

**AUDIT REPORT OF
WOOD COUNTY, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2009**

**AUDIT REPORT OF
WOOD COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Capital Reserve
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
Emergency 911
Treasury Forfeiture
DOJ Forfeiture

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

FIDUCIARY FUND TYPE

Agency Funds

State
School
Municipal
Other Agency

**WOOD COUNTY, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Page</u>
Introductory Section	
County Officials.	1
Financial Section	
Independent Auditor's Report.	2
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets.	4
Statement of Activities.	5
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.	6
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets.	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coal Severance Tax Fund.	11
Statement of Fiduciary Net Assets - Fiduciary Funds.	12
Notes to the Financial Statements.	13
Supplementary Information	
Budgetary Comparison Schedule - Assessor's Valuation Fund.	29
Accompanying Information	
<i>Single Audit Reporting Package</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.	32
Schedule of Expenditures of Federal Awards.	34
Notes to the Schedule of Expenditures of Federal Awards.	37
Schedule of Findings and Questioned Costs.	38
Corrective Action Plan.	55-60
Summary Schedule of Prior Audit Findings.	61

INTRODUCTORY SECTION

WOOD COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2009

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
	Wayne Dunn	01-01-09 / 12-31-14
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
	Jeff S. Sandy	01-01-09 / 12-31-12
Prosecuting Attorney:	Virginia Conley	01-01-05 / 12-31-08
	Jason A. Wharton	01-01-09 / 12-31-12
Assessor:	Steven Grimm	01-01-05 / 12-31-08
	Rich Shaffer	01-01-09 / 12-31-12

FINANCIAL SECTION



State of West Virginia

Office of the State Auditor

Chief Inspector Division

Building 1, Room W-420

Charleston, West Virginia 25305

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 558-5327
Internet: <http://www.wvsao.gov>

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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except for the effects, if any, of not presenting the expenses and the corresponding liability related to other post employment benefits and of not properly presenting the capital assets and related depreciation as described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of Wood County, West Virginia, as of June 30, 2009, and the changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Wood County, West Virginia, as of June 30, 2009, and the respective change in financial position, and the respective budgetary comparisons for the general fund and the coal severance tax special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,



Glen B. Gainer, III
West Virginia State Auditor

June 25, 2010

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,276,590
Receivables:	
Taxes	664,697
Due from:	
Other governments	34,286
Capital assets:	
Nondepreciable:	
Land	1,409,767
Depreciable:	
Buildings	5,167,289
Structures and improvements	4,954,937
Machinery and equipment	6,688,664
Less: accumulated depreciation	<u>(7,017,955)</u>
Total assets	<u>\$ 20,178,275</u>
LIABILITIES	
Current liabilities payable from current assets:	
Accounts payable	123,460
Payroll payable	7,402
Noncurrent liabilities:	
Notes payable - due within one year	107,265
Notes payable - due in more than one year	301,814
Leases payable - due within one year	183,474
Leases payable - due in more than one year	237,067
Compensated absences payable	<u>388,758</u>
Total liabilities	<u>1,349,240</u>
NET ASSETS	
Invested in capital assets, net of related debt	10,373,082
Unrestricted	<u>8,455,953</u>
Total net assets	<u>18,829,035</u>
Total liabilities and net assets	<u>\$ 20,178,275</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, 2009

	Program Revenues				Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<u>Functions / Programs</u>					
Governmental activities:					
General government	\$ 9,461,046	\$ 3,393,128	\$ 266,553	\$ 1,026,779	\$ (4,774,586)
Public safety	8,336,406	--	--	182,595	(8,153,811)
Health and sanitation	165,757	--	--	--	(165,757)
Culture and recreation	871,271	--	--	--	(871,271)
Social services	43,472	--	--	--	(43,472)
Capital projects	833,108	--	--	--	(833,108)
Total governmental activities	19,711,060	3,393,128	266,553	1,209,374	(14,842,005)
General revenues:					
Ad valorem property taxes					12,111,481
Alcoholic beverages tax					35,719
Hotel occupancy tax					497,508
Gas and oil severance tax					60,107
Other taxes					415,100
Coal severance tax					286,089
Licenses and permits					112,598
Intergovernmental:					
Local					279,878
Unrestricted investment earnings					190,865
Refunds					379,228
Reimbursement					283,053
Gain on sale of capital assets					19,466
Miscellaneous					833,658
Total general revenues					15,504,750
Change in net assets					662,745
Net assets - beginning					18,166,290
Net assets - ending					\$ 18,829,035

