

**AUDIT REPORT OF
WOOD COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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WOOD COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Community Criminal Justice
Home Confinement
Special Building
Building Commission Debt Service

NONMAJOR FUNDS

Special Revenue Funds

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

Capital Project Funds

Capital Reserve

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FIDUCIARY FUND TYPE

Agency Funds

State
School
Municipal
Other Agency

DISCRETELY PRESENTED COMPONENT UNITS

Wood County Development Authority
Wood County Parks and Recreation Commission (Mountwood Park)

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, 2013**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Wayne Dunn	01-01-09 / 12-31-14
	Stephen Gainer	01-01-11 / 12-31-16
	David Blair Couch	01-01-13 / 12-31-18
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 Sandy	01-01-09 / 12-31-12
	K. D. Merritt	01-01-13 / 12-31-16
Prosecuting Attorney:	Jason Wharton	01-01-13 / 12-31-16
Assessor:	Rich Shaffer	01-01-13 / 12-31-16

FINANCIAL SECTION



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wood County, West Virginia (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wood County Development Authority, which represents an indeterminable percentage of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wood County Development Authority, is based solely on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Governmental Activities

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 position for the governmental activities. The amount by which this departure would affect the expenses and net position and the associated notes to the financial statements related to the governmental activities is not reasonably determinable.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, 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, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wood County, West Virginia, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note I.D.11, the County implemented the provisions of Governmental Accounting Standards Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Required Supplementary Information

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

Other Information

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 Schedule of Expenditures of Federal Awards as required by the Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison for the Assessor's Valuation Fund, and the Schedule of Expenditures of Federal Awards as required by the Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the Assessor's Valuation Fund and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2014, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer III", is written over a faint, larger version of the same signature.

Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

March 20, 2014

WAYNE COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Development Authority	Board of Health
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,832,883	\$ 332,742	\$ 235,471
Investments	--	--	--
Receivables:			
Taxes	310,705	--	--
Accounts	--	--	66,947
Loans	--	35,339	--
Other current assets	--	--	1,304
Total current assets	<u>4,143,588</u>	<u>368,081</u>	<u>303,722</u>
Noncurrent:			
Restricted assets:			
Regular account	--	15,189	--
Restricted cash	145,513	--	--
Capital assets:			
Nondepreciable:			
Land	674,538	--	--
Construction in progress	1,579,971	--	--
Depreciable:			
Buildings	4,688,206	750,954	289,890
Books	--	--	--
Machinery and equipment	3,066,941	7,237	313,572
Less: accumulated depreciation	(4,506,776)	(112,693)	(596,970)
Other debits:			
Unamortized bond issue costs	17,613	--	--
Total noncurrent assets	<u>5,666,006</u>	<u>660,687</u>	<u>6,492</u>
Total assets	<u>9,809,594</u>	<u>1,028,768</u>	<u>310,214</u>
LIABILITIES			
Current liabilities payable			
from current assets:			
Accounts payable	--	--	13,788
Payroll payable	13,254	--	--
OPEB payable	--	--	278,179
Due to:			
Other governments	481,260	--	--
Current liabilities payable from restricted assets:			
Accrued revenue bond/note interest payable	2,281	--	--

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government	Component Unit	
	<u>Governmental Activities</u>	<u>Development Authority</u>	<u>Parks and Recreation</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,939,551	\$ 817,922	\$ 161,924
Receivables:			
Taxes	694,873	--	--
Accounts	--	56,497	17,941
Grants	242,315	--	--
Total current assets	<u>6,876,739</u>	<u>874,419</u>	<u>179,865</u>
Restricted assets:			
Restricted cash	203,562	--	--
Capital assets:			
Nondepreciable:			
Land	1,863,789	325,374	606,089
Depreciable:			
Buildings	7,554,540	--	--
Structures and improvements	13,161,762	--	10,798,667
Cold Water Creek property	--	26,802,772	--
Cold Water Creek expansion	--	19,500,000	--
Machinery and equipment	8,827,304	--	397,565
Less: accumulated depreciation	(12,574,793)	(12,417,646)	(10,286,740)
Unamortized bond issue costs	79,350	--	--
Total noncurrent assets	<u>19,115,514</u>	<u>34,210,500</u>	<u>1,515,581</u>
Total assets	<u>25,992,253</u>	<u>35,084,919</u>	<u>1,695,446</u>
LIABILITIES			
Current liabilities payable			
from current assets:			
Accounts payable	117,576	18,835	9,333
Payroll payable	18,145	--	--
Other accrued expenses	203,500	109,869	--
Deferred revenue	--	--	29,640
Noncurrent liabilities:			
Bonds payable - due within one year	250,000	--	--
Bonds payable - due in more than one year	5,744,763	--	--
Notes payable - due within one year	--	2,656,120	50,518
Notes payable - due in more than one year	--	22,588,779	90,751
Leases payable - due within one year	63,413	--	--
Leases payable - due in more than one year	66,078	--	--
Compensated absences payable	423,747	--	--
Total liabilities	<u>6,887,222</u>	<u>25,373,603</u>	<u>180,242</u>
NET POSITION			
Net investment in capital assets	12,708,348	8,965,601	1,374,312
Restricted for:			
Debt service	203,562	512,853	--
Unrestricted	<u>6,193,121</u>	<u>232,862</u>	<u>140,892</u>
Total net position	<u>\$ 19,105,031</u>	<u>\$ 9,711,316</u>	<u>\$ 1,515,204</u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Development Authority	Parks and Recreation
<u>Functions / Programs</u>							
Primary government:							
Governmental activities:							
General government	\$ 9,663,581	\$ 786,244	\$ 121,945	\$ 193,977	\$ (8,561,415)		
Public safety	9,975,694	2,939,464	978,478	479,027	(5,578,725)		
Health and sanitation	192,498	--	--	--	(192,498)		
Culture and recreation	1,037,980	71,707	416	--	(965,857)		
Social services	40,505	--	--	--	(40,505)		
Capital projects	1,709,937	--	--	--	(1,709,937)		
Economic Development	256,119	--	--	--	(256,119)		
Interest on long-term debt	414,197	--	--	--	(414,197)		
Total governmental activities	23,290,511	3,797,415	1,100,839	673,004	(17,719,253)		
Total primary government	\$ 23,290,511	\$ 3,797,415	\$ 1,100,839	\$ 673,004	(17,719,253)		
Component unit:							
Wood County							
Development Authority	2,829,732	3,900,091	103,008	--	--	\$ 1,173,367	\$ --
Wood County Parks and Recreation Commission	839,839	492,276	115,427	--	--	--	(232,136)
Total component units	\$ 3,669,571	\$ 4,392,367	\$ 218,435	\$ --	--	1,173,367	(232,136)
General revenues:							
Ad valorem property taxes					12,261,875	--	--
Alcoholic beverages tax					4,980	--	--
Hotel occupancy tax					605,136	--	106,247
Animal tax					34,716	--	--
Gas and oil severance tax					42,746	--	--
Other taxes					1,387,967	--	--
Coal severance tax					132,061	--	--
Licenses and permits					157,889	--	--
Intergovernmental:							
Local					53,896	57,530	--
Unrestricted investment earnings					21,488	1,621	53
Refunds					166,429	--	--
Reimbursement					11,918	--	175,467
Contributions from other entities					--	97,126	--
Miscellaneous					515,062	22,000	26,733
Total general revenues					15,396,163	178,277	308,500
Change in net position					(2,323,090)	1,351,644	76,364
Net position - beginning					21,428,121	8,359,672	1,438,840
Net position - ending					\$ 19,105,031	\$ 9,711,316	\$ 1,515,204

