

W E S T V I R G I N I A

State Auditor's Office
CHIEF INSPECTOR DIVISION

AUDIT REPORT OF
WOOD COUNTY, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2011



GLEN B. GAINER, III, STATE AUDITOR
EX OFFICIO CHIEF INSPECTOR AND SUPERVISOR OF PUBLIC OFFICES
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**AUDIT REPORT OF
WOOD COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Community Criminal Justice
Building Commission Debt Service

NONMAJOR FUNDS

Special Revenue Funds

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

Capital Project Funds

Capital Reserve
Special Building

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FIDUCIARY FUND TYPE

Agency Funds

State
School
Municipal
Other Agency

BLENDED COMPONENT UNITS

Wood County Building Commission

**WOOD COUNTY, WEST VIRGINIA
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INTRODUCTORY SECTION

**WOOD COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2011**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	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
	Steven Gainer	01-01-11 / 12-31-16
Clerk of the County Commission:	Jamie Six	01-01-11 / 12-31-16
Clerk of the Circuit Court:	Carole Jones	01-01-11 / 12-31-16
Sheriff:	Jeff S. Sandy	01-01-09 / 12-31-12
Prosecuting Attorney:	Jason A. Wharton	01-01-09 / 12-31-12
Assessor:	Richard Shaffer	01-01-09 / 12-31-12

FINANCIAL SECTION



State of West Virginia

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Chief Inspector Division
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Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood County, West Virginia (the County), as of and for the year ended June 30, 2011, 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 postemployment benefits (OPEB) be recognized during the period in which the liability is incurred, thereby increasing the expenses, liabilities and reducing the net assets for the governmental activities. The amount by which this departure would affect the expenses and net assets and the associated notes to the financial statements related to the governmental activities is not reasonably determinable.

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

In our opinion, except for the effects of not presenting the expenses and the corresponding liability related to other postemployment benefits and of not properly presenting the capital assets and related depreciation as described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Wood County, West Virginia, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Wood County, West Virginia, as of June 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

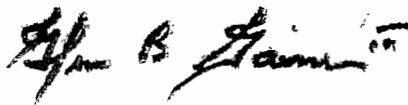
As discussed in Note I.D.10, the County implemented the provisions of Governmental Accounting Standards Board Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Glen B. Gainer III". The signature is written in a cursive, somewhat stylized font.

Glen B. Gainer III
West Virginia State Auditor

March 26, 2012

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government
	Governmental
	Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,967,853
Receivables:	
Taxes	449,299
Total current assets	7,417,152
Noncurrent assets:	
Restricted assets:	
Restricted cash	4,672,537
Capital assets:	
Nondepreciable:	
Land	1,822,975
Construction in progress	939,078
Depreciable:	
Buildings	8,027,507
Structures and improvements	5,368,404
Machinery and equipment	7,577,233
Less: accumulated depreciation	(9,095,878)
Other debits:	
Unamortized bond issue costs	88,418
Total noncurrent assets	19,400,274
Total assets	\$ 26,817,426
LIABILITIES	
Current liabilities payable	
from current assets:	
Accounts payable	102,883
Payroll payable	1,388
Other accrued expenses	226,643
Noncurrent liabilities:	
Bonds payable - due within one year	230,000
Bonds payable - due in more than one year	6,226,593
Notes payable - due within one year	116,262
Notes payable - due in more than one year	73,879
Leases payable - due within one year	178,857
Leases payable - due in more than one year	127,266
Compensated absences payable	387,641
Total liabilities	7,671,412
NET ASSETS	
Invested in capital assets, net of related debt	7,686,462
Unrestricted	11,459,552
Total net assets	19,146,014
Total liabilities and net assets	\$ 26,817,426

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, 2011**

	Program Revenues				Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Functions / Programs					
Primary government:					
Governmental activities:					
General government	\$ 9,464,946	\$ 2,395,328	\$ 1,000	\$ 1,566,263	\$ (5,502,355)
Public safety	9,615,208	2,205,254	1,020,243	196,229	(6,193,482)
Streets and transportation	--	--	5,000	--	5,000
Health and sanitation	161,033	--	960	--	(160,073)
Culture and recreation	863,635	--	--	--	(863,635)
Social services	49,252	--	--	--	(49,252)
Capital projects	515,758	--	--	--	(515,758)
Economic development	1,914,723	--	--	--	(1,914,723)
Issuance cost	5,560	--	--	--	(5,560)
Interest on long-term debt	226,643	--	--	--	(226,643)
Total primary government	\$ 22,816,758	\$ 4,600,582	\$ 1,027,203	\$ 1,762,492	(15,426,481)
General revenues:					
Ad valorem property taxes					12,204,453
Alcoholic beverages tax					31,772
Hotel occupancy tax					481,283
Animal tax					36,929
Gas and oil severance tax					40,765
Other taxes					1,381,159
Coal severance tax					263,439
Licenses and permits					89,743
Unrestricted investment earnings					75,558
Refunds					281,366
Reimbursement					4,172
Miscellaneous					545,620
Total general revenues					15,436,259
Change in net assets					9,778
Net assets - beginning					19,136,236
Net assets - ending					\$ 19,146,014

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

WOOD COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	<u>General</u>	Coal Severance <u>Tax</u>	Community Criminal <u>Justice</u>	Building Commission <u>Debt Service</u>	Other Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS						
Current:						
Cash and cash equivalents	\$ 3,504,961	\$ 234,419	\$ 5,870	\$ --	\$ 3,222,603	\$ 6,967,853
Receivables:						
Taxes	449,299	--	--	--	--	449,299
Due from:						
Other funds	403,511	--	--	--	--	403,511
Restricted cash	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,672,537</u>	<u>--</u>	<u>4,672,537</u>
Total assets	<u>\$ 4,357,771</u>	<u>\$ 234,419</u>	<u>\$ 5,870</u>	<u>\$ 4,672,537</u>	<u>\$ 3,222,603</u>	<u>\$ 12,493,200</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	101,843	--	1,015	--	25	102,883
Payroll payable	1,388	--	--	--	--	1,388
Other accrued expenses	--	--	--	226,643	--	226,643
Due to:						
Other funds	--	--	345,042	--	58,469	403,511
Deferred revenues:						
Taxes	<u>361,908</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>361,908</u>
Total liabilities	<u>465,139</u>	<u>--</u>	<u>346,057</u>	<u>226,643</u>	<u>58,494</u>	<u>1,096,333</u>
Fund balances:						
Restricted	--	--	--	4,445,894	3,206,928	7,652,822
Committed	1,630,819	--	--	--	--	1,630,819
Assigned	1,770,911	234,419	--	--	--	2,005,330
Unassigned	<u>490,902</u>	<u>--</u>	<u>(340,187)</u>	<u>--</u>	<u>(42,819)</u>	<u>107,896</u>
Total fund balances	<u>3,892,632</u>	<u>234,419</u>	<u>(340,187)</u>	<u>4,445,894</u>	<u>3,164,109</u>	<u>11,396,867</u>
Total liabilities and fund balances	<u>\$ 4,357,771</u>	<u>\$ 234,419</u>	<u>\$ 5,870</u>	<u>\$ 4,672,537</u>	<u>\$ 3,222,603</u>	<u>\$ 12,493,200</u>