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

WOOD COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	<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	\$ 1,780,445	\$ 121,411	\$ 952,431	\$ 2,128,156	\$ 1,958,467	\$ 1,335,680	\$ 8,276,590
Receivables:							
Taxes	664,697	--	--	--	--	--	664,697
Due from:							
Other governments	34,286	--	--	--	--	--	34,286
Total assets	<u>\$ 2,479,428</u>	<u>\$ 121,411</u>	<u>\$ 952,431</u>	<u>\$ 2,128,156</u>	<u>\$ 1,958,467</u>	<u>\$ 1,335,680</u>	<u>\$ 8,975,573</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	118,705	--	--	--	4,755	--	123,460
Payroll payable	7,402	--	--	--	--	--	7,402
Deferred revenues:							
Taxes	597,527	--	--	--	--	--	597,527
Total liabilities	<u>723,634</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,755</u>	<u>--</u>	<u>728,389</u>
Fund balances:							
Unreserved, reported in:							
General fund	1,755,794	--	--	--	--	--	1,755,794
Special revenue funds	--	121,411	--	2,128,156	--	1,335,680	3,585,247
Capital projects funds	--	--	952,431	--	1,953,712	--	2,906,143
Total fund balances	<u>1,755,794</u>	<u>121,411</u>	<u>952,431</u>	<u>2,128,156</u>	<u>1,953,712</u>	<u>1,335,680</u>	<u>8,247,184</u>
Total liabilities and fund balances	<u>\$ 2,479,428</u>	<u>\$ 121,411</u>	<u>\$ 952,431</u>	<u>\$ 2,128,156</u>	<u>\$ 1,958,467</u>	<u>\$ 1,335,680</u>	<u>\$ 8,975,573</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, 2009

Total fund balances on the governmental fund's balance sheet	\$ 8,247,184
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.)	11,202,702
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note IV.B.)	597,527
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note II.A.)	<u>(1,218,378)</u>
Net assets of governmental activities	<u>\$ 18,829,035</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, 2009

	<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>
REVENUES							
Taxes:							
Ad valorem property taxes	\$ 12,087,758	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,087,758
Alcoholic beverages tax	35,719	--	--	--	--	--	35,719
Hotel occupancy tax	497,508	--	--	--	--	--	497,508
Gas and oil severance tax	60,107	--	--	--	--	--	60,107
Other taxes	377,865	--	--	--	--	37,235	415,100
Coal severance tax	--	286,089	--	--	--	--	286,089
Licenses and permits	47,303	--	--	--	--	65,295	112,598
Intergovernmental:							
Federal	858,402	--	--	--	--	226,951	1,085,353
State	390,574	--	--	--	--	--	390,574
Charges for services	620,021	--	--	--	--	1,909,965	2,529,986
Fines and forfeits	25,144	--	--	--	--	837,998	863,142
Interest and investment earnings	66,652	734	1,550	32,541	40,915	48,473	190,865
Refunds	379,194	--	--	--	--	34	379,228
Reimbursements	283,053	--	--	--	--	--	283,053
Payments in lieu of taxes	279,878	--	--	--	--	--	279,878
Contributions and donations	41,506	--	--	--	--	622,081	663,587
Miscellaneous	159,056	--	--	--	--	11,015	170,071
Total revenues	<u>16,209,740</u>	<u>286,823</u>	<u>1,550</u>	<u>32,541</u>	<u>40,915</u>	<u>3,759,047</u>	<u>20,330,616</u>
EXPENDITURES							
Current:							
General government	9,484,474	--	--	--	--	275,883	9,760,357
Public safety	8,004,630	--	271,321	--	--	525,225	8,801,176
Health and sanitation	165,757	--	--	--	--	--	165,757
Culture and recreation	863,938	--	--	--	--	--	863,938
Social services	43,472	--	--	--	--	--	43,472
Capital projects	479,965	367,934	--	--	44,054	--	891,953
Total expenditures	<u>19,042,236</u>	<u>367,934</u>	<u>271,321</u>	<u>--</u>	<u>44,054</u>	<u>801,108</u>	<u>20,526,653</u>
Excess (deficiency) of revenues over (under) expenditures	(2,832,496)	(81,111)	(269,771)	32,541	(3,139)	2,957,939	(196,037)
OTHER FINANCING SOURCES (USES)							
Transfers in	2,815,987	--	171,000	--	80,000	1,799	3,068,786
Transfers (out)	(80,000)	--	(15,000)	--	--	(2,973,786)	(3,068,786)
Proceeds from the sale of assets	20,766	--	--	--	--	--	20,766
Capital leases	--	88,400	--	--	--	--	88,400
Total other financing sources (uses)	<u>2,756,753</u>	<u>88,400</u>	<u>156,000</u>	<u>--</u>	<u>80,000</u>	<u>(2,971,987)</u>	<u>109,166</u>
Net change in fund balances	(75,743)	7,289	(113,771)	32,541	76,861	(14,048)	(86,871)
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 1,755,794</u>	<u>\$ 121,411</u>	<u>\$ 952,431</u>	<u>\$ 2,128,156</u>	<u>\$ 1,953,712</u>	<u>\$ 1,335,680</u>	<u>\$ 8,247,184</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, 2009