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

WOOD COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

ASSETS AND DEFERRED OUTFLOWS

Assets:	General	Coal Severance Tax	Community Criminal Justice	Home Confinement	Special Building	Building Commission Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Current:								
Cash and cash equivalents	\$ 2,337,993	\$ 57,259	\$ 95,588	\$ 12,907	\$ 1,560,247	\$ --	\$ 1,875,557	\$ 5,939,551
Receivables:								
Taxes	694,873	--	--	--	--	--	--	694,873
Grants	242,315	--	--	--	--	--	--	242,315
Due from:								
Other funds	658,093	--	--	--	--	--	--	658,093
Restricted cash	--	--	--	--	--	203,562	--	203,562
Total assets	3,933,274	57,259	95,588	12,907	1,560,247	203,562	1,875,557	7,738,394
Total assets and deferred outflows of resources	\$ 3,933,274	\$ 57,259	\$ 95,588	\$ 12,907	\$ 1,560,247	\$ 203,562	\$ 1,875,557	\$ 7,738,394

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

Liabilities:								
Accounts payable	105,530	--	1,556	--	--	--	10,490	117,576
Payroll payable	18,145	--	--	--	--	--	--	18,145
Other accrued expenses	--	--	--	--	--	203,500	--	203,500
Due to:								
Other funds	--	--	413,182	239,060	--	--	5,851	658,093
Deferred revenues:								
Taxes	546,244	--	--	--	--	--	--	546,244
Total liabilities	669,919	--	414,738	239,060	--	203,500	16,341	1,543,558
Total liabilities and deferred inflows of resources	669,919	--	414,738	239,060	--	203,500	16,341	1,543,558
Fund balances:								
Restricted	--	--	--	--	1,560,247	62	1,134,806	2,695,115
Committed	1,331,664	--	--	--	--	--	724,410	2,056,074
Assigned	870,974	57,259	--	--	--	--	--	928,233
Unassigned	1,060,717	--	(319,150)	(226,153)	--	--	--	515,414
Total fund balances	3,263,355	57,259	(319,150)	(226,153)	1,560,247	62	1,859,216	6,194,836
Total liabilities, deferred inflows and fund balances	\$ 3,933,274	\$ 57,259	\$ 95,588	\$ 12,907	\$ 1,560,247	\$ 203,562	\$ 1,875,557	\$ 7,738,394

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 POSITION
June 30, 2013

Total fund balances on the governmental fund's balance sheet	\$ 6,194,836
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note IV.C.)	18,832,602
--	------------

Other long-term assets (unamortized bond issuance costs) that are not available to pay for current-year expenditures and therefore are deferred in the funds.	79,350
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Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note IV.B.)	546,244
--	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note IV.G.)	<u>(6,548,001)</u>
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Net position of governmental activities	<u>\$ 19,105,031</u>
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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, 2013

