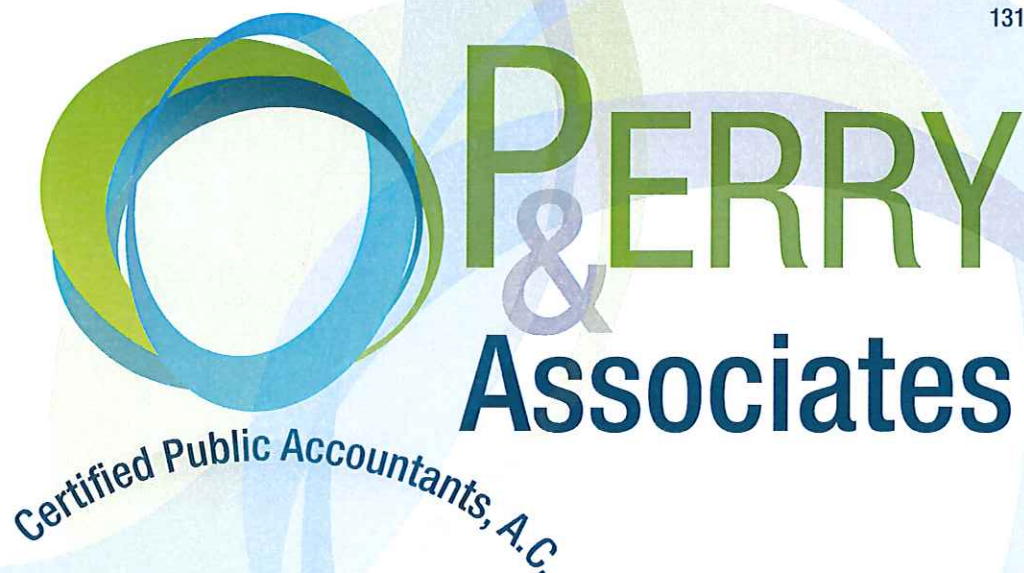


313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

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

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358



## WOOD COUNTY

**Regular Audit  
For the Fiscal Year Ended June 30, 2016**

**RFP #16-292**

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WOOD COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax  
Building Commission Debt Service

**NONMAJOR FUNDS**

*Special Revenue Funds*  
Dog and Kennel  
General School  
Magistrate Court  
Worthless Check  
Emergency Communication 911  
Home Confinement  
Small Cities Block Grant  
Local Law Enforcement Block Grant  
Treasury Forfeiture  
Assessor's Valuation  
Community Criminal Justice  
State Special Law Enforcement  
DOJ Forfeiture  
Teen Drug Court  
Drug Court  
*Capital Project Funds*  
Special Building  
Capital Reserve

**FIDUCIARY FUND TYPE**

*Agency Funds*  
State  
School  
Municipal  
Other Agency

**DISCRETELY PRESENTED COMPONENT UNITS**

Wood County Parks and Recreation Commission  
Wood County Development Authority

**BLENDED COMPONENT UNITS**

Wood County Building Commission

WOOD COUNTY, WEST VIRGINIA  
COUNTY OFFICIALS  
For the Fiscal Year Ended June 30, 2016

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

# WOOD COUNTY, WEST VIRGINA

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Wheeling, WV 26003  
304.232.1358

## INDEPENDENT AUDITOR'S REPORT

April 7, 2017

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

To the Commissioners:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Wood County**, West Virginia (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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**Auditor's Responsibility (continued)**

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Wood County, West Virginia, as of June 30, 2016, 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.

***Emphasis of Matter***

As discussed in Note V. to the financial statements, during the year ended June 30, 2016, the Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and also GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include required budgetary comparison schedules and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

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 Matters**

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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



WOOD COUNTY, WEST VIRGINIA  
STATEMENT OF NET POSITION  
June 30, 2016

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Parks and Recreation</u>	<u>Development Authority</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,403,608	\$ 168,731	\$ 153,930
Receivables:			
Taxes	662,952	--	--
Grants	168,880	--	--
Total current assets	<u>5,235,440</u>	<u>168,731</u>	<u>153,930</u>
Restricted assets:			
Restricted cash	180,592	--	--
Capital assets:			
Nondepreciable:			
Land	2,047,511	--	325,374
Depreciable:			
Buildings	6,823,318	--	--
Structures and improvements	9,193,995	--	--
Coldwater Creek	--	--	46,302,772
Machinery and equipment	7,788,374	--	--
Less: accumulated depreciation	( 11,735,336)	--	( 12,417,647)
Total noncurrent assets	<u>14,298,454</u>	<u>--</u>	<u>34,210,499</u>
Total assets	<u>19,533,894</u>	<u>168,731</u>	<u>34,364,429</u>
<b>DEFERRED OUTFLOWS</b>			
Changes in proportion and differences between employer contributions and proportionate share contributions	33,003	--	--
Net difference between projected and actual investment earnings on pension plan investments	939,238	--	--
Differences between expected and actual experience	549,989	--	--
Employer contributions to pension plan subsequent to measurement date	<u>1,047,174</u>	<u>--</u>	<u>--</u>
Total deferred outflows of resources	<u>2,569,404</u>	<u>--</u>	<u>--</u>