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

WOOD COUNTY, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balances on the governmental fund's balance sheet	\$ 11,396.867
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note IV.C.)	14,639,319
Other long-term assets that are not available to pay for current-year expenditures and therefore are deferred in the funds. This amount represents unamortized bond issue costs.	88,418
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note IV.B.)	361,908
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note IV.G.)	<u>(7,340,498)</u>
Net assets of governmental activities	\$ <u><u>19,146,014</u></u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Community Criminal Justice</u>	<u>Building Commission Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 12,286,118	\$ --	\$ --	\$ --	\$ --	\$ 12,286,118
Alcoholic beverages tax	31,772	--	--	--	--	31,772
Hotel occupancy tax	481,283	--	--	--	--	481,283
Animal tax	--	--	--	--	36,929	36,929
Gas and oil severance tax	40,765	--	--	--	--	40,765
Other taxes	482,227	--	--	--	623,444	1,105,671
Coal severance tax	--	263,439	--	--	--	263,439
Licenses and permits	40,063	--	--	--	49,680	89,743
Intergovernmental:						
Federal	2,012,636	--	--	--	324,882	2,337,518
State	372,177	--	--	--	80,000	452,177
Charges for services	1,810,475	--	144,501	--	2,052,482	4,007,458
Fines and forfeits	172,571	--	--	--	420,553	593,124
Interest and investment earnings	47,529	1,183	--	814	26,032	75,558
Refunds	281,366	--	--	--	--	281,366
Reimbursements	--	--	--	--	4,172	4,172
Payments in lieu of taxes	275,488	--	--	--	--	275,488
Contributions and donations	100	--	--	--	200	300
Miscellaneous	478,198	14,550	--	--	14,076	506,824
Total revenues	<u>18,812,768</u>	<u>279,172</u>	<u>144,501</u>	<u>814</u>	<u>3,632,450</u>	<u>22,869,705</u>
EXPENDITURES						
Current:						
General government	10,189,039	--	--	--	213,506	10,402,545
Public safety	8,835,875	--	205,016	--	416,430	9,457,321
Health and sanitation	161,033	--	--	--	--	161,033
Culture and recreation	844,073	--	--	--	--	844,073
Social services	49,252	--	--	--	--	49,252
Capital outlay	97,818	305,623	--	--	801,490	1,204,931
Economic development	--	--	--	1,914,723	--	1,914,723
Debt service:						
Interest	--	--	--	226,643	--	226,643
Bond issuance costs	--	--	--	90,685	--	90,685
Total expenditures	<u>20,177,090</u>	<u>305,623</u>	<u>205,016</u>	<u>2,232,051</u>	<u>1,431,426</u>	<u>24,351,206</u>
Excess (deficiency) of revenues over expenditures	<u>(1,364,322)</u>	<u>(26,451)</u>	<u>(60,515)</u>	<u>(2,231,237)</u>	<u>2,201,024</u>	<u>(1,481,501)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,182,766	--	196,479	223,831	1,149,692	4,752,768
Transfers (out)	(1,413,353)	--	(519,838)	--	(2,819,577)	(4,752,768)
Bonds issued	--	--	--	6,585,000	--	6,585,000
Proceeds from the sale of assets	7,725	--	--	--	--	7,725
Bond discount	--	--	--	(131,700)	--	(131,700)
Capital leases	--	102,162	--	--	--	102,162
Total other financing sources (uses)	<u>1,777,138</u>	<u>102,162</u>	<u>(323,359)</u>	<u>6,677,131</u>	<u>(1,669,885)</u>	<u>6,563,187</u>
Net change in fund balances	412,816	75,711	(383,874)	4,445,894	531,139	5,081,686
Fund balances - beginning (Note IV.I.)	<u>3,479,816</u>	<u>158,708</u>	<u>43,687</u>	<u>--</u>	<u>2,632,970</u>	<u>6,315,181</u>
Fund balances - ending	<u>\$ 3,892,632</u>	<u>\$ 234,419</u>	<u>\$ (340,187)</u>	<u>\$ 4,445,894</u>	<u>\$ 3,164,109</u>	<u>\$ 11,396,867</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, 2011