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Community Criminal Justice</u>	<u>Home Confinement</u>	<u>Special Building</u>	<u>Building Commission Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES								
Taxes:								
Ad valorem property taxes	\$ 12,226,013	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,226,013
Alcoholic beverages tax	4,980	--	--	--	--	--	--	4,980
Hotel occupancy tax	605,136	--	--	--	--	--	--	605,136
Animal tax	--	--	--	--	--	--	34,716	34,716
Gas and oil severance tax	42,746	--	--	--	--	--	--	42,746
Other taxes	376,435	--	--	--	--	--	733,025	1,109,460
Coal severance tax	--	132,061	--	--	--	--	--	132,061
Licenses and permits	43,469	--	--	--	--	--	114,420	157,889
Intergovernmental:								
Federal	1,116,389	--	--	--	--	--	969	1,117,358
State	656,485	--	--	--	--	--	--	656,485
Local	49,014	--	--	--	--	--	4,882	53,896
Charges for services	750,973	--	236,328	242,574	--	--	2,169,652	3,399,527
Fines and forfeits	193,935	--	--	--	--	--	203,953	397,888
Interest and investment earnings	12,513	63	--	--	4,881	2	4,029	21,488
Refunds	166,429	--	--	--	--	--	--	166,429
Reimbursements	--	--	6,393	--	--	--	5,525	11,918
Payments in lieu of taxes	278,507	--	--	--	--	--	--	278,507
Contributions and donations	89,462	--	--	--	--	--	--	89,462
Miscellaneous	425,209	--	--	1	--	--	390	425,600
Total revenues	17,037,695	132,124	242,721	242,575	4,881	2	3,271,561	20,931,559
EXPENDITURES								
Current:								
General government	9,398,795	--	--	--	--	--	105,706	9,504,501
Public safety	9,124,350	--	234,290	91,927	--	--	383,140	9,833,707
Health and sanitation	192,498	--	--	--	--	--	--	192,498
Culture and recreation	1,037,980	--	--	--	--	--	--	1,037,980
Social services	40,505	--	--	--	--	--	--	40,505
Capital outlay	162,000	157,612	--	--	136,428	--	410,842	866,882
Debt service:								
Principal	--	--	--	--	--	245,000	--	245,000
Interest	--	--	--	--	--	414,197	--	414,197
Total expenditures	19,956,128	157,612	234,290	91,927	136,428	659,197	899,688	22,135,270
Excess (deficiency) of revenues over expenditures	(2,918,433)	(25,488)	8,431	150,648	(131,547)	(659,195)	2,371,873	(1,203,711)

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	General	Coal Severance Tax	Community Criminal Justice	Home Confinement	Special Building	Building Commission Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 2,977,845	\$ --	\$ 28,464	\$ --	\$ 260,831	\$ 659,197	\$ 6,296	\$ 3,932,633
Transfers (out)	(280,998)	--	(135,580)	(256,037)	(659,197)	--	(2,600,821)	(3,932,633)
Proceeds from the sale of assets	14,375	--	--	--	--	--	--	14,375
Total other financing sources (uses)	2,711,222	--	(107,116)	(256,037)	(398,366)	659,197	(2,594,525)	14,375
Net change in fund balances	(207,211)	(25,488)	(98,685)	(105,389)	(529,913)	2	(222,652)	(1,189,336)
Fund balances - beginning	3,470,566	82,747	(220,465)	(120,764)	2,090,160	60	2,081,868	7,384,172
Fund balances - ending	\$ 3,263,355	\$ 57,259	\$ (319,150)	\$ (226,153)	\$ 1,560,247	\$ 62	\$ 1,859,216	\$ 6,194,836

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, 2013

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

Net change in fund balances - total governmental funds	\$ (1,189,336)
--	-----------------

Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year. (Note IV.C.)	690,208
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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.)	(2,179,901)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note IV.C.)	(79,370)
---	-----------

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.	35,862
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Prior year deferred revenues:	\$510,382
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Current year deferred revenues:	\$546,244
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II)	(11,119)
---	-----------

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)	410,566
---	---------

Change in net position of governmental activities	\$ (2,323,090)
---	-----------------

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Modified</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Accrual Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Positive</u>
						<u>(Negative)</u>
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 11,614,820	\$ 11,950,720	\$ 12,226,013	\$ 12,210	\$ 12,238,223	\$ 287,503
Alcoholic beverages tax	30,000	30,000	4,980	--	4,980	(25,020)
Hotel occupancy tax	526,188	582,188	605,136	--	605,136	22,948
Gas and oil severance tax	40,000	40,000	42,746	--	42,746	2,746
Other taxes	350,000	350,000	376,435	--	376,435	26,435
Licenses and permits	31,200	31,200	43,469	--	43,469	12,269
Intergovernmental:						
Federal	--	1,199,444	1,116,389	(143,008)	973,381	(226,063)
State	--	664,198	656,485	(33,347)	623,138	(41,060)
Local	--	49,014	49,014	--	49,014	--
Charges for services	641,273	802,495	750,973	85,835	836,808	34,313
Fines and forfeits	20,000	20,000	193,935	--	193,935	173,935
Interest and investment earnings	170,000	197,245	12,513	(10,789)	1,724	(195,521)
Refunds	495,000	681,131	166,429	37,610	204,039	(477,092)
Payments in lieu of taxes	255,000	278,506	278,507	--	278,507	1
Contributions and donations	32,000	32,000	89,462	(89,462)	--	(32,000)
Miscellaneous	445,930	500,511	425,209	--	425,209	(75,302)
Total revenues	14,651,411	17,408,652	17,037,695	(140,951)	16,896,744	(511,908)
EXPENDITURES						
Current:						
General government	8,625,812	11,363,642	9,398,795	278,498	9,677,293	1,686,349
Public safety	9,356,074	10,055,034	9,124,350	--	9,124,350	930,684
Health and sanitation	197,250	197,639	192,498	--	192,498	5,141
Culture and recreation	946,370	1,052,887	1,037,980	--	1,037,980	14,907
Social services	46,000	46,173	40,505	--	40,505	5,668
Capital outlay	252,937	256,076	162,000	--	162,000	94,076
Total expenditures	19,424,443	22,971,451	19,956,128	278,498	20,234,626	2,736,825
Excess (deficiency) of revenues over expenditures	(4,773,032)	(5,562,799)	(2,918,433)	(419,449)	(3,337,882)	2,224,917
OTHER FINANCING SOURCES (USES)						
Transfers in	3,808,032	3,952,000	2,977,845	(106,250)	2,871,595	(1,080,405)
Transfers (out)	--	--	(280,998)	280,998	--	--
Proceeds from the sale of assets	15,000	15,000	14,375	(14,375)	--	(15,000)
Total other financing sources (uses)	3,823,032	3,967,000	2,711,222	160,373	2,871,595	(1,095,405)
Net change in fund balance	(950,000)	(1,595,799)	(207,211)	(259,076)	(466,287)	1,295,512
Fund balance - beginning	950,000	1,595,799	3,470,566	(2,121,625)	1,348,941	(246,858)
Fund balance - ending	\$ --	\$ --	\$ 3,263,355	\$ (2,380,701)	\$ 882,654	\$ 882,654