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

Net change in fund balances - total governmental funds	\$ (86,871)
Capital outlays are reported as an expenditure in the governmental funds, but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year. (Note IV.C.)	1,313,280
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note IV.C.).	(828,672)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (Note II.B.)	(1,300)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in deferred revenue during the year. (Note II.B.)	23,723
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note IV.G.)	(88,400)
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>330,985</u>
Change in net assets of governmental activities	<u>\$ 662,745</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, 2009

	<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	\$ 11,570,848	\$ 11,695,848	\$ 12,087,758	\$ 13,729	\$ 12,101,487	\$ 405,639
Alcoholic beverages tax	25,000	37,000	35,719	--	35,719	(1,281)
Hotel occupancy tax	600,000	600,000	497,508	--	497,508	(102,492)
Gas and oil severance tax	40,000	40,000	60,107	--	60,107	20,107
Other taxes	480,000	493,479	377,865	--	377,865	(115,614)
Licenses and permits	34,100	49,100	47,303	--	47,303	(1,797)
Intergovernmental:						
Federal	--	1,728,257	858,402	--	858,402	(869,855)
State	--	600,896	390,574	--	390,574	(210,322)
Charges for services	534,500	669,959	620,021	--	620,021	(49,938)
Fines and forfeits	20,000	26,000	25,144	--	25,144	(856)
Interest and investment earnings	225,000	260,062	66,652	196,061	262,713	2,651
Refunds	160,000	279,287	379,194	(196,061)	183,133	(96,154)
Reimbursements	299,000	299,000	283,053	--	283,053	(15,947)
Payments in lieu of taxes	255,000	279,781	279,878	--	279,878	97
Contributions and donations	17,000	17,143	41,506	--	41,506	24,363
Miscellaneous	43,700	157,888	159,056	--	159,056	1,168
Total revenues	14,304,148	17,233,700	16,209,740	13,729	16,223,469	(1,010,231)
EXPENDITURES						
Current:						
General government	8,250,429	11,684,451	9,484,474	--	9,484,474	2,199,977
Public safety	8,070,208	8,203,372	8,004,630	--	8,004,630	198,742
Health and sanitation	168,735	170,935	165,757	--	165,757	5,178
Culture and recreation	923,946	979,202	863,938	--	863,938	115,264
Social services	46,750	46,750	43,472	--	43,472	3,278
Capital projects	384,628	738,220	479,965	--	479,965	258,255
Total expenditures	17,844,696	21,822,930	19,042,236	--	19,042,236	2,780,694
Excess (deficiency) of revenues over (under) expenditures	(3,540,548)	(4,589,230)	(2,832,496)	13,729	(2,818,767)	1,770,463
OTHER FINANCING SOURCES (USES)						
Transfers in	2,738,300	2,914,571	2,815,987	--	2,815,987	(98,584)
Transfers (out)	--	(80,000)	(80,000)	--	(80,000)	--
Proceeds from the sale of assets	17,000	39,335	20,766	--	20,766	(18,569)
Total other financing sources (uses)	2,755,300	2,873,906	2,756,753	--	2,756,753	(117,153)
Net change in fund balance	(785,248)	(1,715,324)	(75,743)	13,729	(62,014)	1,653,310
Fund balances - beginning	785,248	1,715,324	1,831,537	(115,185)	1,716,352	1,028
Fund balances - ending	\$ --	\$ --	\$ 1,755,794	\$ (101,456)	\$ 1,654,338	\$ 1,654,338

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, 2009

	<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:						
Coal severance tax	\$ 150,000	\$ 150,000	\$ 286,089	\$ --	\$ 286,089	\$ 136,089
Interest and investment earnings	700	700	734	--	734	34
Total revenues	150,700	150,700	286,823	--	286,823	136,123
EXPENDITURES						
Current:						
Capital projects	258,700	264,822	367,934	(88,400)	279,534	(14,712)
Total expenditures	258,700	264,822	367,934	(88,400)	279,534	(14,712)
Excess (deficiency) of revenues over (under) expenditures	(108,000)	(114,122)	(81,111)	88,400	7,289	121,411
OTHER FINANCING SOURCES (USES)						
Capital leases	--	--	88,400	(88,400)	--	--
Total other financing sources (uses)	--	--	88,400	(88,400)	--	--
Net change in fund balance	(108,000)	(114,122)	7,289	--	7,289	121,411
Fund balances - beginning	108,000	114,122	114,122	--	114,122	--
Fund balances - ending	\$ --	\$ --	\$ 121,411	\$ --	\$ 121,411	\$ 121,411