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

Net change in fund balances - total governmental funds	\$ 5,081,686
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 II)	2,282,353
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note IV.C.)	(1,143,926)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (Note II)	12,155
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year deferred revenues.	(81,665)
Prior year deferred revenues: \$443,573	
Current year deferred revenues: \$361,908	
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II)	(6,470,337)
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)	329,512
	329,512
Change in net assets of governmental activities	\$ <u><u>9,778</u></u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 11,593,430	\$ 11,593,430	\$ 12,286,118	\$ (41,294)	\$ 12,244,824	\$ 651,394
Alcoholic beverages tax	25,000	25,000	31,772	--	31,772	6,772
Hotel occupancy tax	475,000	480,912	481,283	--	481,283	371
Gas and oil severance tax	40,000	40,000	40,765	--	40,765	765
Other taxes	325,000	325,000	482,227	--	482,227	157,227
Licenses and permits	33,200	33,200	40,063	--	40,063	6,863
Intergovernmental:						
Federal	--	1,982,983	2,012,636	--	2,012,636	29,653
State	--	403,612	372,177	--	372,177	(31,435)
Charges for services	631,000	1,660,525	1,810,475	--	1,810,475	149,950
Fines and forfeits	20,000	20,000	172,571	--	172,571	152,571
Interest and investment earnings	200,000	200,000	47,529	(20,589)	26,940	(173,060)
Refunds	150,000	334,036	281,366	--	281,366	(52,670)
Payments in lieu of taxes	255,000	255,000	275,488	--	275,488	20,488
Contributions and donations	17,000	17,100	100	17,143	17,243	143
Miscellaneous	333,600	494,374	478,198	--	478,198	(16,176)
Total revenues	<u>14,098,230</u>	<u>17,865,172</u>	<u>18,812,768</u>	<u>(44,740)</u>	<u>18,768,028</u>	<u>902,856</u>
EXPENDITURES						
Current:						
General government	8,267,733	11,413,145	10,189,039	174,655	10,363,694	1,049,451
Public safety	8,254,981	9,061,356	8,835,875	--	8,835,875	225,481
Health and sanitation	171,250	171,250	161,033	--	161,033	10,217
Culture and recreation	826,379	877,393	844,073	--	844,073	33,320
Social services	51,500	51,500	49,252	--	49,252	2,248
Capital outlay	377,937	241,870	97,818	1	97,819	144,051
Total expenditures	<u>17,949,780</u>	<u>21,816,514</u>	<u>20,177,090</u>	<u>174,656</u>	<u>20,351,746</u>	<u>1,464,768</u>
Excess (deficiency) of revenues over expenditures	<u>(3,851,550)</u>	<u>(3,951,342)</u>	<u>(1,364,322)</u>	<u>(219,396)</u>	<u>(1,583,718)</u>	<u>2,367,624</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,936,550	3,650,217	3,182,766	(103,573)	3,079,193	(571,024)
Transfers (out)	--	(1,189,522)	(1,413,353)	223,831	(1,189,522)	--
Proceeds from the sale of assets	15,000	15,000	7,725	--	7,725	(7,275)
Total other financing sources (uses)	<u>2,951,550</u>	<u>2,475,695</u>	<u>1,777,138</u>	<u>120,258</u>	<u>1,897,396</u>	<u>(578,299)</u>
Net change in fund balance	(900,000)	(1,475,647)	412,816	(99,138)	313,678	1,789,325
Fund balance - beginning	<u>900,000</u>	<u>1,475,647</u>	<u>3,479,816</u>	<u>(2,022,583)</u>	<u>1,457,233</u>	<u>(18,414)</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,892,632</u>	<u>\$ (2,121,721)</u>	<u>\$ 1,770,911</u>	<u>\$ 1,770,911</u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>				
REVENUES						
Taxes:						
Coal severance tax	\$ 150,000	\$ 150,000	\$ 263,439	\$ --	\$ 263,439	\$ 113,439
Interest and investment earnings	800	800	1,183	--	1,183	383
Miscellaneous	--	--	14,550	--	14,550	14,550
	<u>150,800</u>	<u>150,800</u>	<u>279,172</u>	<u>--</u>	<u>279,172</u>	<u>128,372</u>
EXPENDITURES						
Current:						
Capital outlay	<u>271,800</u>	<u>324,058</u>	<u>305,623</u>	<u>(102,162)</u>	<u>203,461</u>	<u>120,597</u>
	<u>271,800</u>	<u>324,058</u>	<u>305,623</u>	<u>(102,162)</u>	<u>203,461</u>	<u>120,597</u>
Excess (deficiency) of revenues over expenditures	<u>(121,000)</u>	<u>(173,258)</u>	<u>(26,451)</u>	<u>102,162</u>	<u>75,711</u>	<u>248,969</u>
OTHER FINANCING SOURCES (USES)						
Capital leases	<u>--</u>	<u>--</u>	<u>102,162</u>	<u>(102,162)</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>102,162</u>	<u>(102,162)</u>	<u>--</u>	<u>--</u>
Net change in fund balance	<u>(121,000)</u>	<u>(173,258)</u>	<u>75,711</u>	<u>--</u>	<u>75,711</u>	<u>248,969</u>
Fund balance - beginning	<u>121,000</u>	<u>173,258</u>	<u>158,708</u>	<u>--</u>	<u>158,708</u>	<u>(14,550)</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 234,419</u>	<u>\$ --</u>	<u>\$ 234,419</u>	<u>\$ 234,419</u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Non-pooled cash	\$ <u>2,399,175</u>
Total cash	\$ <u><u>2,399,175</u></u>
LIABILITIES	
Due to: other governments	<u>2,399,175</u>
Total liabilities	\$ <u><u>2,399,175</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, 2011

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

Blended Component 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, 2011

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 and 10 members from the other counties. The County appropriated \$94,000 for an operating grant for the Mid-Ohio Valley Board of Health for the fiscal year.

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

Related Organizations

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

Name of Organization

Mid-Ohio Valley Workforce Investment Authority	West Virginia Little Kanawha River Parkway
Mid-Ohio Valley Regional Council	Wood County Community Resources
Wood County Board of Parks and Recreation	Wood County Recreation Commission
Northeastern Area Agency on Aging	Wood County Solid Waste Authority
Parkersburg/Wood County Convention & Visitors' Bureau	Wood County Development Authority
Parkersburg/Wood County Public Library	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 and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 and claims and judgments, are recorded only when payment is due.

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

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

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 *Community Criminal Justice fund*, a special revenue fund, accounts for the operation of the Wood County Day Report Center.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The *Building Commission Debt Service fund*, a debt service fund, accounts for the activity associated with the issuance of bonds for the Wood County Justice Center.

Additionally, the government reports the following fund types:

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

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

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

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

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.

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

2. Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property Tax Receivable

The property tax receivable allowance is equal to 64 percent of the property taxes outstanding at June 30, 2011.

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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	1,569,690,264	26.28 cents
Class III	762,018,190	52.26 cents
Class IV	766,841,850	52.26 cents

3. Inventories and Prepaid Items

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

4. Restricted Assets

Certain assets of the Building Commission debt service fund are classified as restricted assets because their use is restricted by bond agreements.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column 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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

8. Fund Balances

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

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the County Commission, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the County Commission for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

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

9. Stabilization Arrangements

The government has created a stabilization arrangement in accordance with West Virginia Code §7-21-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for whatever the County Commission chooses. The stabilization balance at fiscal year-end was \$1,630,819.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

10. Change in Accounting Principle

Effective July 1, 2010, the County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes standards of accounting and financial reporting for fund balance classifications and governmental fund type definitions including note disclosures in the financial reports of state and local governments. The County has applied any required adjustments to the financial statements. The details of the fund balances for major and nonmajor governmental funds presented in the aggregate on the balance sheet are shown in Note IV-E.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that, "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." The details of the difference are as follows:

Capital asset increases	\$ 2,320,850
Capital asset donations	<u>(38,497)</u>
 Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	 \$ <u><u>2,282,353</u></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 \$12,155 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	\$ 38,497
 In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.	 <u>(26,342)</u>
 Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	 \$ <u><u>12,155</u></u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

Debt issued or incurred:	
Capital lease financing	\$ (102,162)
Bond financing	(6,585,000)
Bond discount	131,700
Bond issue costs	90,685
Amortization expense:	
Bond issue costs	(2,267)
Bond discount	(3,293)
	<hr/>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ (6,470,337)

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	\$ (19,503)
Notes	111,673
Leases	237,342
	<hr/>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ 329,512

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Wood County, West Virginia prepares its budget on the cash less payables basis of accounting except that the budget for the General County fund includes General County cash but not money reserved for the Financial Stabilization fund. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for both the General and Coal Severance Tax Funds.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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	\$ 3,145,412
Public safety expenditure increase	806,375
Culture and recreation expenditure increase	51,014
Capital projects expenditure decrease	(136,067)
 <u>Coal Severance Tax Fund</u>	
Capital projects expenditure increase	52,258

B. Deficit Fund Equity

The Community Criminal Justice Fund had a deficit fund balance of (\$340,187) as of June 30, 2011. The fund owes the General County Fund \$345,042 for reimbursement of payroll expenses.

