u>	<u>(1,270,852)</u>	<u>333,805</u>	<u>(6,225,583)</u>
Total capital assets being depreciated, net	<u>8,044,337</u>	<u>1,316,016</u>	<u>(1,300)</u>	<u>9,359,053</u>
Governmental activities capital assets, net	<u>\$ 9,404,678</u>	<u>\$ 1,316,016</u>	<u>\$ (1,300)</u>	<u>\$ 10,719,394</u>

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

Governmental activities:	
General government	\$ 539,695
Public safety	599,324
Culture and recreation	<u>131,833</u>
Total depreciation expense-governmental activities	<u>\$ 1,270,852</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

D. Interfund Transfers

Interfund Transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Amount</u>
General School Fund	General Fund	\$ 468,079
Magistrate Court Fund	General Fund	60,418
Home Confinement Fund	General Fund	254,949
Assessor's Valuation Fund	General Fund	585,291
Concealed Weapons Fund	General Fund	12,795
E-911 Fund	General Fund	1,312,731
Fort Boreman Grant Fund	General Fund	51,330
Special Law Enforcement Fund	Drug Court Fund	1,000
General Fund	Rainy Day Fund	750,000
General Fund	Home Confinement Fund	2,000
General Fund	Criminal Justice Fund	8,995
E-911 Fund	Capital Reserve Fund	360,000
Local Law Enforcement	General Fund	69,324
Special Building Fund	General Fund	10,843
General Fund	Special Building Fund	350,000
Small Cities Block Grants Fund	General Fund	10,000
Total		<u>\$ 4,307,755</u>

E. Leases

Capital Leases

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2009	\$ 273,373
2010	159,910
2011	124,714
2012	31,000
2013	<u>15,500</u>
Total minimum lease payments	604,497
Less: amount representing interest	<u>(19,397)</u>
Present value of minimum lease payments	<u>\$ 585,100</u>

F. Notes Payable

The Wood County Building Commission, a blended component unit, entered into a Loan Agreement dated May 24, 2005, with United Bank, Inc. The economic substance of the loan is that the Commission is financing the renovation and acquisition of furniture for the Wood County Annex and, accordingly, it is recorded in the County Commission's assets and liabilities. The loan was for \$1,000,000, but only \$797,910 has been drawn down. This amount was drawn down prior to this fiscal year. The outstanding balance at June 30, 2008 was \$512,110.

The future minimum loan obligation and the net present value of these minimum loan payments as of the fiscal year ended June 30, 2008 were as follows:

<u>Year Ending June 30,</u>	<u>Building Commission</u>
2009	\$ 121,798
2010	121,798
2011	121,798
2012	121,798
2013	<u>74,929</u>
Total minimum lease payments	562,121
Less: amount representing interest	<u>(50,011)</u>
Present value of minimum lease payments	<u>\$ 512,110</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

G. Long-term Debt

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 470,579	\$ 378,600	\$ (264,079)	\$ 585,100	\$ 264,435
Loan	611,074	--	(98,964)	512,110	103,031
Compensated absences	329,525	34,228	--	363,753	--
Governmental activities Long-term liabilities	<u>\$ 1,411,178</u>	<u>\$ 412,828</u>	<u>\$ (363,043)</u>	<u>\$ 1,460,963</u>	<u>\$ 367,466</u>

V. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

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

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

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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

C. Deferred Compensation Plan

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

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

D. Other Post-employment Benefits

The government does not provide post-retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County, however, employees who elect COBRA are covered under the County's self-insured health plan as all active employees and those retired employees who maintain County health plan coverage.

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VI.A.1 Plan Descriptions, Contribution Information, and Funding Policies

Public Employees Retirement System (PERS)

Eligibility to participate	All county full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
County's contribution rate	10.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

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
Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 10.5%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature. The government's contribution to WVDRS for the current fiscal year ending was \$140,722 for employees' share and \$173,834 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 \$314,556 for all covered employees with a contributed percentage of 100%.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

VI:A.2. Trend Information

<u>Fiscal Year</u>	Public Employees <u>Retirement System (PERS)</u>		West Virginia Deputy Sheriff Retirement <u>System (WVDRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2008	\$ 817,685	100%	\$ 314,963	100%
2007	\$ 774,761	100%	\$ 299,416	100%
2006	\$ 721,366	100%	\$ 289,743	100%

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

SUPPLEMENTARY INFORMATION

WOOD COUNTY, WEST VIRGINIA
BUDGETARY COMPARISON SCHEDULE -
ASSESSOR'S VALUATION FUND
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
Revenues:				
Other taxes	\$ 572,958	\$ 572,958	\$ 582,767	\$ 9,809
Miscellaneous	--	--	27,508	27,508
Map sales	2,000	2,000	3,098	1,098
Interest	6,000	6,000	17,785	11,785
	<u>580,958</u>	<u>580,958</u>	<u>631,158</u>	<u>50,200</u>
Total revenues				
Expenditures:				
General government	922,259	915,543	716,550	198,993
Capital outlay	170,209	111,466	--	111,466
	<u>1,092,468</u>	<u>1,027,009</u>	<u>716,550</u>	<u>310,459</u>
Total expenditures				
Net change in fund balance	(511,510)	(446,051)	(85,392)	360,659
Fund balance at beginning of year	<u>511,510</u>	<u>446,051</u>	<u>446,051</u>	<u>--</u>
Fund balance at end of year	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>360,659</u></u>	\$ <u><u>360,659</u></u>

ACCOMPANYING INFORMATION



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

Office of the State Auditor
Chief Inspector Division
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County, West Virginia (the County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon, dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. Significant deficiencies are identified in the accompanying Schedule of Findings and Questioned Costs as items 2008-1, 2008-2, 2008-6, 2008-13, 2008-14, & 2008-15.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 2008-1 & 2008-13 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2008-3, 2008-4, 2008-5, 2008-7, 2008-8, 2008-9, 2008-10, 2008-11, & 2008-12.

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

Honorable Members of the
Wood County Commission
Page 3

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

Respectfully submitted,

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

Glen B. Gainer, III
West Virginia State Auditor

November 25, 2009



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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Chief Inspector Division
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Wood County, West Virginia (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in item 2008-16 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding the issuance of checks that are applicable to its Public Safety Partnership and Community Policing Grants. Compliance with such requirements is necessary, in accordance with (OMB) Circular A-87 (Revised 5/10/04), for the County to comply with requirements applicable to that program.