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes:				
Coal severance tax	\$ 150,000	\$ 150,000	\$ 132,061	\$ (17,939)
Interest and investment earnings	900	900	63	(837)
	<u>150,900</u>	<u>150,900</u>	<u>132,124</u>	<u>(18,776)</u>
Total revenues				
	<u>150,900</u>	<u>150,900</u>	<u>132,124</u>	<u>(18,776)</u>
EXPENDITURES				
Current:				
Capital outlay	<u>309,608</u>	<u>233,647</u>	<u>157,612</u>	<u>76,035</u>
	<u>309,608</u>	<u>233,647</u>	<u>157,612</u>	<u>76,035</u>
Total expenditures				
	<u>309,608</u>	<u>233,647</u>	<u>157,612</u>	<u>76,035</u>
Net change in fund balance	(158,708)	(82,747)	(25,488)	57,259
Fund balance - beginning	<u>158,708</u>	<u>82,747</u>	<u>82,747</u>	<u>--</u>
Fund balance - ending	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>57,259</u></u>	\$ <u><u>57,259</u></u>

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

WOOD COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Non-pooled cash	\$ <u>1,755,053</u>
Total assets	<u>1,755,053</u>
Total assets and deferred outflows of resources	\$ <u><u>1,755,053</u></u>
LIABILITIES	
Due to: other governments	<u>1,755,053</u>
Total liabilities	<u>1,755,053</u>
Total liabilities and deferred inflows of resources	\$ <u><u>1,755,053</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, 2013

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, 2013

Discretely Presented Component Units

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

The Wood County Development Authority serves Wood County, West Virginia, and is governed by a board comprised of not more than 31 nor less than 22 members appointed by the County Commission for a term of 3 years each. The Wood County Development Authority promotes, develops, and advances the business prosperity and economic welfare of the county

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

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

Jointly Governed Organizations

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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
Mid-Ohio Valley Regional Council
Wood County Board of Parks and Recreation
Northeastern Area Agency on Aging
Parkersburg/Wood County Convention & Visitors' Bureau
Parkersburg/Wood County Public Library

Name of Organization

West Virginia Little Kanawha River Parkway
Wood County Community Resources
Wood County Recreation Commission
Wood County Solid Waste Authority
Wood County Development Authority
Wood County Planning Commission

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds 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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

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

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

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

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

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 fees collected from participants of the Wood County Day Report Center. The fees are used to support the program.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

The *Home Confinement fund*, a special revenue fund, accounts for all incarceration fees ordered to be paid to the county sheriff. The fees are to be used solely for the purpose of administering a home incarceration program.

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

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.

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.

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

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

1. Deposits and Investments

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

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, 2013

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

2. Receivables and Payables

Interfund Transactions

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

Property Tax Receivable

The property tax receivable allowance is equal to 20 percent of the property taxes outstanding at June 30, 2013.

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, 2013

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	1,592,772,560	26.28 cents
Class III	768,839,126	52.56 cents
Class IV	744,314,741	52.56 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 applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 applicable governmental activities statement of net position. 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.

8. Deferred Outflows/inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

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

9. 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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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.

10. 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 \$1,331,664.

11. Change in Accounting Principle

Effective July 1, 2012, the County adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statements provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the government's financial statements; however, there was no effect on beginning net position/fund balance.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation states that, "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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities". The details of this difference are as follows:

Amortization expense:	
Bond issue costs	\$ (4,534)
Bond discount	<u>(6,585)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	\$ <u><u>(11,119)</u></u>

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

Compensated absences	\$ 21,854
Notes	(73,879)
Bonds	(245,000)
Leases	<u>(113,541)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	\$ <u><u>(410,566)</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 the General Fund.

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

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

<u>Description</u>	<u>General Fund</u> <u>Amount</u>	<u>Coal Severance</u> <u>Amount</u>
General government expenditure increase	\$ 2,737,830	\$ --
Public safety expenditure increase	698,960	--
Health and sanitation expenditure increase	389	--
Culture and recreation expenditure increase	106,517	--
Social services expenditure increase	173	--
Capital projects expenditure increase (decrease)	3,139	(75,961)

B. Deficit Fund Equity

The Home Confinement Fund had a deficit fund balance of (\$226,153) as of June 30, 2013. The fund owes the General County Fund \$239,060 for reimbursement of payroll expenses.