The Home Confinement Fund had a deficit fund balance of (\$42,819) as of June 30, 2011. The fund owes the General County Fund \$58,469 for reimbursement of payroll expenses.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

C. Encumbrances

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

<u>Encumbrance Description</u>	<u>General County</u>	<u>Community Criminal Justice</u>	<u>Non-major Fund</u>
General Government	\$ 84,758	\$ --	\$ 5,674
Public Safety	10,870	32,855	18,726
Capital Projects	11,064	--	--
	<u>\$ 106,692</u>	<u>\$ 32,855</u>	<u>\$ 24,400</u>

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 \$14,039,565. 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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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	\$ <u>14,039,565</u>
Total	\$ <u><u>14,039,565</u></u>
Cash and cash equivalents	\$ 6,967,853
Cash and cash equivalents-restricted	2,399,175
Building Commission Debt Service fund - restricted cash	<u>4,672,537</u>
Total	\$ <u><u>14,039,565</u></u>

B. Receivables

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

	<u>General</u>
Receivables:	
Taxes	\$ <u>699,299</u>
Gross Receivables	<u>699,299</u>
Less: Allowance for Uncollectible	<u>(250,000)</u>
Net Total Receivables	\$ <u><u>449,299</u></u>

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)	\$ <u>361,908</u>
Total deferred/unearned revenue for governmental funds	\$ <u><u>361,908</u></u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,615,518	\$ 207,457	\$ --	\$ 1,822,975
Construction in progress	228,056	711,022	--	939,078
Total capital assets not being depreciated	<u>1,843,574</u>	<u>918,479</u>	<u>--</u>	<u>2,762,053</u>
Capital assets being depreciated:				
Buildings and improvements	7,369,717	657,790	--	8,027,507
Structures and improvements	4,980,205	388,199	--	5,368,404
Machinery and equipment	7,417,014	356,382	(196,163)	7,577,233
Less: Total accumulated depreciation	<u>(8,121,773)</u>	<u>(1,143,926)</u>	<u>169,821</u>	<u>(9,095,878)</u>
Total capital assets being depreciated, net	<u>11,645,163</u>	<u>258,445</u>	<u>(26,342)</u>	<u>11,877,266</u>
Governmental activities capital assets, net	<u>\$ 13,488,737</u>	<u>\$ 1,176,924</u>	<u>\$ (26,342)</u>	<u>\$ 14,639,319</u>

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

Governmental activities:	
General government	\$ 373,440
Public safety	248,927
Culture and recreation	28,810
Capital projects	<u>492,749</u>
Total depreciation expense-governmental activities	<u>\$ 1,143,926</u>

Construction in Progress

The government has active construction projects as of the fiscal year ended June 30, 2011. The projects include the construction of the Wood County Justice Center. At year end, the amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Funded</u>	<u>Spent-to Date</u>
Wood County Justice Center	Recovery Zone Economic Development Bonds	\$ <u>939,078</u>
		\$ <u>939,078</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of the fiscal year ended June 30, 2011 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General County	Community Criminal Justice	payroll reimbursement	\$ 345,042
General County	Home Confinement	payroll reimbursement	58,469
			<hr/>
Total			\$ 403,511
			<hr/> <hr/>

Interfund Transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General County	Special Building	reservation of funds	\$ 1,000,000
General County	Concealed Weapons	sale of assets	3,007
General County	Community Criminal Justice	grant reimbursement	184,015
General County	Building Commission Debt Service	bond interest	223,831
General County	Drug Court	fees	2,500
E911	General County	payroll reimbursement	1,480,920
Assessor's Valuation	General County	payroll reimbursement	687,037
Home Confinement	General County	payroll reimbursement	80,071
General School	General County	regional jail bills	381,084
Community Criminal Justice	General County	payroll reimbursement	519,838
Local Law Enforcement	General County	grant reimbursement	10,130
Concealed Weapons	General County	payroll reimbursement	23,486
Drug Court	General County	fees reimbursement	200
Home Confinement	Community Criminal Justice	drug fee reimbursement	12,464
DOJ Drug Forfeiture	Special Law Enforcement	reimbursement	1,302
Special Law Enforcement	DOJ Drug Forfeiture	reimbursement	1,302
Enhanced 911 Equipment	Capital Reserve	close out fund	141,581
			<hr/>
Total			\$ 4,752,768
			<hr/> <hr/>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

E. Fund Balance Detail

At year-end, the detail of the government's fund balances is as follows:

	<u>General Fund</u>	<u>Coal Severance Fund</u>	<u>Community Criminal Justice</u>	<u>Building Commission Debt Service</u>
Restricted:				
Capital projects	\$ --	\$ --	\$ --	\$ 4,445,894
Committed:				
Financial Stabilization	1,630,819	--	--	--
Assigned:				
Budget carryover amount	1,770,911	234,419	--	--
Unassigned	<u>490,902</u>	<u>--</u>	<u>(340,187)</u>	<u>--</u>
Total fund balances	<u>\$ 3,892,632</u>	<u>\$ 234,419</u>	<u>\$ (340,187)</u>	<u>\$ 4,445,894</u>

	<u>Non-major Funds</u>	<u>Total</u>
Restricted:		
General government	\$ 362,699	\$ 362,699
Public safety	1,130,953	1,130,953
Culture and recreation	535	535
Capital projects	1,712,741	6,158,635
Committed:		
Financial Stabilization	--	1,630,819
Assigned:		
Budget carryover amount	--	2,005,330
Unassigned	<u>(42,819)</u>	<u>107,896</u>
Total fund balances	<u>\$ 3,164,109</u>	<u>\$ 11,396,867</u>

F. Leases

Capital Leases

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The future minimum lease obligations and the net present value of these minimum lease payments as of the fiscal year ended June 30, 2011, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2012	\$ 184,084
2013	78,914
2014	26,908
2015	<u>24,666</u>
Total minimum lease payments	314,572
Less: amount representing interest	<u>(8,449)</u>
Present value of minimum lease payments	<u><u>\$ 306,123</u></u>

G. Long-term Debt

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, 2011, was \$190,141.