As described in item 2008-17 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding signatures on checks that are applicable to its Community Development Block Grants/State's program. Compliance with such requirements is necessary, in accordance with (OMB) Circular A-87 (Revised 5/10/04), for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraphs, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Honorable Members of the
Wood County Commission
Page 3

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

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer, III". The signature is fluid and cursive, with a horizontal line extending from the end.

Glen B. Gainer, III
West Virginia State Auditor

November 25, 2009

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2008

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
U. S. Department of Housing and Urban Development			
Pass-through Programs From:			
West Virginia Development Office			
<u>Program Title</u>			
Community Development Block Grants-State's Program	14.228	N/A	\$ <u>175,347</u>
Total U. S. Department of Housing and Urban Development			<u>175,347</u>
U. S. Department of Justice			
Direct Programs:			
<u>Program Title</u>			
Public Safety Partnership and and Community Policing Grants	16.710	N/A	58,002
Bullet Proof Vest Partnership Program	16.607	N/A	21,685
Pass-through Programs From:			
West Virginia Department of Criminal Justice Services			
<u>Program Title</u>			
Juvenile Accountability Block Grants	16.523	05-ABG-317 and 07-JJP-217	30,802
Crime Victim Assistance	16.575	06-VA-009 and 07-VA-018	38,792
Enforcing Underage Drinking Laws Program	16.727	07-EUD-83	25,710
Edward Byrne Memorial Justice Assistance and Grant Program	16.738	06-JAG-15 and 07-JAG-13	113,879
Violence Against Women Formula Grants	16.588	06-VAW-008	24,826

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2008

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
Anti-Gang Initiative	16.744	06-AG-02	<u>738</u>
Total U. S. Department of Justice			<u>314,434</u>
U.S. Department of Health and Human Services			
Pass-through Programs From:			
West Virginia Department of Criminal Justice Services			
<u>Program Title</u>			
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	07-SIG-22 and 08-SIG-17	<u>97,789</u>
Total U.S. Department of Health and Human Services			<u>97,789</u>
U.S. Department of Transportation			
Pass-through Programs From:			
West Virginia Department of Transportation			
<u>Program Title</u>			
State and Community Highway Safety	20.600	F07-HS-03 and F08-HS-03	<u>297,120</u>
Total U.S. Department of Transportation			<u>297,120</u>
U.S. Department of Homeland Security			
Pass-through Programs From:			
West Virginia Office of Emergency Services			
<u>Program Title</u>			
Emergency Management Performance Grants	97.042	51298-EMPG	49,699
Hazard Mitigation Grant	97.039	07-DR-1574-HM	20,097
Homeland Security Grant Program	97.067	06-SHS-30 and 06-SHS-11	<u>106,180</u>
Total U.S. Department of Homeland Security			<u>175,976</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 1,060,666</u></u>

The accompanying notes are an integral part of this schedule.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2008

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the 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 the preparation of, the financial statements.

NOTE 2 - SUB RECIPIENT DISBURSEMENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
Community Development Block Grants/State's Program	14.228	\$ 166,774
State and Community Highway Safety	20.600	73,505

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal Control over Financial Reporting:	
Material weaknesses identified?	<u>Yes</u>
Reportable conditions identified that are not considered to be material weaknesses?	<u>Yes</u>
Non compliance material to the financial statements noted?	<u>Yes</u>

Federal Awards

Internal Control over Major Programs:

Material weakness identified?	<u>No</u>
Reportable conditions identified that are not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with § .510(a) of Circular A-133?	<u>Yes</u>

Identification of major programs:

CFDA Numbers

Name of Federal Program

20.600	State and Community Highway Safety
14.228	Community Development Block Grants/State's Program
16.710	Public Safety Partnerships and Community Policing Grants

Dollar threshold used to distinguish between Type A and Type B Program:	\$ 300,000
---	------------

Auditee qualify as a low-risk auditee?	<u>No</u>
--	-----------

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section II - Financial Statement Findings

Capital Assets

2008 - 1

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, several adjustments had to be made to the client prepared asset records to beginning balance, additions, deletions, and depreciation expense.

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.

EFFECT:

Numerous adjustments were required to be made by the auditors.

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Clerk: The County Commission employee now notifies the County Clerk whenever vehicles are added or deleted from the County's liability insurance. The County Commission employee will forward documentation of all items either sold at public auction or disposed of in any other way. The County Clerk's office will continue to review the monthly permanent disbursement record for assets.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Reinstatements

2008 - 2

CONDITION:

We noted during our audit that the Sheriff's tax office did not properly maintain backup documentation for all reinstated tax tickets made during the fiscal year for tax revenues.

CRITERIA:

Proper internal control procedures state that an organized and efficient file be maintained with proper documentation of all reinstatements made by the tax office. Furthermore, proof should be readily apparent that proper approval was made for each reinstatement, including at least 2 signatures.

CAUSE:

The Sheriff's tax office did not have the proper controls in place to ensure that proper approval given for reinstatements was documented and that this documentation was reconciled with the computer system on at least a monthly basis.

EFFECT:

By not maintaining proper internal controls over the reinstatement process, the possibility of a misuse of funds is increased.

RECOMMENDATION:

It is recommended that the Sheriff's tax office take various steps to correct this finding. Each reinstatement should have a backup that includes the signature of the teller involved and a supervisory signature of approval, as well as a copy of the original ticket with an explanation of why the reinstatement was necessary. This documentation should be maintained in an orderly manner, and a reconciliation of the documentation with the computer reports should be performed on at least a monthly basis, preferably by someone not otherwise involved in the reinstatement process.

AUDITED AGENCY'S RESPONSE:

County Commission: Employees were issued written notice on September 24, 2009 that all deleted tickets must be signed by them and a supervisor. Failure to do so will result in disciplinary action.

The response from the Wood County Sheriff is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Purchase Orders
2008 - 3**

CONDITION:

It was noted during our audit that the Wood County Commission did not follow the purchasing policy with regard to purchases.

CRITERIA:

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

"...that all purchases of any amount which have not had prior approval by the County Court by requisition will be disallowed and shall not be honored for payment."

CAUSE:

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

EFFECT:

Purchase orders were not completed and recorded against the current budget appropriations to be disclosed in the financial statement as encumbrance at the end of the fiscal year.

RECOMMENDATION:

It is recommended that the Wood County Commission review current internal control procedures and the policies for the issuance and recording of purchase orders and comply with them as such.