The Community Criminal Justice Fund had a deficit fund balance of (\$319,150) as of June 30, 2013. The fund owes the General County Fund \$413,182 for reimbursement of expenses.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year-end, the government had no investments.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Custodial Credit Risk

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

At year end, the government's bank balances were \$7,898,166. 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. Of the bank balance, \$324,476 was exposed to custodial credit risk because it was not collateralized.

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

Cash and cash equivalents	\$ 7,898,166
Total	\$ 7,898,166
Cash and cash equivalents	\$ 5,939,551
Cash and cash equivalents-restricted	1,755,053
Building Commission Debt Service fund-restricted cash	203,562
Total	\$ 7,898,166

B. Receivables

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

	<u>General</u>
Receivables:	
Taxes	\$ 868,592
Grants	242,315
Gross Receivables	<u>1,110,907</u>
Less: Allowance for Uncollectible	<u>(173,719)</u>
Net Total Receivables	\$ <u>937,188</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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)	\$ 546,244
Total unavailable/unearned revenue for governmental funds	<u>\$ 546,244</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,863,789	\$ --	\$ --	\$ 1,863,789
Total capital assets not being depreciated	1,863,789	--	--	1,863,789
Capital assets being depreciated:				
Buildings and improvements	7,693,364	--	(138,824)	7,554,540
Structures and improvements	13,161,762	--	--	13,161,762
Machinery and equipment	8,157,816	690,208	(20,720)	8,827,304
Less: Total accumulated depreciation	(10,475,066)	(2,179,901)	80,174	(12,574,793)
Total capital assets being depreciated, net	18,537,876	(1,489,693)	(79,370)	16,968,813
Governmental activities capital assets, net	\$ 20,401,665	\$ (1,489,693)	\$ (79,370)	\$ 18,832,602

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

Governmental activities:	
General government	\$ 546,181
Public safety	344,098
Capital projects	<u>1,289,622</u>
Total depreciation expense-governmental activities	<u>\$ 2,179,901</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of the fiscal year ended June 30, 2013, is as follows:

Due to/from other funds

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Community Criminal Justice	General County	expense reimbursement	\$ 413,182
Home Confinement	General County	payroll reimbursement	239,060
Local Law Enforcement	General County	grant reimbursement	5,851
Total			<u>\$ 658,093</u>

Interfund Transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General County	Special Building	reimbursement	\$ 260,831
General County	Community Criminal Justice	grant reimbursement	13,871
General County	E-911	reimbursement	888
General County	Assessor's Valuation	map sales	408
General County	Teen Drug Court	contribution	5,000
Special Building	Building Commission Debt Service	bond interest payments	659,197
Assessor's Valuation	General County	payroll reimbursements	576,420
Community Criminal Justice	General County	payroll reimbursements	135,579
Concealed Weapons	General County	payroll reimbursements	9,914
E-911	General County	payroll reimbursements	1,638,441
General School	General County	regional jail bills	271,129
Home Confinement	General County	payroll reimbursements	241,445
Magistrate Court	General County	rent	99,066
Local Law Enforcement	General County	grant reimbursement	5,851
Home Confinement	Community Criminal Justice	drug fee reimbursements	14,593
Total			<u>\$ 3,932,633</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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>Home Confinement</u>	<u>Special Building</u>
Restricted:					
Capital projects	\$ --	\$ --	\$ --	\$ --	\$ 1,560,247
Committed:					
Financial Stabilization	1,331,664	--	--	--	--
Assigned:					
Budget carryover	870,974	57,259	--	--	--
Unassigned	<u>1,060,717</u>	<u>--</u>	<u>(319,150)</u>	<u>(226,153)</u>	<u>--</u>
Total fund balances	<u>\$ 3,263,355</u>	<u>\$ 57,259</u>	<u>\$ (319,150)</u>	<u>\$ (226,153)</u>	<u>\$ 1,560,247</u>

	<u>Building Commission Debt Service</u>	<u>Non-major Funds</u>	<u>Total</u>
Restricted:			
General government	\$ --	\$ 226,661	\$ 226,661
Public safety	--	908,145	908,145
Capital projects	62	--	1,560,309
Committed:			
Capital projects	--	724,410	724,410
Financial Stabilization	--	--	1,331,664
Assigned:			
Budget carryover	--	--	928,233
Unassigned	<u>--</u>	<u>--</u>	<u>515,414</u>
Total fund balances	<u>\$ 62</u>	<u>\$ 1,859,216</u>	<u>\$ 6,194,836</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, 2013

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$ 66,008
2015	63,765
2016	<u>3,258</u>
Total minimum lease payments	133,031
Less: amount representing interest	<u>(3,540)</u>
Present value of minimum lease payments	<u>\$ 129,491</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. This note was paid off during this fiscal year.

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:

<u>Governmental Activities</u>					
<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
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	380,000	2,255,000
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 2010A	1/1/2031	7.500%	<u>895,000</u>	<u>--</u>	<u>895,000</u>
Total revenue bonds			<u>\$ 6,585,000</u>	<u>\$ 475,000</u>	<u>\$ 6,110,000</u>

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 \$10,554,294.