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, 2009

Agency
Funds

ASSETS

Non-pooled cash	\$ <u>2,092,807</u>
Total cash	<u>2,092,807</u>
Total assets	\$ <u><u>2,092,807</u></u>

LIABILITIES

Due to: other governments	<u>2,092,807</u>
Total liabilities	\$ <u><u>2,092,807</u></u>

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

Blended Component Unit

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

Related Organizations

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

<u>Name of Organization</u>	<u>Operating grant made during the year</u>
Mid-Ohio Valley Workforce Investment Authority	\$ --
Mid-Ohio Valley Regional Council	13,518
Wood County Board of Parks and Recreation	78,760
Northeastern Area Agency on Aging	35,000
Parkersburg/Wood County Convention & Visitors Bureau	260,395
Parkersburg/Wood County Public Library	233,491
West Virginia Little Kanawha River Parkway	5,000
Wood County Commission Resources	--
Wood County Recreation Commission	31,250
Wood County Solid Waste Authority	5,043
Wood County Development Authority	31,000
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 primary 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, 2009

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

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

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

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

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

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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, accounts for major purchases and or renovations of building 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 both 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, 2009

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 allowance is equal to 99 percent of the property taxes outstanding at June 30, 2009.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

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

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ --	13.14 cents
Class II	1,490,992,174	26.28 cents
Class III	789,587,506	52.56 cents
Class IV	777,493,967	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, 2009

4. Capital Assets and Depreciation

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

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

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

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

5. Compensated Absences

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, 2009

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:

Notes payable	\$ (420,541)
Capital leases payable	(409,079)
Compensated absences	<u>(388,758)</u>
Net adjustment to decrease fund balance- total governmental funds to arrive at net assets-governmental activities	<u>\$ (1,218,378)</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 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	\$ 597,527
Prior year deferred revenues	<u>(573,804)</u>
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 23,723</u>

Another element of that reconciliation states that, "The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets." The details of this difference are as follows:

Gain on sale of capital assets	\$ 19,466
Proceeds from the sale of capital assets	<u>(20,766)</u>
Net adjustment to decrease net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,300)</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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	\$ (25,005)
Notes	103,031
Leases	<u>252,959</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 330,985</u>

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 less payables basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for 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	\$ 3,434,022
Public safety expenditure increase	133,164
Health and sanitation expenditure increase	2,200
Culture and recreation expenditure increase	55,256
Capital projects expenditure increase	353,592
<u>Coal Severance Fund</u>	
Capital projects expenditure increase	6,122

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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.

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 \$10,369,397. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution's trust department or agent in the government's name.

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

Cash and cash equivalents	\$ 8,276,590
Cash and cash equivalents-restricted	<u>2,092,807</u>
Total	<u><u>\$ 10,369,397</u></u>

B. Receivables

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

	<u>General</u>
Receivables:	
Taxes	\$ 671,697
Less: Allowance for Uncollectible	<u>(7,000)</u>
Net Total Receivables	<u><u>\$ 664,697</u></u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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)	\$ 597,527
Total deferred/unearned revenue for governmental funds	<u>\$ 597,527</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	<u>Governmental</u>			
	<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	\$ 49,426	\$ --	\$ 1,409,767
Total capital assets not being depreciated	<u>1,360,341</u>	<u>49,426</u>	<u>--</u>	<u>1,409,767</u>
Capital assets being depreciated:				
Buildings and improvements	5,102,369	64,920	--	5,167,289
Structures and improvements	4,954,937	--	--	4,954,937
Machinery and equipment	5,527,330	1,198,934	(37,600)	6,688,664
Less: Total accumulated depreciation	<u>(6,225,583)</u>	<u>(828,672)</u>	<u>36,300</u>	<u>(7,017,955)</u>
Total capital assets being depreciated, net	<u>9,359,053</u>	<u>435,182</u>	<u>(1,300)</u>	<u>9,792,935</u>
Governmental activities capital assets, net	<u>\$ 10,719,394</u>	<u>\$ 484,608</u>	<u>\$ (1,300)</u>	<u>\$ 11,202,702</u>

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

Governmental activities:	
General government	\$ 266,279
Public safety	189,137
Culture and recreation	22,311
Social services	<u>350,945</u>
Total depreciation expense-governmental activities	<u>\$ 828,672</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

D. Interfund Receivables, Payables, and Transfers

Interfund Transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
Emergency 911 Fund	General County Fund	payroll	\$ 1,369,804
Concealed Weapons Fund	General County Fund	payroll	16,537
Home Confinement Fund	General County Fund	payroll	221,107
General School Fund	General County Fund	regional jail bills	469,002
Magistrate Court Fund	General County Fund	reimburse expenses	60,804
Assessor's Valuation Fund	General County Fund	payroll	574,545
Local Law Enforcement Fund	General County Fund	grant reimbursements	89,188
Capital Reserve Fund	General County Fund	payment for E911 vehicles	15,000
General County Fund	Special Building Fund	reimbursement	80,000
Emergency 911 Fund	Capital Reserve Fund	reimbursement	171,000
Treasury Forfeiture Fund	Special Law Enforcement Fund	reimbursement	1,799
Total			<u>\$ 3,068,786</u>

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing election 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.