AUDITED AGENCY'S RESPONSE:

County Commission: A new purchasing policy was placed in effect by an Order of the Commission dated July 24, 2008.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Depository Collateral

2008 - 4

CONDITION:

It was noted during our audit that public monies were deposited in a county depository in excess of the securities pledged by the financial institution. Specifically, deposits exceeded securities pledged by \$1,428,439 as of June 30, 2008, for one banking institution.

CRITERIA:

West Virginia Code §7-6-2 states, in part, that:

"No such designation is binding on any county, nor shall any public money be deposited thereunder, until the banking institution designated executes a bond with good and sufficient sureties, to be accepted and approved by the county commission, payable to the State of West Virginia, in a sum as the county commission shall direct, and which may not be less than the maximum sum that is deposited in the depository at any one time."

CAUSE:

Adequate controls were not in place to successfully monitor compliance with this statute.

EFFECT:

The public funds on deposit may not be properly secured and are subject to undue risk.

RECOMMENDATION:

The Wood County Commission and the Wood County Sheriff are directed to insure that all county depositories have provided sufficient sureties and or pledged securities and that monies are not deposited in excess of such amounts.

AUDITED AGENCY'S RESPONSE:

County Commission: A monthly accounting of the collateral amounts is now being sent directly to the County Commission from the financial institutions.

The response from the Wood County Sheriff is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Schedule of Expenditures of Federal Awards

2008 - 5

CONDITION:

We noted during our audit that the Schedule of Expenditures of Federal Awards for Wood County was neither complete nor accurately stated. Specifically, the County did not include the correct program names and CFDA numbers on the Schedule. Further, only grant expenditures from the General County fund were included on the Schedule, and some of these expenditures were allocated to the wrong programs.

CRITERIA:

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

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

"§ .310(b) Financial statements.

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

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

CAUSE:

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

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Schedule of Expenditures of Federal Awards
2008 - 5 (continued)**

EFFECT:

As a result of these weaknesses, additional time was used by the auditor in order to acquire the necessary documentation and to apply adjustments to the Schedule of Expenditures of Federal Awards. It was necessary to examine the files for each grant to obtain the correct names and CFDA numbers for each program. Adjustments had to be made to include additional expenditures made from other county funds, to correctly report expenditures from each grant program, and to combine similar programs that were reported separately on the Schedule.

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Commission: A process has been set up between the Grantwriter, the County Commission Office and the County Clerk's Office to establish a listing of all federal awards by CFDA number.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Assessor's Office

2008 - 6

CONDITION:

We noted during our audit that the checks clearing the bank did not match the check register in the Assessor's office of Wood County. We also noted that the office is not consistent in the handling of revenues.

CRITERIA:

Proper internal controls require that accounting controls are established and maintained.

CAUSE:

Software is not being used properly to generate checks. Some money is being deposited into the bank account with checks used for remittances to the Sheriff, while other times the cash collected is remitted directly to the Sheriff's tax office.

EFFECT:

The likelihood of mishandling of funds is increased whenever controls are inadequate.

RECOMMENDATION:

The Wood County Assessor should establish controls that require all money collected to be deposited into the office bank account in a timely manner and then remitted monthly by check to the Sheriff's tax office. Controls should also be established requiring the proper use of software.

AUDITED AGENCY'S RESPONSE:

The response from the Wood County Assessor is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Expenditures

2008 - 7

CONDITION:

We noted during our audit that the Wood County Commission authorized payment of expenditures without the presentation of an itemized account of such claims. We also noted that there were not always initials or a signature on the invoice indicating that it had been reviewed and approved for payment by the elected official. We further noted that checks cleared the bank that did not include all three of the necessary signatures.

CRITERIA:

Generally accepted accounting principles require that all expenditures be properly supported and approved.

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

"It shall be unlawful for any county court, board of education or the council of a municipal corporation, or any other body charged with the administration of the fiscal affairs of any county, school district, independent school district or municipality, to pay any claim for services rendered or materials furnished unless an itemized account therefore is filed by the claimant covering the claim."

In addition, West Virginia Code §7-5-4 states, in part, that:

"No money shall be paid by the sheriff out of the county treasury except upon an order signed by the president and clerk of the county court, and properly endorsed."

CAUSE:

Adequate control procedures were not in place to ensure that all expenditures were properly supported, were approved by the elected official, or that checks issued contained the proper signatures.

EFFECT:

Expenditures were made without the proper authorization for the expenditure and without the proper support to verify the purpose of the expenditure. Further, checks were issued for payment without the Sheriff's signature.

RECOMMENDATION:

The Wood County Commission and the Wood County Elected Officials are directed to review these statutes and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

County Clerk: The County Clerk's office will review and return to the Elected Official any invoice submitted without itemized statements attached. The County Clerk's office will also review all checks issued by this office to ensure the Sheriff's signature has been affixed prior to the checks being sent to the vendor.

County Commission: The Commission office is reviewing all submitted bills for proper details prior to presenting to Commission for authorization. Prior to check being mailed, the County Clerk's Office is double checking for the appropriate signature.

The response from the Wood County Sheriff is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Concealed Weapons Fund
2008 - 8**

CONDITION:

We noted during our audit of the Concealed Weapons fund that invoices were not always properly approved by the Sheriff and that checks issued for payment of expenditures from this fund did not always include the Sheriff's signature. It was noted that checks were routinely signed by two other employees of the Sheriff's law enforcement office; we noted a few cases where the checks were written for petty cash to an employee and then signed only by that same employee. In at least one instance, we noted that a check cleared the bank without any signature at all.

CRITERIA:

Generally accepted accounting principles require that all expenditures be properly supported and approved.

West Virginia Code §61-7-4(11)(c) states, in part, that:

"Any funds deposited in this concealed weapon license administration fund are to be expended by the sheriff..."

CAUSE:

The Wood County Sheriff did not have adequate control procedures in place to ensure that all expenditures were properly approved and that checks issued were properly signed.

EFFECT:

Expenditures were made without the proper authorization for the expenditure. Further, checks were issued for payment without the Sheriff's signature. The absence of proper internal controls greatly increases the opportunity for a misappropriation of funds to occur.

RECOMMENDATION:

The Wood County Sheriff should establish controls to ensure that all invoices are properly approved and that checks issued from the Concealed Weapons fund always contain his signature. If the Sheriff deems necessary, a signature stamp can be used in his absence, but only after proper controls are established to secure such a device. Only designated employees should have access to and should be given authority to use said stamp. The employee who does use the stamp should be required to initial beside of the signature on the check. Further, checks for petty cash should be made out to the Sheriff of Wood County and never to an employee.