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

Year Ended	Governmental Activities	
	Principal	Interest
2014	\$ 250,000	\$ 407,000
2015	260,000	392,313
2016	270,000	377,037
2017	275,000	361,175
2018	285,000	345,019
2019 - 2023	1,575,000	1,459,344
2024 - 2028	1,880,000	903,056
2029 - 2033	1,315,000	199,350
Totals	\$ 6,110,000	\$ 4,444,294

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 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds outstanding is \$10,554,294. Principal and interest paid for the current year and total customer net revenues were \$666,394 and \$734,125, respectively.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Changes in Long-term Liabilities

	Governmental Activities				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease revenue bond payable	\$ 6,355,000	\$ --	\$ (245,000)	\$ 6,110,000	\$ 250,000
Less: unamortized bond discount	(121,822)	--	6,585	(115,237)	--
Total bonds payable	<u>6,233,178</u>	<u>--</u>	<u>(238,415)</u>	<u>5,994,763</u>	<u>250,000</u>
Capital leases	243,032	--	(113,541)	129,491	63,413
Notes	73,879	--	(73,879)	--	--
Compensated absences	<u>401,893</u>	<u>21,854</u>	<u>--</u>	<u>423,747</u>	<u>--</u>
Governmental activities Long-term liabilities	<u>\$ 6,951,982</u>	<u>\$ 21,854</u>	<u>\$ (425,835)</u>	<u>\$ 6,548,001</u>	<u>\$ 313,413</u>

H. Restricted Assets

The balances of the restricted asset accounts for the primary government is as follows:

	<u>Governmental Activities</u>
Revenue bond debt service account	\$ <u>203,562</u>
Total restricted assets	\$ <u><u>203,562</u></u>

V. OTHER INFORMATION

A. Risk Management

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010. The WCF risk pool retains the risk related to the compensation of injured employees under the program. Wood County's worker's compensation coverage is currently being provided by the WV Corp.

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.

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.

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

West Virginia Deputy Sheriff Retirement System (WVDRS)

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

WOOD COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 13%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature. The government's contribution to WVDRS for the current fiscal year ending was \$148,849 for employees' share and \$227,652 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 \$376,501 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>
2013	\$ 1,139,427	100%	\$ 376,501	100%
2012	\$ 1,167,912	100%	\$ 380,120	100%
2011	\$ 1,022,956	100%	\$ 340,282	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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budget Basis</u>	<u>Final Budget Positive (Negative)</u>
REVENUES:				
Other taxes	\$ 670,486	\$ 670,486	\$ 733,025	\$ 62,539
Miscellaneous	--	--	125	125
Map sales	3,600	3,600	3,648	48
Interest	9,600	9,600	292	(9,308)
	<u>683,686</u>	<u>683,686</u>	<u>737,090</u>	<u>53,404</u>
Total revenues				
EXPENDITURES:				
Current:				
General government	853,468	698,476	83,196	615,280
Capital outlay	19,000	12,000	--	12,000
	<u>872,468</u>	<u>710,476</u>	<u>83,196</u>	<u>627,280</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(188,782)	(26,790)	653,894	680,684
OTHER FINANCING SOURCES (USES)				
Transfers in	--	--	408	408
Transfers (out)	--	--	(576,420)	(576,420)
	<u>--</u>	<u>--</u>	<u>(576,012)</u>	<u>(576,012)</u>
Total other financing sources (uses)				
Net change in fund balance	(188,782)	(26,790)	77,882	104,672
Fund balance at beginning of year	188,782	26,790	26,790	--
Fund balance at end of year	\$ <u>--</u>	\$ <u>--</u>	\$ <u>104,672</u>	\$ <u>104,672</u>

ACCOMPANYING INFORMATION



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

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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*

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wood County, West Virginia (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 20, 2014. In that report, our opinion was qualified for the omission of the expenses and related liabilities related to other postemployment benefits (OPEB). Our report includes a reference to other auditors who audited the financial statements of the Wood County Development Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-004 and 2013-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001, 2013-003, 2013-006, 2013-007, 2013-008, and 2013-009.

Entity's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer III".

Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

March 20, 2014



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Wood County, West Virginia (the County) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Glen B. Gainer III".

Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

March 20, 2014

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
U. S. Department of the Interior			
Bureau of Land Management			
Direct Programs:			
Payments in Lieu of Taxes	15.226	N/A	\$ <u>9,109</u>
Total U. S. Department of the Interior Bureau of Land Management			<u>9,109</u>
 U. S. Department of Justice			
<u>JAG Program Cluster:</u>			
Direct Program:			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	N/A	969
Pass-through Programs From:			
City of Parkersburg			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3059 2012-DJ-BX-0018	16,123
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	09-RAJ-109	8,333
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	12,425
Public Safety Partnership and Community Policing Grants	16.710	N/A	1,069
Pass-through Programs From:			
West Virginia Division of Justice and Community Services			
Crime Victim Assistance	16.575	12-VA-008	18,974

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
Pass-through Programs From:			
West Virginia Division of Justice and Community Services			
Edward Byrne Memorial Formula Grant Program	16.579	09-JAG-49	\$ 20,000
ARRA - Violence Against Women Formula Grants	16.588	09-VAWR-11	<u>6,284</u>
Total U. S. Department of Justice			<u>84,177</u>
U.S. Department of Transportation			
Pass-through Programs From:			
West Virginia Department of Transportation			
Recreational Trails Program	20.219	S354-FOR/TB-1	416
State and Community Highway Safety	20.600	F11-HS-03, F12-HS-03, and F13-HS-03	<u>272,404</u>
Total U.S. Department of Transportation			<u>272,820</u>
General Services Administration			
Pass-through Programs From:			
West Virginia Intelligence Exchange			
Donation of Federal Surplus Personal Property	39.003	Not available	<u>259,552</u>
Total General Services Administration			<u>259,552</u>
U.S. Department of Health and Human Services			
Pass-through Programs From:			
West Virginia Secretary of State			
Voting Access for Individuals with Disabilities_Grants to States	93.617	Not available	<u>8,400</u>
Total U.S. Department of Health and Human Services			<u>8,400</u>