The future minimum lease obligations and the net present value of these minimum lease payments as of the fiscal year ended June 30, 2009 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2010	\$ 190,947
2011	155,751
2012	69,562
2013	<u>15,500</u>
Total minimum lease payments	431,760
Less: amount representing interest	<u>(11,219)</u>
Present value of minimum lease payments	<u>\$ 420,541</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

F. Notes Payable

The Wood County Building Commission, a blended component unit, entered into a Loan Agreement dated May 24, 2005, with United Bank, Inc. The economic substance of the loan is that the Commission is financing the renovation and acquisition of furniture for the Wood County Judge Black Annex and, accordingly, it is recorded in the County Commission's assets and liabilities. The loan was for \$1,000,000, but only \$797,910 has been drawn down. This amount was drawn down prior to this fiscal year. The outstanding balance at June 30, 2009, was \$409,079.

The future minimum loan obligation and the net present value of these minimum loan payments as of the fiscal year ended June 30, 2009 were as follows:

<u>Year Ending June 30,</u>	<u>Building Commission</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 107,265	\$ 14,533
2011	111,673	10,125
2012	116,262	5,536
2013	73,879	1,050
Total	<u>\$ 409,079</u>	<u>\$ 31,244</u>

G. Long-term Debt

Changes in Long-term Liabilities

	<u>Governmental Activities</u>				<u>Due Within One Year</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	
Capital leases	\$ 585,100	\$ 88,400	\$ (252,959)	\$ 420,541	\$ 183,474
Loan	512,110	--	(103,031)	409,079	107,265
Compensated absences	363,753	25,005	--	388,758	--
Governmental activities Long-term liabilities	<u>\$ 1,460,963</u>	<u>\$ 113,405</u>	<u>\$ (355,990)</u>	<u>\$ 1,218,378</u>	<u>\$ 290,739</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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.

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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

West Virginia Deputy Sheriff Retirement System (WVDRS)

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 \$143,786 for employees' share and \$177,617 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 \$321,403 for all covered employees with a contributed percentage of 100%.

VI.B.2. Trend Information

<u>Fiscal Year</u>	Public Employees Retirement System (PERS)		West Virginia Deputy Sheriff Retirement System (WVDRS)	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2009	\$ 849,799	100%	\$ 321,403	100%
2008	\$ 817,685	100%	\$ 314,963	100%
2007	\$ 774,761	100%	\$ 299,416	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, 2009

	<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	\$ 591,251	\$ 591,251	\$ 622,081	\$ 30,830
Map sales	2,000	2,000	4,216	2,216
Interest	6,000	6,000	15,959	9,959
Total revenues	599,251	599,251	642,256	43,005
Expenditures:				
General government	931,459	873,711	104,896	768,815
Capital outlay	125,209	84,849	--	84,849
Total expenditures	1,056,668	958,560	104,896	853,664
Excess (deficiency) of revenues over (under) expenditures	(457,417)	(359,309)	537,360	896,669
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	--	--
Transfers (out)	--	--	(574,545)	(574,545)
Total other financing sources (uses)	--	--	(574,545)	(574,545)
Net change in fund balance	(457,417)	(359,309)	(37,185)	322,124
Fund balance at beginning of year	457,417	359,309	360,659	1,350
Fund balance at end of year	\$ --	\$ --	\$ 323,474	\$ 323,474

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
Building 1, Room W-420

Charleston, West Virginia 25305

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 558-5327
Internet: <http://www.wvsao.gov>

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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon, dated June 25, 2010. In that report, our opinion was qualified for the omission of the expenses and related liability related to other post employment benefits (OPEB) and for not properly recording and depreciating the capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2009-2, 2009-8 and 2009-10 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2009-9 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2009-1, 2009-3, 2009-4, 2009-5, 2009-6, & 2009-7.

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

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

Respectfully submitted,



Glen B. Gainer, III
West Virginia State Auditor

June 25, 2010



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
Building 1, Room W-420
Charleston, West Virginia 25305

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 558-5327
Internet: <http://www.wvsao.gov>

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, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2009-11.