AUDITED AGENCY'S RESPONSE:

County Commission: This happened under a previous administration. The Sheriff and Chief Tax Deputy Dennie Huggins are the only people now who have the authority to sign checks.

The response from the Wood County Sheriff is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Drug Forfeiture Funds
2008 - 9**

CONDITION:

It was brought to our attention during our audit of the Wood County Sheriff's office that drug forfeiture money was kept in the evidence room of law enforcement and was being used as a petty cash fund. In previous years, these monies were undisclosed and were not accounted for in the County's financial records. After being made aware of this fund, we attempted to audit it. At that time, we were told that the money was missing. We were provided with a log book showing the activity of this fund beginning on November 1, 1995, with the last recorded entry being on January 6, 2005. At that time, the log showed a balance of \$7849.24. There were no receipts or any other information available for review.

CRITERIA:

West Virginia Code §60A-7-706 states in part that:

"(a) Whenever moneys, securities or other negotiable instruments are forfeited under the provisions of this article, such proceeds shall be distributed as follows: (1) Ten percent of the proceeds shall be tendered to the office of the prosecuting attorney which initiated the forfeiture proceeding; (2) The balance shall be deposited in a special law-enforcement investigation fund. The fund may be placed in any interest-bearing depository insured by an agency of the federal government.... (b) (2) In the case of funds belonging to the office of either the sheriff or prosecuting attorney of any county in which the special fund has been created, the funds therein may only be expended in the manner provided in sections four and five, article five, chapter seven of this code..."

Further, West Virginia Code §7-5-4 states, in part, that:

"No money shall be paid by the sheriff out of the county treasury except upon an order signed by the president and clerk of the county court...."

In addition, West Virginia Code §7-5-5 states, in part, that:

"No order shall be drawn on the county treasurer unless authorized by a special order or appropriation of the county court,..."

CAUSE:

The Sheriff's office did not have the proper controls and policies in place to monitor compliance with this statute. Rather than depositing the money into a bank account, the Sheriff's office kept this money in a safe in the evidence room and used it as a petty cash fund.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Drug Forfeiture Funds
2008 - 9 (continued)**

EFFECT:

This money was not included on the sheriff's settlement or the County's annual financial statement. Further, keeping large sums of money on hand in cash greatly increases the opportunity for a misappropriation of funds to occur.

RECOMMENDATION:

In the future, the Wood County Sheriff is advised to deposit all forfeiture monies of this type into the Special Law Enforcement fund, which has already been created by the County and is already included on the Sheriff's Settlement and the County's annual financial statement.

AUDITED AGENCY'S RESPONSE:

County Commission: The Sheriff has set up a checking account for evidence monies.
The response from the Wood County Sheriff is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Home Confinement

2008 - 10

CONDITION:

We noted during our audit of the Wood County Home Confinement Office that receipts issued did not match the revenues deposited with the Sheriff's tax office. Both three-part manual receipt books and computer generated receipts are used in the home confinement office. Payments by mail are entered directly into the computer system; manual receipts are issued for all other payments and are entered into the computer before the money is taken to the tax office. However, the manual receipts issued did not match the computer system. The following discrepancies were noted:

1. On some receipts, the amount and/or payor were altered in pen on the carbon copy.
2. Some of the carbon copies in the book were completely filled out in pen.
3. For some receipts, all three copies of the receipt were missing and the receipt number could not be found in the computer.
4. For several receipts, the amount on the manual receipt did not match the amount that was actually in the computer.
5. Several receipts in the computer were marked with a manual receipt number but the carbon copy of that receipt was blank.
6. For receipts that were voided, all three copies of the receipt were not always attached in the book. At times, the carbon copy was voided in pen.

We also detected during our audit that two separate computer systems are being utilized by the home confinement office. The first system is being used to make the daily deposits, while the purpose of the second system is to maintain an account balance per participant. These two systems are completely unintegrated; therefore, it is necessary for all receipts to be entered twice. Further, a reconciliation of the two systems has never been completed.

CRITERIA:

West Virginia Code §62-11B-7 states, in part, that:

"...The county sheriff is to establish a special fund designated the home incarcerations services fund, in which the sheriff is to deposit all home incarceration fees collected pursuant to this section..."

In addition, West Virginia Code §59-1-38 states:

"Any county officer, as described in section thirty-seven [§59-1-37] of this article, who receives a fee, cost, percentage, penalty, commission, allowance, bond, deposit, surety or other cash payment or sum shall issue a receipt to the payor thereof, in duplicate, on a form approved by the Chief Inspector, in accordance with the provisions of article nine [§6-9-1 et seq.], chapter six of this code. The county officer shall issue the original of such receipt to the payor and shall retain the copy. The Chief Inspector shall prescribe the minimum information to be included on such receipt forms."

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Home Confinement
2008 - 10 (continued)**

Further, West Virginia Code §61-3-22 states:

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

Further, proper internal controls would require the integration and/or reconciliation of all computer systems utilized by the same office.

CAUSE:

The Wood County Sheriff did not have adequate control procedures in place to ensure that all money receipted was deposited into the bank account.

EFFECT:

The absence of proper internal controls greatly increases the opportunity for a misappropriation of funds to occur.

RECOMMENDATION:

The Wood County Sheriff should establish controls and procedures to ensure that all money receipted is deposited into the bank intact in a timely manner. These controls should include either an integration of the two computer systems being utilized requiring only one entry of each receipt issued, or a reconciliation being done between the two systems prior to the preparation of the daily deposits. This reconciliation should be done by someone other than the person who is preparing the deposits. Further, all deposits should be reviewed for accuracy by the Sheriff's tax office.

AUDITED AGENCY'S RESPONSE:

County Commission: The Sheriff has moved Home Confinement collection into the Tax Office. The response from the Wood County Sheriff is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Daily Deposits
2008 - 11**

CONDITION:

We noted during our audit that various offices of the Wood County Sheriff failed to make daily deposits of all public moneys.

CRITERIA:

West Virginia Code §7-6-4 states in part:

"The sheriff...shall make daily deposits in the public depositories of all public money received by him, except as hereinafter provided, the deposit of such money to be made as early as practicable after the receipt or collection thereof, and such money shall be payable by the depository only on an order issued by the county court, after such order has been endorsed by the county treasurer directing payment by the depository."