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

	<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 Homeland Security and Emergency Management			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4071-DR-WV	15,767
Hazard Mitigation Grant	97.039	FEMA-DR-1691-WV	23,324
Emergency Management Performance Grants	97.042	2010-EMPG-02 and 12-EMPG-0613	28,117
Pass-through Programs From:			
West Virginia Port of Huntington Tri-State Area Maritime Security Committee			
Port Security Grant Program	97.056	2008-GB-T8-5-K061 and 2010-PU-TO-K0111	289,400
Pass-through Programs From:			
West Virginia Department of Military Affairs and Public Safety			
Homeland Security Grant Program	97.067	10-SHS-14 and 10-SHS-23	14,864
Total U.S. Department of Homeland Security			<u>371,472</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 1,005,530</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, 2013

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENT DISBURSEMENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
State and Community Highway Safety	20.600	\$116,079
Homeland Security Grant Program	97.067	\$7,534

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2013

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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with § 510(a) of Circular A-133?	No

Identification of major programs:

CFDA Numbers

Name of Federal Program

20.600
39.003

State and Community Highway Safety
Donation of Federal Surplus Personal Property

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, 2013**

Section II - Financial Statement Findings

**Schedule of Expenditures of Federal Awards
2013-001**

CONDITION:

We noted during our audit that the Schedule of Expenditures of Federal Awards included in the financial statements required several adjustments in order to fairly state the federal expenditures.

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 recording federal grant expenditures, program names, and CFDA numbers for reporting purposes. This inefficiency makes the compilation of information unnecessarily cumbersome and increases the likelihood of inaccuracies.

EFFECT:

As a result of these weaknesses, the necessary documentation for the Schedule of Expenditures of Federal Awards was not readily available.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Schedule of Expenditures of Federal Awards
2013-001 (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 the 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:

The County Commission will require the grant administrator to provide the finance department with a tracking form that provides the information we are missing. This will be a requirement of the administrator prior to approval of the commission to apply for the grant.

WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Other Post-Employment Benefits Obligation
2013-002

CONDITION:

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

CRITERIA:

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

The County position is now as always there is no liability. The County has attempted to contract with the State recommended firm four years ago and again the following year. After information about the County was sent the study was not done. I believe this means the County has no liability, so therefore the firm could not make a profit by telling us how to reduce the liability.

AUDITOR RESPONSE:

As stated in the finding, GASB Statement Number 45 requires that local government employers report the costs and obligation associated with postemployment healthcare and other non-pension benefits known as other postemployment benefits. An actuarial study would determine what amount, if any, those costs come to.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Miscellaneous Revenue Receipts
2013-003**

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.

CAUSE:

The Wood County Sheriff's tax office does not have procedures in place to ensure that receipts are always 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:

Prenumbered receipts should always be prepared and given to the actual payer at the time the money is collected which will provide substantial documentation for the various sources of revenues of the County.

AUDITED AGENCY'S RESPONSE:

To fix this issue we have trained a back up person to do the receipts to make sure they are done every day when the money is collected.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Sheriff's Tax Refund Account
2013-004**

CONDITION:

We noted during our audit that the Wood County Sheriff's Tax Office is not properly maintaining the tax refund account. An unidentified balance is being carried in this account. If properly maintained, this account would come to a reconciled zero balance at the end of each month.

CRITERIA:

Adequate internal control procedures require that account balances be properly reconciled. Proper internal controls further require that accounting controls are established and maintained to identify and correct all differences in a timely manner.

CAUSE:

The Sheriff's Tax Office did not have proper internal control procedures in place for issuing refunds. The tellers write the refund checks as necessary. They then give these checks to the office manager for review. The office manager generates a computer report showing the amount of refunds that should have been issued that day. She then issues a check from the tax distribution account to be transferred into the refund account for the amount on the computer report. At no time is the computer report being reconciled to the checks written for that day.

EFFECT:

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

RECOMMENDATION:

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

AUDITED AGENCY'S RESPONSE:

We no longer have an unidentified balance being carried in this account and every month is reconciled to a zero balance. We are taking the steps to turn the old outstanding check over to the State Treasurer as unclaimed property.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**County Clerk's Office Account - Reconciliations
2013-005**

CONDITION:

We noted during our audit that the County Clerk's Office bank account was not being properly reconciled. At June 30, 2013, there was additional monies in the county clerk's bank account which were unaccounted for. This account should normally come to a reconciled zero balance at the end of each month.

CRITERIA:

Adequate internal control procedures require that account balances be properly reconciled with bank accounts. Proper internal controls further require that accounting procedures are established and maintained to identify and correct all differences in a timely manner.

CAUSE:

The County Clerk's office did not have adequate control procedures in place to ensure that a proper bank reconciliation was being performed on a monthly basis. The reconciled balance was not being compared to the monthly collections. Further, documents sold online were not being properly reconciled to the electronic funds deposits into the bank account.

EFFECT:

Discrepancies were not discovered and corrected in a timely manner.

RECOMMENDATION:

The County Clerk's bank account should be reconciled to actual collections and remittances each month, and any discrepancies should be investigated and corrected immediately.

AUDITED AGENCY'S RESPONSE:

The problem occurred when on-line payments were credited to our bank account and not in our fee system. The accounts have been reviewed and are up to date. The fees are not remitted to the Sheriff until after the accounts have been reconciled with the bank statement. Fees are to be remitted to the Sheriff by the 10th day of each month. Switching to on-line bank statement has enabled us to review, reconcile and meet that deadline.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Expenditures - Community Criminal Justice Fund
2013-006**

CONDITION:

We noted during our audit that expenditures were made from the Community Criminal Justice Fund which are unallowable. Further, the Day Report Center was not following the County's purchasing procedures policy.