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 116,262	\$ 5,536
2013	<u>73,879</u>	<u>1,050</u>
Total	<u><u>\$ 190,141</u></u>	<u><u>\$ 6,586</u></u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Revenue Bonds

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

Governmental Activities						
Purpose	Maturity Dates	Interest Rates	Issued	Retired	June 30, 2011	
Justice Center 2010 B	1/1/2012	2.500%	\$ 95,000	\$ --	\$ 95,000	
Justice Center 2010 A	1/1/2021	5.875%	2,635,000	--	2,635,000	
Justice Center 2010 A	1/1/2026	6.750%	1,745,000	--	1,745,000	
Justice Center 2010 A	1/1/2029	7.375%	1,215,000	--	1,215,000	
Justice Center 2010 A	1/1/2031	7.500%	895,000	--	895,000	
Total revenue bonds			<u>\$ 6,585,000</u>	<u>\$ --</u>	<u>\$ 6,585,000</u>	

Wood County Building Commission Taxable Lease Revenue Bonds, Series 2010 A (Recovery Zone Economic Development Bonds)

On December 22, 2010, the Wood County Building Commission, a blended component unit of Wood County, West Virginia, issued \$6,490,000 of Wood County Building Commission Taxable Lease Revenue Bonds, Series 2010 A (Recovery Zone Economic Development Bonds), bearing interest at 5.875% to be adjusted on January 1 in the years 2021, 2026, and 2029. The proceeds of these bonds are being used to finance a Justice Center in Wood County and appurtenant facilities to house various public officials and county offices for the County Commission of Wood County, West Virginia. The bonds are secured by the Justice Center and an irrevocable pledge of lease payments which are required to be in sufficient amount to pay principal and interest on the bonds when due. The total principal and interest remaining to be paid on the bond is \$11,795,747.

Lease revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities	
	Principal	Interest
2012	\$ 135,000	\$ 440,058
2013	245,000	421,394
2014	250,000	407,000
2015	260,000	392,313
2016	270,000	377,038
2017 - 2021	1,475,000	1,638,438
2022 - 2026	1,745,000	1,145,456
2027 - 2031	2,110,000	484,050
Totals	<u>\$ 6,490,000</u>	<u>\$ 5,305,747</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Wood County Building Commission Lease Revenue Bonds, Series 2010 B (Tax Exempt-Bank Qualified Bonds)

On December 22, 2010, the Wood County Building Commission, a blended component unit of Wood County, West Virginia, issued \$95,000 of Wood County Building Commission Lease Revenue Bonds, Series 2010 B (Tax Exempt - Bank Qualified Bonds), bearing interest at 2.5%. The proceeds of these bonds are being used to finance a Justice Center in Wood County and appurtenant facilities to house various public officials and county offices for the County Commission of Wood County, West Virginia. The bonds are secured by the Justice Center and an irrevocable pledge of lease payments which are required to be in sufficient amount to pay principal and interest on the bonds when due. The total principal and interest remaining to be paid on the bond is \$97,434.

Lease revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities	
	Principal	Interest
2012	\$ 95,000	\$ 2,434
Totals	\$ 95,000	\$ 2,434

Pledged Revenues - Lease Revenue Bonds

The Wood County Building Commission, a blended component unit of Wood County, West Virginia, has pledged future lease rentals to be paid by the Wood County Commission to repay \$6,585,000 in lease revenue bonds issued in 2010. Proceeds from the bonds provided financing for a Justice Center and appurtenant facilities to house various public officials and county offices for the County Commission of Wood County, West Virginia. The bonds are payable solely from lease revenues paid by the County Commission through 2031. Annual principal and interest payments on the bonds are expected to require 85 percent of net revenues. The total principal and interest remaining to be paid on the bonds outstanding is \$11,893,180. Principal and interest paid for the current year and total customer net revenues were \$0 and \$345,629, respectively.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease revenue					
bonds payable	\$ --	\$ 6,585,000	\$ --	\$ 6,585,000	\$ 230,000
Less: Unamortized					
bond discount	--	(131,700)	3,293	(128,407)	--
Total bonds payable	--	6,453,300	3,293	6,456,593	230,000
Capital leases	441,303	102,162	(237,342)	306,123	178,857
Notes	301,814	--	(111,673)	190,141	116,262
Compensated absences	368,138	19,503	--	387,641	--
Governmental activities					
Long-term liabilities	\$ 1,111,255	\$ 6,574,965	\$ (345,722)	\$ 7,340,498	\$ 525,119

H. Restricted Assets

The balances of the restricted asset accounts for the primary government and its component unit is as follows:

	Governmental Activities
Revenue bond debt service account	\$ 4,672,537
Total restricted assets	\$ 4,672,537

I. Prior Period Adjustment

The following fund balances required restatement at the beginning of the year as follows:

	General Fund	Financial Stabilization
Fund balances,		
as previously stated	\$ 1,820,411	\$ 1,659,405
Combine Financial Stabilization and General County	1,659,405	(1,659,405)
Fund balances, restated	\$ 3,479,816	\$ --

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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, 2010. 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.

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

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, 2011**

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information, and Funding Policies

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

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

Public Employees Retirement System (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	12.50%
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, 2011**

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 \$152,231 for employees' share and \$188,051 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 \$340,282 for all covered employees with a contributed percentage of 100%.

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>
2011	\$ 1,022,956	100%	\$ 340,282	100%
2010	\$ 912,777	100%	\$ 329,349	100%
2009	\$ 849,799	100%	\$ 321,403	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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Other taxes	\$ 603,008	\$ 603,008	\$ 623,444	\$ --	\$ 623,444	\$ 20,436
Miscellaneous	--	--	4,172	--	4,172	4,172
Map sales	2,000	6,499	3,874	--	3,874	(2,625)
Interest	6,000	9,610	2,736	--	2,736	(6,874)
Total revenues	611,008	619,117	634,226	--	634,226	15,109
Expenditures:						
Current:						
General government	264,868	138,353	49,332	54,374	103,706	34,647
Capital outlay	119,800	59,800	--	--	--	59,800
Total expenditures	384,668	198,153	49,332	54,374	103,706	94,447
Excess (deficiency) of revenues over expenditures	226,340	420,964	584,894	(54,374)	530,520	109,556
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(700,000)	(700,000)	(687,037)	--	(687,037)	12,963
Total other financing sources (uses)	(700,000)	(700,000)	(687,037)	--	(687,037)	12,963
Net change in fund balance	(473,660)	(279,036)	(102,143)	(54,374)	(156,517)	122,519
Fund balance at beginning of year	473,660	279,036	224,662	54,374	279,036	--
Fund balance at end of year	\$ --	\$ --	\$ 122,519	\$ --	\$ 122,519	\$ 122,519

ACCOMPANYING INFORMATION



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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Chief Inspector Division
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REPORT ON 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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon, dated March 26, 2012. In that report, our opinion was qualified for the omission of the expenses and related liability related to other postemployment 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

Management of the County is responsible for establishing and maintaining effective 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 2011-1, 2011-5, and 2011-7 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-13 to be a significant deficiency.