Also, West Virginia Code §59-1-37 states in part:

"...When any fee, cost, percentage, penalty, commission allowance, bond, deposit, surety or other cash payment or sum is to be held by the sheriff, the prosecuting attorney, the county commission, an official of an agency or entity created by the county commission, the clerk of the county commission, the clerk of the circuit court or the assessor or any county under any provision of law or proper order to the circuit court, said officer shall deposit the same in an account or accounts which may, at his or her sole discretion, be an interest bearing account or accounts in a secure and properly insured banks. All money collected, including cash and checks, shall be deposited intact on the first available business day: Provided, that the requirement for deposits on the first business day shall not apply...if the amount to be deposited is less than five hundred dollars."

CAUSE:

Controls are not always in effect to ensure that monies received are deposited on a daily basis.

EFFECT:

With deposits not being made on a daily basis, the possibility of a misuse of funds increases, and the difficulty of preparing an accurate reconciliation of funds is also increased.

RECOMMENDATION:

It is recommended that daily deposits be made by all offices of the Wood County Sheriff.

AUDITED AGENCY'S RESPONSE:

County Commission: All monies in excess of \$500 are deposited on a daily basis.
The response from the Wood County Sheriff is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Day Report Center Collections and Deposits
2008 - 12**

CONDITION:

We noted during our audit that the collection of fees for the day report center were being made at the center, instead of by the circuit clerk's office. We also noted that deposits of those collections were not made on a daily basis.

CRITERIA:

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

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

Also, West Virginia Code §59-1-37 states in part:

"...When any fee, cost, percentage, penalty, commission allowance, bond, deposit, surety or other cash payment or sum is to be held by the sheriff, the prosecuting attorney, the county commission, an official of an agency or entity created by the county commission, the clerk of the county commission, the clerk of the circuit court or the assessor or any county under any provision of law or proper order to the circuit court, said officer shall deposit the same in an account or accounts which may, at his or her sole discretion, be an interest bearing account or accounts in a secure and properly insured banks. All money collected, including cash and checks, shall be deposited intact on the first available business day: Provided, that the requirement for deposits on the first business day shall not apply...if the amount to be deposited is less than five hundred dollars."

CAUSE:

Policies were not in effect to ensure compliance with the statute on collection of funds, or that collections were always made in a timely manner.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Day Report Center Collections and Deposits
2008 - 12 (continued)**

EFFECT:

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

RECOMMENDATION:

Collections and deposits of monies should be made in compliance with the West Virginia Code. It is noted that Senate Bill No. 370 was passed in April 2009 changing West Virginia Code 62-11C-7 to require that fees ordered by the circuit court or community criminal justice board be paid to the community criminal justice board and then remitted to the Sheriff's tax office. Therefore, a separate bank account should be set up by the Wood County Day Report Center and maintained at the Center. All monies collected at the Center should be deposited into this account daily. The Center should then prepare a monthly report summarizing all fees collected 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:

The response from the Day Report Center Director is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Day Report Center Controls and Procedures

2008 - 13

CONDITION:

We noted during our audit that there were significant internal control problems associated with the operations of the Wood County Day Report Center, including numerous issues with the computer system utilized by the Center. The computer system does not issue receipts to paying customers. There is a process for entering collection amounts into the computer, but it was determined that amounts could be deleted from the system without there being any kind of documentation of what actually was deleted. The auditors sampled computer records obtained from the Center to actual deposits made, and turned up instances where items in the deposit were not included on the computer total. A reconciliation of the totals could not be prepared.

The computer will process what is referred to as an "invoice", which lists transactions that have occurred for individual clients, but the separate transactions on the report do not have a computer-generated date for the transactions. With regard to the document called an invoice, an original amount is input as a receivable when the client is first ordered into the program for the expected total amount due from the client for the expected number of meetings that they are scheduled to attend. There is no indication that these invoice documents are ever adjusted to reflect the actual activity and participation of the respective clients, with the result being that accounts receivable amounts are unreliable at best. The Center was unable to generate any kind of computer report that could be reconciled with actual deposits remitted to the Sheriff's tax office. Further, we were not made aware of any policy for removing people from the day report program for non-payment of fees.

CRITERIA:

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

CAUSE:

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

EFFECT:

The records maintained by the Wood County Day Report Center could not be reconciled with actual amounts deposited. There is no indication that accounts receivable amounts were ever reconciled with actual balances. The computer system utilized is completely unreliable, with the capability to permanently delete transactions from the system with no possibility of a report being generated as to what was deleted. Individuals could apparently be reflected as not making payments, but still receive no repercussions as to their continued participation in the program. With all of these issues, the possibility of a misuse of funds is high.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Day Report Center Controls and Procedures
2008 - 13 (continued)**

RECOMMENDATION:

It is imperative that steps be taken to initiate controls over the operations of the Wood County Day Report Center.

Prenumbered receipts should be issued for all monies collected. A sign should be prominently displayed at the point of collection stating that "If you do not receive a receipt for your payment, you should contact the Director of the Day Report Center", with the proper phone number listed for the Director. A deposit should be prepared daily and deposited daily into a bank account maintained by the Center. This deposit should be prepared by someone independent of the collections process, and the deposit should be verified and taken to the bank by a third party.

A computer report should be generated daily that reconciles with the deposit made. These reports should be filed onsite with indication that the reconciliation was made. A monthly computer report should also be generated that reconciles with deposits. Within the first ten days of each month, the Center should prepare a monthly report summarizing the collections made 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 maintained in a file at the Center.

The Wood County Day Report Center should have a standard policy for non-payment of fees. If payment is not made, then a revocation from the Day Report Center program should be processed and a proper documentation of this should be maintained at the Center. A proper accounting of receivable amounts should be maintained and documented, although these amounts should be minimal if the policy for non-payment of fees is followed.

The Center has a list of receivable amounts dating back a number of years. The Center should determine a strategy on determining the accuracy of these amounts and a policy on attempting to collect them.

The computer system should not allow for transactions to be permanently deleted from the system. In other words, the system should be able to generate a report detailing if any deletions have been made. A policy should be instituted that requires at least two people to sign off on any deletions, with documentation maintained as to the reason for the deletion. A reconciliation of the computer total for deletions should be reconciled with the file on a daily and monthly basis, with any discrepancies investigated and resolved.

AUDITED AGENCY'S RESPONSE:

The response from the Day Report Center Director is presented after the findings.