CRITERIA:

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

"The treasurer of the county designated as the fiscal agent for the board... shall establish a separate fund designated the community criminal justice fund. He or she shall deposit all fees remitted by the municipal, magistrate and circuit clerks... and all funds appropriated by a county commission...and all funds provided by the governor's committee for approved community corrections programs in the community criminal justice fund. Funds in the community criminal justice account are to be expended by order of the designated county's commission upon recommendation of the community criminal justice board in furtherance of the operation of an approved community corrections program."

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

"The Elected Official or authorized person shall submit a requisition via paper or email to the County Administrator's Office. If the request does not exceed budgeted amount, the Purchase Order will be issued. If the request exceeds budgeted amount the request will be denied until a budget revision is submitted."

CAUSE:

Adequate policies and procedures were not in place to ensure compliance with these statutes.

EFFECT:

The Wood County Commission authorized the Wood County Clerk to make expenditures from the Community Criminal Justice Fund which are not in compliance with West Virginia Code. Further, purchase orders were not issued for all appropriate expenditures from this fund in the current fiscal year.

RECOMMENDATION:

The Wood County Commission and the Wood County Day Report Center are directed to review these statutes and develop policies to ensure that monies from the Community Criminal Justice Fund are used only to administer the community corrections program and not for an unlawful purpose. The director of the Day Report Center should be given a copy of the current County purchasing policy and comply with it as such.

AUDITED AGENCY'S RESPONSE:

The Interim Director of the Wood County Day Report Center has been provided a copy of the Wood County Purchasing policy and instructed that his agency must adhere to it.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Circuit Clerk Depository Collateral
2013-007**

CONDITION:

It was noted during our audit that the Circuit Clerk bank accounts were not under the same federal employer identification number as the County. Further, the balance of these accounts exceeded the FDIC coverage, and we could not obtain any information verifying that there were additional securities pledged by the financial institution. Specifically, deposits exceeded insurance coverage by \$324,476 as of June 30, 2013.

CRITERIA:

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

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

CAUSE:

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

EFFECT:

The public funds on deposit may not be adequately safeguarded and are subject to undue risk.

RECOMMENDATION:

The Wood County Circuit Clerk is directed to insure that all depositories have provided sufficient sureties and/or pledged securities and that monies are not deposited in excess of such amounts. Furthermore, the Circuit Clerk should place all accounts under the FEIN number of the County Commission.

AUDITED AGENCY'S RESPONSE:

The Wood County Commission will assist the Wood County Circuit Clerk's Office move the four accounts to the County of Wood FEIN number to ensure that there are sufficient depository bonds.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Day Report Center Collections and Deposits
2013-008**

CONDITION:

We noted during our audit that the Wood County Day Report Center does not remit all fees collected to the Sheriff's Tax Office on a monthly basis. Instead, they are holding some of the collections in their bank accounts at the Center.

CRITERIA:

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

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

Deposits and remittances of monies should be made in compliance with the West Virginia Code. Within the first ten days of each month, the Center should prepare a monthly report summarizing all fees collected in the prior month and remit the reconciled collections and the report to the Sheriff's Tax Office by check. A receipt should be obtained from the Sheriff's Tax Office and attached to the monthly report copy and maintained in a file at the Center.

AUDITED AGENCY'S RESPONSE:

In responding to the recommendation from the last audit, starting in February, 2014, the Day Report Center has issued checks with all fees collected in the prior month, to the Sheriff's Tax Office on a monthly basis. They have been preparing a monthly report that summarizes all collected fees for all DRC locations. All monthly summarizing collection reports have been reconciled against every bank statement. Every issued check has been recorded in the transaction register book, with the date issued, the amount issued, the check number, and the transaction description. Also, the required two signatures are obtained on every issued check.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Smart Energy Solutions Bank Account
2013-009**

CONDITION:

We noted during our audit that the Smart Energy Solutions bank account was opened during the fiscal year without the required authorization of the Wood County Commission. We also noted that checks issued from the bank account did not have all three of the required signatures nor were the expenditures properly approved by the County Commission.

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:

An elected official opened up and maintained this bank account without following the policies and procedures of the County.

EFFECT:

A bank account was opened without the proper authorization of the Wood County Commission. Expenditures were made without the approval of the County Commission, resulting in a higher risk of improper expenditures. 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 County is directed to review these statutes and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

Bank account was transferred to County control.

**WOOD COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013

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, 2013

Status of Prior Year Financial Statement Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2012 - 1	Preparation and Publication of the Annual Financial Statement	Not Repeated
2012 - 2	Schedule of Expenditures of Federal Awards	Restated
2012 - 3	Other Post Employment Benefits Obligation	Repeated
2012 - 4	Capital Assets	Corrected
2012 - 5	Miscellaneous Revenue Receipts	Restated
2012 - 6	Compensated Absences	Corrected
2012 - 7	Expenditures in Excess of Amounts Allocated in the Levy Estimate- General County Fund	Corrected
2012 - 8	Sheriff's Tax Refund Account	Repeated
2012 - 9	County Clerk's Office Account - Reconciliations	Repeated
2012 - 10	Expenditures - Community Criminal Justice Fund	Repeated
2012 - 11	Day Report Center Daily Deposits	Restated
2012 - 12	Day Report Center Receipts	Corrected
2012 - 13	Segregation of Duties	Corrected

Status of Prior Year Federal Award Audit Findings

None