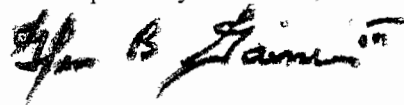
Compliance and Other Matters

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 2011-2, 2011-3, 2011-4, 2011-6, 2011-8, 2011-9, 2011-10, 2011-11, and 2011-12.

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 them.

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

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 26, 2012



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Wood County, 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2011.

Internal Control Over Compliance

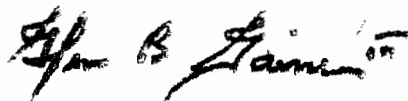
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance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

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

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

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

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

March 26, 2012

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<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			
Community Development Block Grants-State's Program	14.228	08-SCBG-0058	\$ <u>163,638</u>
Total U. S. Department of Housing and Urban Development			<u>163,638</u>
U. S. Department of the Interior Bureau of Land Management			
Direct Programs:			
Payments in Lieu of Taxes	15.226	N/A	<u>3,812</u>
Total U. S. Department of the Interior Bureau of Land Management			<u>3,812</u>
U. S. Department of Justice			
<i>JAG Program Cluster:</i>			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	15,212
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to Units of Local Governments	16.804	N/A	40,575

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
Pass-through Programs From: City of Parkersburg			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803	09-RAJ-03	\$ 28,000
Pass-through Programs From: West Virginia Department of Criminal Justice Services			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803	09-RAJ-37, 09-RAJ-55, and 09-RAJ-89	<u>44,153</u>
<i>Total JAG Program Cluster</i>			<u>127,940</u>
Direct Programs:			
Edward Byrne Memorial Formula Grant Program	16.579	N/A	2,307
Public Safety Partnership and Community Policing Grants	16.710	N/A	49,686
Pass-through Programs From: West Virginia Department of Criminal Justice Services			
Juvenile Justice and Delinquency Prevention_ Allocation to States	16.540	09-JJP-263	4,950
Crime Victim Assistance	16.575	09-VA-029 and 09-VA-048	33,891
Edward Byrne Memorial Formula Grant Program	16.579	09-JAG-16	31,591
Violence Against Women Formula Grants	16.588	08-VAW-013	4,382
ARRA - Violence Against Women Formula Grants	16.588	09-VAWR-11	21,281

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Center Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Grantor Expenditures</u>
Pass-through Programs From: West Virginia Department of Criminal Justice Services			
Enforcing Underage Drinking Laws Program	16.727	09-EUD-125, 09-EUD-127, and 10-EUD-011	\$ <u>17,330</u>
Total U. S. Department of Justice			<u>293,358</u>
U.S. Department of Labor			
Direct Programs:			
ARRA - Employee Benefits Security Administration	17.151	N/A	<u>11,433</u>
Total U.S. Department of Labor			<u>11,433</u>
U.S. Department of Transportation			
Pass-through Programs From: West Virginia Department of Transportation			
State and Community Highway Safety	20.600	F09-HS-03, F10-HS-03, and F11-HS-03	344,662
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	LEPC-HMEP	<u>5,000</u>
Total U.S. Department of Transportation			<u>349,662</u>
General Services Administration:			
Pass-through Programs From: West Virginia Intelligence Exchange			
Donation of Federal Surplus Personal Property	39.003	Not available	<u>869,377</u>
Total General Services Administration			<u>\$ 869,377</u>

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Center Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Grantor Expenditures</u>
U.S. Department of Energy			
Direct Programs:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	\$ <u>223,900</u>
Total U.S. Department of Energy			<u>223,900</u>
U.S. Department of Health and Human Services			
Pass-through Programs From:			
West Virginia Department of Criminal Justice Services			
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	09-SIG-17 and 10-SIG-17	25,806
Voting Access for Individuals with Disabilities_ Grants to States	93.617	Not available	9,757
Pass-through Programs From:			
Marshall County Family Resource Network			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	16-SAPS-2011	<u>1,520</u>
Total U.S. Department of Health and Human Services			\$ <u>37,083</u>

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Center Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Grantor Expenditures</u>
U.S. Department of Homeland Security			
Pass-through Programs From:			
West Virginia Office of Emergency Services			
State and Local Homeland Security National Training Program	97.005	Not available	\$ 3,259
Hazard Mitigation Grant	97.039	FEMA-DR-1691-WV	655,305
Emergency Management Performance Grants	97.042	2010-EMPG	84,000
Pass-through Programs From:			
West Virginia Department of Military Affairs and Public Safety			
Homeland Security Grant Program	97.067	09-SHS-20	23,758
Buffer Zone Protection	97.078	09-BZ-02	<u>101,227</u>
Total U.S. Department of Homeland Security			<u>867,549</u>
U.S. Department of Treasury			
Direct Programs:			
ARRA - Recovery Zone Economic Development Bond Interest Subsidy	None	N/A	<u>101,428</u>
Total U.S. Department of Treasury			<u>101,428</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 2,921,240</u>

N/A = Not applicable

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, 2011

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENT DISBURSEMENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
Community Development Block Grants - State's Program	14.228	\$ 157,872
ARRA - Violence Against Women Formula Grants	16.588	2,891
State and Community Highway Safety	20.600	151,334
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	2,857

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

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

Identification of major programs:

CFDA Numbers

39.003
97.039

Name of Federal Program

Donation of Federal Surplus Personal Property
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, 2011**

Section II - Financial Statement Findings

**Annual Financial Statements
2011-1**

CONDITION:

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

CRITERIA:

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

CAUSE:

Significant changes in personnel occurred in both the Sheriff's tax office and the County Clerk's finance office resulting in a lack of experience in both receipting and bookkeeping. This inexperience resulted in errors being made that were not discovered and corrected.

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Clerk: Wood County will contract with the Local Government Services division of the West Virginia State Auditor to assist in preparation and presentation of future Financial Statements. The Finance employee is taking Accounting class at WVU-Parkersburg.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

**Preparation and Publication of the Annual Financial Statement
2011-2**

CONDITION:

We noted during our audit that the Wood County Commission failed to prepare and cause to be published within the prescribed time the annual financial statement for the fiscal year ended June 30, 2011.