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Segregation of Duties
2008 - 14

CONDITION:

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

CRITERIA:

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Clerk: The County Clerk's office will continue to better segregate duties within the limitations of available manpower, including having a different person reviewing and taking the deposit to the bank from who prepared the deposit.

The responses from the Prosecuting Attorney, Assessor and Circuit Clerk are presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Credit Card Usage
2008 - 15**

CONDITION:

We noted during our audit of the expenditures of Wood County that personal items were charged on a County issued credit card. Those personal items purchased were paid by personal check to the credit card company and remitted along with the County's check for the remaining balances.

CRITERIA:

Proper internal controls would normally require the establishment of a standard policy for the entire county that would restrict the use of county issued credit cards for only actual county business.

CAUSE:

Wood County does not have a standard policy for all offices and employees to monitor the usage of county issued credit cards.

EFFECT:

Personal purchases were charged and reimbursed on a county issued credit card.

RECOMMENDATION:

The Wood County Commission should initiate a procedure to involve all county offices in establishing a policy concerning the charging of personal items to county issued credit cards.

AUDITED AGENCY'S RESPONSE:

County Commission: The Commission issued a new purchasing card policy on August 17, 2009. The response from the Prosecuting Attorney is presented after the findings.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section III - Federal Award Findings and Questioned Costs

Allowable Costs

2008 - 16

GENERAL INFORMATION:

Grant Title: Public Safety Partnership and Community Policing Grants
CFDA #: 16.710
Federal Agency: U. S. Department of Justice

CONDITION:

We noted during our audit that grant funds from the Public Safety Partnership and Community Policing Grants program were reimbursed to the General County fund from the Local Law Enforcement fund with a one signature check signed only by the Sheriff. Further, checks issued were not prenumbered and appeared to be counter checks from the bank.

CONTEXT:

Grant monies are actually expended to outside entities through the General County fund. However, the checks from the State are deposited into the Local Law Enforcement fund and then reimbursed to the General County fund by a one signature check. We examined 2 checks from the Local Law Enforcement fund, which represents 100% of the reimbursements made in the current fiscal year. Both of these checks contained only the Sheriff's signature and neither were prenumbered. We also examined 8 checks written from the General County fund, which represents 100% of the expenditures from this program for the current fiscal year. No further issues were noted.

CRITERIA:

Office of Management and Budget (OMB) Circular A-87 (Revised 5/10/04) states in part, that:

- "1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
.....
 - c. **Be authorized or not prohibited under State or Local laws or regulations.**
.....
 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
.....
 - j. **Be adequately documented." (emphasis added)**

West Virginia Code §7-5-4 states in part that:

"No money shall be paid by the sheriff out of the county treasury except upon an order signed by the president and clerk of the county court...."

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Allowable Costs
2008 - 16 (continued)**

In addition, West Virginia Code §7-5-5 states, in part, that:

" No money shall be drawn on the county treasurer unless authorized by a special order or appropriation of the county court, ... "

Further, proper internal controls require that checks be prenumbered and issued in order so that all checks issued can be easily accounted for.

QUESTIONED COSTS:

Unknown

CAUSE:

The Wood County Commission and Wood County Sheriff did not have policies and procedures in place to comply with these statutes.

EFFECT:

The absence of prenumbered checks combined with the proper signatures not appearing on those checks creates an unnecessary lack of control over the issuance of checks and increases the possibility of a misuse of funds.

RECOMMENDATION:

The Wood County Commission and the Wood County Sheriff are directed to review this statute and ensure that all checks issued in the future are done so through the Wood County Clerk's office on prenumbered check stock with all three of the required signatures included on them.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Allowable Costs
2008 - 17**

GENERAL INFORMATION:

Grant Title: Community Development Block Grants/State's program
CFDA #: 14.228
Federal Agency: U. S. Department of Housing and Urban Development
Pass through Agency: West Virginia Development Office

CONDITION:

We noted during our audit that grant funds from the Community Development Block Grant were expended from the Small Cities Block Grant fund with a one signature check signed only by the Sheriff.

CONTEXT:

We examined 5 checks which represents 100% of the expenditures made from this program for the current fiscal year. Of these 5 checks, only 1 was issued from the General County fund with the required 3 signatures presented, and the other 4 were issued from the Small Cities Block Grant fund and signed only by the Sheriff.

CRITERIA:

Office of Management and Budget (OMB) Circular A-87 (Revised 5/10/04) states in part, that:

- "1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
.....
 - c. **Be authorized or not prohibited under State or Local laws or regulations.**
.....
 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
.....
 - j. **Be adequately documented." (emphasis added)**

West Virginia Code §7-5-4 states in part that:

"No money shall be paid by the sheriff out of the county treasury except upon an order signed by the president and clerk of the county court...."

In addition, West Virginia Code §7-5-5 states, in part, that:

" No money shall be drawn on the county treasurer unless authorized by a special order or appropriation of the county court, ... "

QUESTIONED COSTS:

Unknown

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Allowable Costs

2008 - 17

CAUSE:

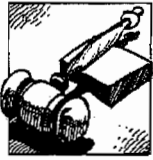
The Wood County Commission and Wood County Sheriff did not have policies and procedures in place to comply with these statutes.

EFFECT:

The absence of the proper signatures on checks creates an unnecessary lack of control over the issuance of checks and increases the possibility of a misuse of funds.

RECOMMENDATION:

The Wood County Commission and the Wood County Sheriff are directed to review this statute and ensure that all checks issued in the future are done so through the Wood County Clerk's office with all three of the required signatures included on them.



Wood County Day Report Center

Alternate Sentencing Program

916 Market Street, Parkersburg, WV 26101 * Phone: 304-422-8570 * Fax: 304-422-8579

Day Report response to recommendations from State Auditor

Our center now utilizes pre-numbered sequential three part receipts. These are hard copy receipts, and when a payment is made by the client, they receive a copy of the receipt that has been signed by the staff person who received the payment. Payments are generally received by the Center's administrative assistant. We have posted a sign in our waiting area that indicates what the client's monthly payment is and the fact that some part of that payment must be made by the tenth of each month. The sign also states that if the client makes a payment and they fail to receive a signed receipt, then they should contact the Center Director at the main Center phone number. At the end of each business day in which payments have been received, the administrative assistant and the director go through all receipts and payments received and reconcile that day's receivables.