Internal Control Over Compliance

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

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

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

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

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

Respectfully submitted,



Glen B. Gainer, III
West Virginia State Auditor

June 25, 2010

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

	<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	06-SCBG-0093	\$ 34,653
		08-SCBG-0058	<u>114,840</u>
Total U. S. Department of Housing and Urban Development			<u>149,493</u>
U. S. Department of Justice			
Direct Programs:			
<u>Program Title</u>			
Public Safety Partnership and Community Policing Grants	16.710	N/A	11,519
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	22,833
Pass-through Programs From:			
West Virginia Department of Criminal Justice Services			
<u>Program Title</u>			
Juvenile Justice and Delinquency Prevention_ Allocation to States	16.540	08-JJP-236	14,291
Crime Victim Assistance	16.575	05-VA-012 and 08-VA-030	7,268
Edward Byrne Memorial Formula Grant Program	16.579	07-JAG-23	18,000
Violence Against Women Formula Grants	16.588	06-VAW-008 and 07-VAW-015	1,611

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
Enforcing Underage Drinking Laws Program	16.727	07-EUD-83 and 08-EUD-103	\$ 38,514
Anti-Gang Initiative	16.744	06-AG-02	<u>5,550</u>
Total U. S. Department of Justice			<u>119,586</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	08-SIG-17 and 09-SIG-17	73,009
Voting Access for Individuals with Disabilities_Grants to States	93.617	HHS-2008-ACF- ADD-VOTE-0135	<u>6,038</u>
Total U.S. Department of Health and Human Services			<u>79,047</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	F08-HS-03 and F09-HS-03	<u>266,553</u>
Total U.S. Department of Transportation			<u>266,553</u>
U.S. Department of Homeland Security			
Pass-through Programs From:			
West Virginia Office of			
Emergency Services			
<u>Program Title</u>			
Hazard Mitigation Grant	97.039	FEMA-DR-1696-WV	166,577

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
Emergency Management Performance Grants	97.042	2008-EMPG	\$ 700
Homeland Security Grant Program	97.067	07-CC-CPP-04	11,557
		05-SHS-40, 06-SHS-29, and 07-SHS-13	164,467
Pass-through Programs From:			
Kanawha County Commission			
<u>Program Title</u>			
Homeland Security Grant Program	97.067	2007-GE-T7-0041	<u>70,897</u>
Total U.S. Department of Homeland Security			<u>414,198</u>
TOTAL FEDERAL AWARDS EXPENDITURES			\$ <u><u>1,028,877</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, 2009

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 - SUBRECIPIENT DISBURSEMENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
Community Development Block Grant - State's Program	14.228	\$ 143,599
State and Community Highway Safety	20.600	81,692

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Control over Major Programs:

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

Identification of major programs:

CFDA Numbers

14.228
20.600
97.039

Name of Federal Program

Community Development Block Grant - State's Program
State and Community Highway Safety
Hazard Mitigation Grant

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

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section II - Financial Statement Findings

**Expenditures in Excess of the Amounts Allocated in the Levy Estimate - Coal Severance Fund
2009 - 1**

CONDITION:

We noted during our audit that Wood County incurred expenditures for certain items in the Coal Severance Tax fund in excess of the amounts allocated for those items in the official levy estimate (budget) as last revised. Specifically, expenditures in the following budget categories exceeded the approved amount:

<u>Account Number</u>		<u>Budget</u>		<u>Actual</u>		<u>Over- expenditure</u>
980	\$	264,822	\$	279,534	\$	(14,712)

CRITERIA:

West Virginia Code §11-8-26 states, in part, that:

"...a local fiscal body shall not expend money or incur obligations:

- (1) In an unauthorized manner;
- (2) For an unauthorized purpose;
- (3) In excess of the amount allocated to the fund in the levy order;
- (4) In excess of the funds available for current expenses. . ."

This over-expenditure did not cause the total levy estimate (budget) of the Coal Severance Tax Fund to be overexpended.

CAUSE:

The Wood County Commission did not have a policy to monitor compliance with this statute.

EFFECT:

The Wood County Commission incurred expenditures that were in excess of the amount allocated in this budget line item.

RECOMMENDATION:

The Wood County Commission is directed to implement effective budgetary controls and submit budget revisions when necessary to insure that actual expenditures and/or encumbrances do not exceed the amounts allocated for those expenditures in the official levy estimate (budget) as approved by the State Auditor. Revisions are authorized with prior written approval if submitted prior to the end of the fiscal year.

AUDITED AGENCY'S RESPONSE:

County Clerk: Controls are in place for when an invoice is entered, the line item will show in red if it exceeds the budgeted amount.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section II - Financial Statement Findings

Capital Assets

2009 - 2

CONDITION:

We noted during our audit of Wood County that there was a significant deficiency in the accounting policy for capital assets in the County Clerk's bookkeeping system. Specifically, prior year audit adjustments had not all been applied to the client prepared asset records or to the beginning balance total and correspondingly to additions, deletions, and depreciation expense for the fiscal year. Further, depreciation expense is not being properly calculated and accumulated.