CRITERIA:

West Virginia Code §7-5-16 states, in part, that:

"(a) The County Commission of every county, within ninety days after the first session held after the beginning of each fiscal year, shall prepare on a form to be prescribed by the state auditor, and cause to be published a statement revealing (a) the receipts and expenditures of the county during the previous fiscal year arranged under descriptive headings, (b) the name of each firm, corporation, and person who received more than fifty dollars from any fund during the previous fiscal year, together with the amount received and the purpose for which paid, and (c) all debts of the county, the purpose for which each debt was contracted, its due date, and to what date the interest thereon has been paid. Such statement shall be published as a class 1-0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the county. . . ."

CAUSE:

There is no policy in place to monitor compliance with this statute.

EFFECT:

The financial position of Wood County was not properly advertised.

RECOMMENDATION:

The Wood County Commission is directed to review this statute and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

County Clerk: This was an oversight in the midst of elections and special elections.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

**Schedule of Expenditures of Federal Awards
2011-3**

CONDITION:

We noted during our audit that the annual financial statement for Wood County did not include the Schedule of Expenditures of Federal Awards. Further, several adjustments had to be made to the information that was provided by the County in order to fairly state the federal expenditures. Specifically, the client prepared records did not include expenditures for programs involving payroll reimbursements, federal payments in lieu of taxes, interest subsidy payments from Recovery Zone Economic Development Bonds, and federal surplus property received. The client records also did not include the appropriate CFDA numbers for all federal programs.

CRITERIA:

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

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

§__310(b) Financial statements.

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

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

CAUSE:

The Wood County Commission and County Clerk have not implemented an efficient system for keeping track of federal grant expenditures, program names, and CFDA numbers for reporting purposes. This inefficiency makes the compilation of the necessary information very time-consuming.

EFFECT:

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

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

**Schedule of Expenditures of Federal Awards
2011-3 (continued)**

RECOMMENDATION:

The County should designate a grant coordinator to be responsible for compiling all federal grant information necessary to accurately and completely present the Schedule of Expenditures of Federal Awards. This person would also be responsible for ensuring that said schedule is included in the client prepared financial statement. The Wood County Commission, County Clerk, and Sheriff should work together to establish procedures to ensure that all federal award information is given to the grant coordinator. Further, salaries being reimbursed by federal programs should be budgeted, received in, and paid out of revenue and expenditures line items designated for the applicable program.

AUDITED AGENCY'S RESPONSE:

County Clerk: The Clerk will continue to work with the Commission and the Sheriff to ensure accurate tracking of Federal Awards.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

**Preparation of the Sheriff's Settlement
2011-4**

CONDITION:

We noted during our audit that the Wood County Sheriff failed to complete the final settlement of his accounts within thirty days at the end of the fiscal year.

CRITERIA:

West Virginia Code §6-8-1 states, in part, that:

"Every public officer, whether state, county, magisterial district, independent school district, or municipal, who is authorized to receive, or who is charged with the collection, custody, or disbursement of, any public moneys, shall, within thirty days after the thirtieth day of June of each year, or within thirty days after the close of his term or office, or whenever the same expires, make settlement of his accounts..."

CAUSE:

The Wood County Sheriff does not have a policy to monitor compliance with this statute.

EFFECT:

When the sheriff's settlement was not prepared on time, the County Commission lacked the necessary information to make accurate decisions on financial matters before the County court. Furthermore, the County Clerk's office could not close their books in order to prepare the financial statement until such settlement was made.

RECOMMENDATION:

The Wood County Sheriff is directed to review this statute and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

We had a new employee at the end of the fiscal year. She was still in the process of learning how to do all reports and what needed to be done, and when it needed to be done. She also had not been trained to do a settlement. When she finished the June 2011 settlement, it was not within 30 days of the end of the fiscal year.

She has since learned how to properly do a settlement and has kept up with them each month for this current year. She now understands what is required. This will not be a problem in the future.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

Other Postemployment Benefits Obligation

2011-5

CONDITION:

We noted during this audit that the Wood County Commission failed to record the Other Postemployment 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 postemployment healthcare and other non-pension benefits known as other postemployment 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 Postemployment Benefits obligation.

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

County Commission: Last March, we attempted to contract with Plan Benefit Services, Inc., Columbia, SC for this service. As of March 29, 2012, we have notified Plan Benefit Services, Inc. that we are severing relations and intend to contract with another company for an actuarial study in the coming months.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

Miscellaneous Revenue Receipts

2011-6

CONDITION:

We noted during our audit that the Wood County Sheriff's tax office failed to consistently issue receipts in a timely fashion.

CRITERIA:

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

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

Proper internal control procedures require receipts be written at the time of collection and a copy be given to the payer at that time. In order to maintain accurate financial records, it is imperative that the receipt issued accurately shows the date of the collection and from whom it was collected.

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

Receipts should always be prepared and given to the actual payer at the time the money is collected.

AUDITED AGENCY'S RESPONSE:

We have implemented a procedure to ensure that receipts are accurately issued in a timely fashion. Receipts will be prepared and given to the actual payer at the time the money is collected.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

Capital Assets

2011-7

CONDITION:

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

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: The County Clerk will continue to work with the Commission and the Sheriff to maintain a listing of Capital Assets.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

**Expenditures
2011-8**

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.

CRITERIA:

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

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 therefor is filed by the claimant covering the claim. . . ."

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 only area that we are aware of that could potentially have a problem are credit card bills not having invoices attached. We have added a step where these will be reviewed in the Commission office to assure all proper invoices are attached.

County Clerk: Invoices authorized by the department head and the Commission are paid by the Clerk, unless they are questionable. Invoices such as the Sheriff's department cell phone bill are submitted with only the cover sheet because the detail may include information on informants and on-going investigations. The department maintains the detail portion of the records for review by the auditor.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

Purchasing Card Controls

2011-9

CONDITION:

It was noted during our audit that the Wood County Commission does not have the proper internal control procedures in place with regards to the Purchasing Card. Specifically, it was noted that multiple employees are utilizing a single Purchasing Card that has been issued to a single employee of the County. Further, it was noted that not all transactions had a documented bi-level approval of payment.

CRITERIA:

West Virginia State Auditor's Office Local Government Purchasing Card Policies and Procedures Section 1.3, Policy, states, in part, that:

"...Each Entity should develop and document appropriate internal control procedures to ensure that P-Card usage is consistent with this manual, and to develop guidelines for distribution to cardholders. Sufficient internal controls are necessary to ensure compliance with P-Card Policies and Procedures. Participation in the P-Card Program may be revoked."