The above procedure is carried out as follows: As each payment is received, a receipt is filled out and signed by the person receiving the payment. The client receives one signed copy, one signed copy of the receipt stays in the receipt book, and one signed copy of the receipt is kept in a secure place with the payment. In the case of a voided receipt, a copy of the voided receipt is kept in the receipt book, and another copy of the voided receipt is maintained by the director in a separate file in which copies of each day's receipts and payments are kept. At the end of each business day in which payments have been received, the Director and the Administrative Assist sit down together and go over the day's receivables. At that time, the Administrative Assistant provides the director with all payments received and one copy of the signed receipts from that day. These are accompanied by two forms on which are listed the names of the client's who made payments that day, the number of each receipt that was given to the client, and the amount of payment made. The payments are broken down into two columns, one for cash, and the other for checks and money orders. The Director counts the payments received, checks the copies of the receipts to make sure they match the receipts listed on the two reports, and matches the names listed on the reports with the names of the clients on each receipt. The Director then signs both copies of the daily reports indicating that he has checked the payments and reconciled them with the payments, etc. listed on the two reports. These two reports have the same identical information. The Director also receives from the Administrative Assistant a separate copy of the form listing the client's name, the number of the receipt given to the client, and the amount the

client paid. Attached to this is a Xeroxed copy of each client's signed receipt and a Xeroxed copy of the actual payment, whether, cash, check or money order. The Administrative Assistant then signs this form indicating that she received these payments and issued these receipts, and the Director signs this form indicating that he has checked and reconciled all payments received with the appropriate clients and receipts. This copy with the attached Xerox copies is maintained in a client payment folder in the Director's office. All three copies of the receivable report are dated for the day of the collections.

The Director then makes a daily deposit with the Wood County Tax office. Personnel at the tax office then go over this two copies of daily receivable reports and all attached signed receipts and payments, reconciles them again, and deposits them in the appropriate accounts. It should be noted that The Day Report Center sends billing out via U.S. mail on a monthly basis to various agencies for services we have provided. When those agencies make a payment it by check, and we list the name of the agency and the amount of the check received on that day's receivable report, but there is no accompanying copy of a receipt. We do maintain a copy of the original bill in our computerized billing system and a separate hard copy of the bill and payments received in the agency's file. Within one business day we receive a computerized printout back from the tax office listing all payments they received from us on the prior day along with a copy of the daily receivable report which has been signed by the person who received our deposit at the tax office.

All individual clients have a computerized file which is kept current and lists the amount of money they have paid and their outstanding balance due. We require our case managers to remind each client of the need to make payments as required, and our Administrative Assistant reminds the client's when they appear for meetings and counseling that payments must be made.

Since we generate a daily computer receivable report, and maintain a copy of that on site, we do not at this time generate a monthly receivable report. We do, however, generate a computer printout each month of total client fees and drug lab fees collected, of which we keep a copy, and a copy is provided to our Board of Directors and the County Commission. This is then reconciled with the computer generated monthly report from the Wood County Finance Office, which shows all our payments and receivables for the month.

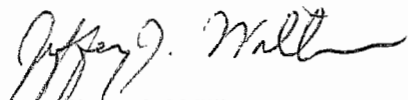
The Wood County Day Report center does have a policy for fees and non-payment of those fees. When a new client comes to our facility, he or she is advised in writing that they each client is assessed, where possible, a \$60.00 per month fee. Additional fees of \$10.00 per drug screens may also apply, with a \$5.00 additional cost if the test is positive, and another \$14.00 for the confirmation test. When the client has the ability to pay the total amount they are advised that they must pay the fees on either a monthly or weekly basis. If a client has reduced ability to pay, then a sliding scale is utilized in determining the

amount of fees assessed on a monthly basis. It is noted in the written form they are read and that they sign that failure to pay agreed upon fees will result in a status hearing and possible revocation. The client and the staff advising them both then sign the form and it is placed in the client's file. One problem we have run into is that some clients are entirely indigent, and in the cases where the client fails to pay all or part of their fees, many of our Magistrates are reluctant to revoke the client and possibly send them to jail just for non-payment. What we are now instituting is a policy whereby each client who is in serious arrears and does not appear to be making any effort at all to make a payment, if they have the ability, will be required to meet with their case manager and the Director, and they will be advised that if they if they do not begin to make payments and then keep making good-faith payments, a request for a status hearing will be made with the sentencing judge, and possible revocation from the DRC will be undertaken. Additionally lists of those clients who are either still in the program or have left the program, and who still owe fees, will be generated. Our Administrative Assistant will then institute a civil process through magistrate court to try to recover what fees we can. We have also been keeping track of the fees which are uncollected in the hope that what those fees that are determined to be entirely uncollectable may be used to show unpaid services rendered that can then be included in our match for the next year's grant funding.

We do not delete transactions from our computerized client files. If a mistake in billing takes place, then the correction is made and it is noted in the file that a correction had to be made and how the correction was made.

I hope this answers any concerns your agency might have, and please feel free to contact me if you have any other concerns or suggestions on how we may continue to improve our operations. Additionally, we have expanded into Jackson County and possibly Roane County, and I would appreciate any suggestions you might have for how we can handle those separate client payments. Thanks for all your help.

Respectfully yours,


Jeffery J. Williams
Director, DRC



WOOD COUNTY PROSECUTING ATTORNEY

JASON A. WHARTON
WOOD COUNTY PROSECUTING ATTORNEY

JUDGE DONALD F. BLACK
COURTHOUSE ANNEX
317 MARKET STREET
PARKERSBURG, WV 26101

PHONE (304) 424-1776
FAX (304) 424-1785

**RESPONSE OF THE OFFICE OF THE PROSECUTING ATTORNEY TO WOOD
COUNTY AUDIT FINDINGS**

November 19, 2009

INTERNAL CONTROLS - The only funds maintained by the Office of the Prosecuting Attorney are Drug Asset Forfeiture accounts established by West Virginia Code. A member of the staff of the prosecuting attorney's office opens the mail. A separate member of the staff prepares checks, deposits and reconciles the account. The checks, deposits and monthly statements are personally reviewed by the prosecuting attorney.

CREDIT CARD USAGE - It is the policy of the Prosecutor's Office that no personal expenses be charged to a credit card issued in the name of Wood County. Upon taking office in January 2009, the Prosecuting Attorney cancelled existing American Express Cards and obtained County Purchasing cards that provides for a rebate to the County. Additionally, this change eliminated an annual fee per card issued to the Office of the Prosecuting Attorney. The Prosecuting Attorney personally reviews the statements of the purchasing card on a monthly basis and reconciles the statement with itemized receipts supporting each charge on the statement to verify that the charges are proper in nature and supported by appropriate documentation.