CRITERIA:

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Clerk: There are discrepancies in the amount of depreciation based on the date the report is created. Three copies of the annual depreciation and asset list will be maintained at year end. One for the County Clerk, one for the financial statement and one for the audit, this will eliminate the difference between accumulated depreciation and year-to-date depreciation.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section II - Financial Statement Findings

Purchase Orders

2009 - 3

CONDITION:

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

CRITERIA:

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

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Commission: Beginning with the audit finding from 2008, the County Commission has instituted a policy of writing a memo to each elected official for each invoice found in violation of the policy. In addition, the County Commission office is instituting a policy of reviewing every invoice prior to them being submitted to the finance office for payment to ensure our policy has been followed.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section II - Financial Statement Findings

Schedule of Expenditures of Federal Awards

2009 - 4

CONDITION:

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

CRITERIA:

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

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

"§.310(b) Financial statements.

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

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

CAUSE:

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

EFFECT:

As a result of these weaknesses, additional time was used by the auditor in order to acquire the necessary documentation and to 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, 2009**

Section II - Financial Statement Findings

**Schedule of Expenditures of Federal Awards
2009 - 4 (continued)**

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Clerk: The County Clerk will not create expenditure or revenue line items until all required information is received to ensure the CFDA list is completed. The County Clerk will update the spreadsheet monthly with expenditures and revenues.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section II - Financial Statement Findings

Expenditures

2009 - 5

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.

CRITERIA:

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

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 and were approved by the elected official.

EFFECT:

Expenditures were made without the proper authorization for the expenditure and without the proper support to verify the purpose of the expenditure.

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 Commission: The County Commission office has added an additional step to our procedure by requiring all invoices to be presented to the finance office for payment must be reviewed prior to submission for payment to ensure the proper signature or initial have been applied to the invoices.

County Clerk: The checkbook for the checking account is in possession of the County Clerk and expenditures will be made in accordance with guidelines.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section II - Financial Statement Findings

**Home Confinement
2009 - 6**

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, 2009**

Section II - Financial Statement Findings

**Home Confinement
2009 - 6 (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:

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, 2009**

Section II - Financial Statement Findings

Day Report Center Collections and Deposits

2009 - 7

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

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.

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.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section II - Financial Statement Findings

**Day Report Center Collections and Deposits
2009 - 7 (continued)**

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, 2009**

Section II - Financial Statement Findings

Day Report Center Controls and Procedures
2009 - 8

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, 2009**

Section II - Financial Statement Findings

**Day Report Center Controls and Procedures
2009 - 8 (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, 2009**

Section II - Financial Statement Findings

Segregation of Duties

2009 - 9

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:

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, 2009**

Section II - Financial Statement Findings

**Other Post-Employment Benefits Obligation
2009-10**

CONDITION:

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

CRITERIA:

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Commission: The County Commission has earmarked funds for an actuarial study to be performed early in fiscal year 2010/2011.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section III - Federal Award Findings and Questioned Costs

Allowable Costs

2009 - 11

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. Further, checks were not issued in numerical sequence, and at times, counter checks were used.

CONTEXT:

We examined 3 checks which represents 100% of the expenditures made from this program for the current fiscal year. All 3 of these checks 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:

Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the
"1. 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 order shall be drawn on the county treasurer unless authorized by a special order or appropriation of the county court, ... "

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section III - Federal Award Findings and Questioned Costs

**Allowable Costs
2009 - 11 (continued)**

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 Office of the Sheriff

"Leadership Everyday with Honor, Integrity, and Service"

Date: June 25, 2010
To: WV State Auditor
From: Sheriff Jeff S. Sandy
Re: 2009 State Auditor's Report



Wood County Sheriff's Office Response to State Auditor's 2009 Report

- 1) **CONDITION:** In the audit of 2009 a condition was reported involving a mismatch of receipts issued and revenue received in 2009-6 Home Confinement program. Corrections have been made according to the Auditors. In the 2008 audit Home Confinement was addressed in 2008-10 in reference to three part receipts being altered and not matching with revenues deposited with the Sheriff's tax office.

EFFECT: Home Confinement collection moved into the Tax Office. All monies Over \$500.00 are deposited on a daily basis. Receipts and deposits are reconciled by an independent person.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeff S. Sandy".
Jeff S. Sandy

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

June 24, 2010

To: West Virginia State Auditor

From: Jeff Williams/ Director of Wood County Day Report

Subject: Response to recommendation

To Whom It May Concern:

In response to your recommendation regarding collections and deposits for the Wood County Day Report Center, please note the following changes in policy and procedures for collections and deposit.