West Virginia State Auditor's Office Local Government Purchasing Card Policies and Procedures Section 2.4, Internal Controls, states, in part, that:

"Sufficient internal controls should be in place at each Entity to ensure compliance with applicable laws, rules, and regulations, P-Card Policies and Procedures, and other governing instruments."

Also, West Virginia State Auditor's Office Local Government Purchasing Card Policies and Procedures Section 3.4, P-Card Delegation, states that:

"P-Card delegation is prohibited...P-Cards are issued in an individual's name. Only that person named on the P-Card is the authorized user."

CAUSE:

The Wood County Commission has not established policies and procedures to ensure that Purchasing Card usage is in compliance with the recommended practices of the West Virginia State Auditor's Office Local Government Purchasing Card Policies and Procedures.

EFFECT:

Lack of internal control procedures greatly increases the possibility of discrepancies occurring without being detected or of an improper use of funds. Purchasing Card delegation increases the risk of fraud and cardholder liability.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

**Purchasing Card Controls
2011-9 (continued)**

RECOMMENDATION:

The County Commission should review the West Virginia State Auditor's Office Local Government Purchasing Card Policies and Procedures and develop and implement policies and procedures to ensure compliance with it.

AUDITED AGENCY'S RESPONSE:

County Clerk: All purchasing card holders are required to sign a card holder agreement policy and procedure issued by the State Auditor's Office. All findings were corrected during the Purchasing Card audit conducted in May 2011.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

**Concealed Weapons Invoices
2011-10**

CONDITION:

We noted during our audit that the Wood County Sheriff's Office did not have itemized invoices for all expenditures made from the Concealed Weapons Fund. Specifically, we noted 3 expenditures out of a sample of 15 that were made without proper documentation on hand. 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. Specifically, we noted 5 expenditures out of a sample of 15 that were not documented as approved.

CRITERIA:

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

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

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

CAUSE:

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

EFFECT:

Expenditures were made without the proper authorization for the expenditure and without the proper support to verify the purpose of the expenditure. The risk of improper expenditures occurring without being detected is greatly increased when there is a lack of proper documentation and approval.

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

The tax office will have the original invoice for all expenditures including very detailed receipts. Signature and/or initial as well as date will be on all invoices stating these have been approved.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

Improper Transfer of Funds

2011-11

CONDITION:

We noted during our audit that the Enhanced 911 Equipment fund and bank account was closed out during the fiscal year by means of a bank transfer without the required three signatures.

CRITERIA:

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

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

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

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

CAUSE:

The 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 creates an unnecessary lack of control over the transfer of funds 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 comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

The tax deputy who made the transfer thought transfers from one 911 account that were in the same bank to another 911 account could just be done as a transfer and did not require a three signature check.

Tax Deputies now understand that a letter must be approved by the Wood County Commission, forwarded to the Finance Department for a check to be written in order to transfer funds from one account to another. These must have the required signatures and will be receipted for bank deposit.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

Day Report Center Daily Deposits

2011-12

CONDITION:

It was brought to our attention during our audit that the Wood County Day Report Center failed to make daily deposits of all public monies. Specifically, fees collected relating to the Drug Court program were being held at the Day Report Center and not deposited in a bank account or with the Sheriff's Tax Office.

CRITERIA:

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:

The Wood County Day Report Center does not have controls in place to insure that monies received are deposited on a daily basis.

EFFECT:

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

RECOMMENDATION:

The Wood County Day Report Center is directed to deposit intact on a daily basis all public monies received in either a separate bank account or with the Sheriff's Tax Office.

AUDITED AGENCY'S RESPONSE:

From this date forward, the Director of the DRC has directed that all Adult Drug Court funds collected will be deposited directly into the Wood County Tax Office into account 78 (the Drug Court Account) as collected. Our agency often doesn't make any collections for Adult Drug Court on any given day, and we do not collect any fees for the Juvenile Drug Court. But from this date forward any funds collected for the Adult Drug Court will be deposited into the tax office as they are received by the DRC on the day they are received. It should be noted that we were only holding the funds in a secure safe because the Drug Court Coordinator, who is an employee of the State Supreme Court, asked us to hold them until an ongoing problem regarding the comingling of Juvenile Drug Court funds and Adult Drug Court funds in the same county account could be rectified by the Finance Department.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

Day Report Center Backup of Records

2011-13

CONDITION:

We noted during our audit that the Wood County Day Report Center failed to properly maintain and backup records to be readily available for inspection. Specifically, manual receipts for revenues collected from July 2010 through September 2010 could not be located. Also, the computer records from July 1, 2010 to December 31, 2010 could not be obtained.

CRITERIA:

Proper internal control procedures require that records be prepared, maintained, and filed in an orderly manner in a secure place, so that they can be easily located and be readily available for inspection.

CAUSE:

The Wood County Day Report Center does not have controls in place to insure that all records are maintain and on file. Further, backup procedures are not being performed on a daily basis to ensure the availability of records. It is our understanding that the Day Report Center completed an accounting system conversion in January 2011, at which time the previous records were deleted.

EFFECT:

Records could not be located to verify all revenues received by the Day Report Center.

RECOMMENDATION:

It is recommended that the Wood County Day Report Center perform daily backup procedures for all computerized records and store all manual documentation in a secure area.

AUDITED AGENCY'S RESPONSE:

The Director of the DRC has already instructed the Administrative Assistant to undertake procedures to ensure that all computerized records are backed up and all manual documentation is being stored in a secure area.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs

There were no findings at the single audit level for this audit.

**WOOD COUNTY, WEST VIRGINIA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2011**

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

WOOD COUNTY, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011

Status of Prior Year Audit Findings - Financial Statements

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2010 - 1	Annual Financial Statements	Restated
2010 - 2	Capital Assets	Restated
2010 - 3	Purchase Orders	Corrected
2010 - 4	Schedule of Expenditures of Federal Awards	Restated
2010 - 5	Miscellaneous Revenue Receipts	Restated
2010 - 6	Sheriff's Tax Office - Backup for Reconciliation Items	Corrected
2010 - 7	Other Post-Employment Benefits Obligation	Restated
2010 - 8	Concealed Weapons - Invoices	Restated
2010 - 9	Concealed Weapons - Improper Expenditures	Corrected
2010 - 10	Circuit Clerk Waivers	Corrected
2010 - 11	Day Report Center Collections and Deposits	Corrected
2010 - 12	Day Report Center Receipts	Corrected
2010 - 13	Assessor's Office - Cash Shortage	Corrected
2010 - 14	Segregation of Duties	Not Restated

Status of Prior Year Audit Findings - Federal Awards

None