Office of the Sheriff

"Proud of our Past"

Wood County West Virginia

"Focused on the Future"

P.O. Box 1985
Parkersburg WV 26102

304-424-1910

Fax 304-424-1985

PAGE 3 REINSTATEMENTS:

EMPLOYEES GIVEN WRITTEN NOTICE ON SEPTEMBER 24, 09 THAT ALL DELETED TICKETS MUST BE SIGNED BY THEM AND A SUPERVISOR. FAILURE TO DO SO WILL RESULT IN DISCIPLINARY ACTION.

PAGE 5 DEPOSITORY COLLATERAL:

A MONTHLY ACCOUNTING OF THE COLLATERAL IS SENT TO THE COMMISSION FROM THE FINANCIAL INSTITUTIONS.

EXPENDITURES PAGE 8:

SHERIFF 'S SIGNATURE WILL BE CHECKED BY THE COUNTY CLERK BEFORE A CHECK IS SEALED AND MAILED.

PAGE 9 CONCEALED WEAPONS

ONLY THE SHERIFF AND CHIEF HUGGINS CAN SIGN CHECKS.

PAGE 11 DRUG FORFEITURE FUND

CHECKING ACCOUNT HAS BEEN SET UP FOR EVIDENCE MONIES.

PAGE 13 HOME CONFINEMENT:

HOME CONFINEMENT COLLECTION MOVED INTO TAX OFFICE.

PAGE 15 DAILY DEPOSITS:

ALL MONIES OVER 500.00 ARE DEPOSITED ON A DAILY BASIS.

PAGE 22 AND 24 ALLOWABLE COSTS

THE SMALL CITY BLOCK GRANT AND LOCAL LAW CHECKING ACCOUNTS ARE BEING CONVERTED INTO THREE SIGNATURE CHECKING ACCOUNTS.



Rich Shaffer
ASSESSOR

THE COUNTY OF WOOD
OFFICE OF THE ASSESSOR
REAL ESTATE DIVISION
1 Court Square, Suite 302
Parkersburg, WV 26101

PHONE: (304) 424-1888

**ASSESSOR'S REPLY NOVEMBER 16, 2009
WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Assessor's Office
#2008 - 7

After taking office in January 2009 I instructed my staff to work closely with the audit team to establish proper controls and safe guards for the funds that are received by the office. At the auditor's recommendation we always obtain a receipt from the Sheriff's Office when funds are remitted to that office. All money is deposited into the checking account and the only method of remitting funds to the Sheriff is by check. We are utilizing the software, QuickBooks, for our register and for issuing all checks. By issuing all checks with the software there should never be a problem with checks not matching the register. When the wrong payment amount is received in our office we now either return the taxpayers check or issue a refund check if their check has been deposited. At one time the Farm Use Decal money was not deposited in the checking account, which is no longer the case. All money is now deposited in the Assessor's checking account. These procedures should comply with good accounting practices.

Rich Shaffer
Wood County Assessor



Rich Shaffer
ASSESSOR

**THE COUNTY OF WOOD
OFFICE OF THE ASSESSOR
PERSONAL PROPERTY DIVISION**

321 Market Street
Parkersburg, WV 26101

PHONE: (304) 424-1875

**ASSESSOR'S REPLY NOVEMBER 18, 2009
WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Assessor's Office
#2008 - 15

Segregation of duties.

Prior to Stephanie Herrington going on maternity leave she trained Angela Bussey how to handle the dog fund and the monthly reports of money received from map sales, sheep and goat fund, farm use decals and dog tag sales. After Stephanie returned to work we are alternating these duties between Stephanie and Angela with one person doing these tasks one month and the other person doing these tasks the next month.

Rich Shaffer
Wood County Assessor



Carole Jones

CLERK CIRCUIT COURT

WOOD COUNTY JUDICIAL BUILDING

2 GOVERNMENT SQUARE

PARKERSBURG, WV 26101-5353

TELEPHONE
(304) 424-1700

TERMS OF COURT
2ND MONDAY IN JANUARY
2ND MONDAY IN MAY
2ND MONDAY IN SEPTEMBER

FROM: Carole Jones, Circuit Clerk of Wood County

DATE: November 18, 2009

RE: Segregation of Duties #2008-15

Please be advised that pursuant to earlier conversations and suggestions regarding the segregation of duties relating to collecting revenues and writing receipts, preparing and making deposits, issuing checks, reconciling bank accounts, and preparing the monthly statements changes have been made so that the same person is no longer performing these duties on a regular basis. Everyone waiting on the counter collects monies and writes receipts. Bank deposits are prepared by four different people, checks are issued by more than one deputy and are checked by another if for large amounts. We now have two who work on reconciling bank accounts and preparing the monthly statements.

I hope that these procedures alleviate some of the concerns about the segregation of duties and the problems that could arise with an insufficient segregation of duties.

Office of the County Commission of Wood County, West Virginia

Commissioners
Rick Modesitt
David Blair Couch
Wayne Dunn



No. 1 Court Square
Suite 203
Parkersburg, WV 26101
Phone 304-424-1984

Corrective action plan for all findings and questioned costs defined in § 510(a) of OMB Circular No. A-133.

Reference Number: 2008-16
Audit Finding Title: Allowable Costs
Contact person : Marty Seufer, County Administrator
Completion date: November 19, 2009

Corrective Action planned to be taken:

The Local Law checking account is being converted into a pre-numbered, three signature checking account.

Reference Number: 2008-17
Audit Finding Title: Allowable Costs
Contact person: Marty Seufer, County Administrator
Completion date: November 19, 2009

Corrective Action planned to be taken:

The Small Cities Block Grant checking account is being converted into a pre-numbered, three signature checking account.

Marty Seufer, County Administrator • Ph. 304-424-1976 • Fax 304-424-0194
Regular terms of the Commission First Thursday in January, April, July and October
Regular sessions Monday and Thursday 9:30am to 12 noon.

WOOD COUNTY, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2008

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2007-1	Failure to Submit Budget Revision to Appropriate the Unexpended Fund Balance - General Fund	Corrected
2007-2	Expenditures in Excess of Amounts Allocated in the Levy Estimate - Coal Severance Fund (§11-8-26)	Corrected
2007-3	Home Confinement Program	Restated
2007-4	Capital Assets	Restated
2007-5	Reinstatements	Restated
2007-6	Purchase Orders	Restated
2007-7	Daily Deposits	Restated