All deposits are made on a daily basis. At each of our centers in Wood County and Jackson County two designated staff meet at the end of each day to count the daily receipts, make photo-copies of payments and receipts and attach a photo-copy of all monies and checks along with a copy of the corresponding receipts to two copies of the daily deposit slip. The money and checks and one copy of the signed client receipt are attached to the deposit that is then deposited into an account and the photo-copies of payments and another copy of the clients receipt is kept on file in the Day Report office. In Jackson County we have a bank account for the Day Report Center into which we deposit our funds. In Wood County we have a separate account with the Finance Office and we make our daily deposit into it through the Sheriff's Tax Office.

Approximately once a month our Jackson County facility writes a check made payable to the Wood County Day Report Center and that check is accompanied by copies of client receipts and the daily deposit slips from Jackson County so that the check accurately reflects the payments received. That check and the accompanying Jackson County receipts and deposits slips are then deposited along with Wood County's normal daily deposit in the Sheriff's Tax Office. We then receive a receipt for all deposits from the Sheriff's Tax Office which we keep on file with the monthly report at the Day Report Center. We hope this will satisfy this recommendation.

Respectfully Yours,

A handwritten signature in black ink, appearing to read "Jeffery J. Williams".

Jeffery J. Williams

Marty Seuffer, 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 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

June 25, 2010

Marty Seuffer
County Administrator
Wood County Courthouse
Parkersburg, WV 26101

Dear Marty:

It has come to my attention that the Auditor's Office raised an issue concerning segregation of duties in the Prosecuting Attorney's Office forfeiture accounts.

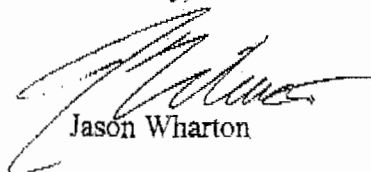
One of the attorneys in the office prepares the forfeiture petitions and handle the proceedings in court that result in funds coming to this office. I currently prepare the vast majority of these petitions so that I am aware of when funds should be coming to the account.

A receipt is prepared any time funds are received in the forfeiture accounts by Rhea Guice. I was added to the signature card for the checks upon being elected prosecuting attorney. Although, I do not sign every check, I sign most of the checks with Rhea signing the remainder. No one else in the office is authorized to sign the checks. Receipts are maintained for each purchase. Each month I review the bank statements and reconciliation with respect to the two forfeiture accounts.

If the auditor's office has suggestions for improving this system, I would be happy to implement any necessary changes to further safeguard these accounts.

If I can be of further assistance on this matter please let me know.

Sincerely,



Jason Wharton



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 JUNE 23, 2010
WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Assessor's Office
#2009 - 9

Segregation of duties.

We have had some employee changes, Angela Bussey and the Personal Property Supervisor, Sondi Wallace will be alternating duties 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. One month Angela will prepare the deposits and write the checks and Sondi will make the deposits and reconcile the checking account. The next month the duties will be switched. Anytime one or the other of them is not available the Assessor will make the deposit. All deposits will be made on a daily basis.

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

TO: Wood County Commission

FROM: Carole Jones, Circuit Clerk of Wood County

DATE: June 23, 2010

RE: Segregation of Duties #2009-9

Please be advised that pursuant to prior conversations and suggestions from our Auditor, Tiffany Hess, 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 also now have two who work on reconciling bank accounts and preparing the monthly statements. We are somewhat limited by staff to cover required duties, but we are making every effort to ensure that the person making deposits each day does not write receipts for that day, and that the person balancing books at the end of the month does not do daily deposits.

I hope that these procedures will alleviate 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: 2009-11
Audit Finding Title: Allowable Costs
Contact person: Marty Seufer, County Administrator
Completion date: June 24, 2010

Corrective Action planned to be taken:

The Sheriff's Tax Office wrote a counter check out in fiscal year 2008/2009. All checks written for these grant funds are now coming out of the Wood County Clerk's Office and will have the required three signatures. The County Clerk's Office is in possession of the checkbook for this grant fund.

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, 2009

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2008-1	Capital Assets	Restated
2008-2	Reinstatements	Corrected
2008-3	Purchase Orders	Restated
2008-4	Depository Collateral	Corrected
2008-5	Schedule of Expenditures of Federal Awards	Restated
2008-6	Assessor's Office	Not Restated
2008-7	Expenditures	Restated
2008-8	Concealed Weapons Fund	Corrected
2008-9	Drug Forfeiture Funds	Not Restated
2008-10	Home Confinement	Restated
2008-11	Daily Deposits	Not Restated
2008-12	Day Report Center Collections and Deposits	Restated
2008-13	Day Report Center Controls and Procedures	Restated
2008-14	Segregation of Duties	Restated
2008-15	Credit Card Usage	Corrected
2008-16	Allowable Costs	Not Restated
2008-17	Allowable Costs	Restated