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



WOOD COUNTY, WEST VIRGINIA  
STATEMENT OF NET POSITION  
June 30, 2016

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Parks and Recreation</u>	<u>Development Authority</u>
<b>LIABILITIES</b>			
Current liabilities payable			
from current assets:			
Accounts payable	306,041	35,000	( 360)
Advanced expenses	--	--	299,329
Interest payable	180,588	--	138,019
OPEB payable	19,383,284	--	--
Noncurrent liabilities:			
Bonds payable - due within one year	275,000	--	--
Bonds payable - due in more than one year	4,959,518	--	--
Notes payable - due in more than one year	--	--	22,132,154
Net pension liability	3,256,715	--	--
Compensated absences payable	388,911	--	--
	<u>28,750,057</u>	<u>35,000</u>	<u>22,569,142</u>
Total liabilities			
<b>DEFERRED INFLOWS</b>			
Changes in employer proportion and differences between contributions and proportionate share of contributions	183,217	--	--
Differences between projected and actual investment earnings	1,627,861	--	--
Difference in assumptions	307,147	--	--
	<u>2,118,225</u>	<u>--</u>	<u>--</u>
Total deferred inflows of resources			
<b>NET POSITION</b>			
Net investment in capital assets	8,883,344	--	12,078,345
Unrestricted	( 17,648,328)	133,731	( 283,058)
	<u>( 8,764,984)</u>	<u>133,731</u>	<u>( 283,058)</u>
Total net position	\$ <u>( 8,764,984)</u> \$	\$ <u>133,731</u> \$	\$ <u>11,795,287</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, 2016

	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 Units	
						Parks and Recreation	Development Authority
<b>Functions / Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 9,823,524	\$ 742,316	\$ 20,525	\$ 27,851	\$ (9,032,832)		
Public safety	10,042,373	2,865,005	1,088,102	161,383	(5,927,883)		
Health and sanitation	172,761	--	--	--	(172,761)		
Culture and recreation	1,701,761	77,118	4,950	19,525	(1,600,168)		
Social services	37,746	--	--	--	(37,746)		
Capital projects	4,420,602	106,265	--	--	(4,314,337)		
Debt service	6,585	--	--	--	(6,585)		
Interest on long-term debt	369,106	--	--	--	(369,106)		
Total governmental activities	26,574,458	3,790,704	1,113,577	208,759	(21,461,418)		
Total primary government	26,574,458	3,790,704	1,113,577	208,759	(21,461,418)		
<b>Component units:</b>							
Parks and Recreation	70,067	57,758	--	--	--	(12,309)	--
Development Authority	505,961	27,900	107,073	--	--	--	(370,988)
Total component units	576,028	85,658	107,073	--	--	(12,309)	(370,988)
<b>General revenues:</b>							
Ad valorem property taxes					13,619,898	--	--
Alcoholic beverages tax					12,678	--	--
Hotel occupancy tax					562,106	--	--
Gas and oil severance tax					94,013	--	--
Other taxes					1,407,937	--	--
Coal severance tax					110,367	--	--
Licenses and permits					160,243	--	--
Intergovernmental:							
Local							
Unrestricted investment earnings					5,000	--	--
Refunds					14,784	--	1,585
Reimbursement					171,700	--	--
Bankruptcy administration claim					186,695	--	--
Miscellaneous					--	--	75,400
					390,690	--	2,500
Total general revenues					16,736,111	--	79,485
Change in net position					(4,725,307)	(12,309)	(291,503)
Net position - beginning (See Note III.H.)					(4,039,677)	146,040	12,086,790
Net position - ending					(8,764,984)	133,731	11,795,287

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

WOOD COUNTY, WEST VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Building Commission Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
<b>Assets:</b>					
<b>Current:</b>					
Cash and cash equivalents	\$ 2,384,306	\$ 136,596	\$ --	\$ 1,882,706	\$ 4,403,608
Receivables:					
Taxes	662,952	--	--	--	662,952
Grants	168,880	--	--	--	168,880
Restricted cash	--	--	180,592	--	180,592
Total assets	<u>3,216,138</u>	<u>136,596</u>	<u>180,592</u>	<u>1,882,706</u>	<u>5,416,032</u>
Total assets and deferred outflows of resources	<u>\$ 3,216,138</u>	<u>\$ 136,596</u>	<u>\$ 180,592</u>	<u>\$ 1,882,706</u>	<u>\$ 5,416,032</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	300,124	--	--	5,917	306,041
OPEB Payable	19,383,284	--	--	--	19,383,284
Interest payable	--	--	180,588	--	180,588
Total liabilities	<u>19,683,408</u>	<u>--</u>	<u>180,588</u>	<u>5,917</u>	<u>19,869,913</u>
<b>Deferred Inflows:</b>					
Unavailable revenue - taxes	<u>547,798</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>547,798</u>
Total deferred inflows of resources	<u>547,798</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>547,798</u>
Total liabilities and deferred inflows of resources	<u>20,231,206</u>	<u>--</u>	<u>180,588</u>	<u>5,917</u>	<u>20,417,711</u>
<b>Fund balances:</b>					
Restricted	--	--	4	1,876,789	1,876,793
Committed	1,147,459	--	--	--	1,147,459
Assigned	934,859	136,596	--	--	1,071,455
Unassigned	( 19,097,386)	--	--	--	( 19,097,386)
Total fund balances	<u>( 17,015,068)</u>	<u>136,596</u>	<u>4</u>	<u>1,876,789</u>	<u>( 15,001,679)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,216,138</u>	<u>\$ 136,596</u>	<u>\$ 180,592</u>	<u>\$ 1,882,706</u>	<u>\$ 5,416,032</u>

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

WOOD COUNTY, WEST VIRGINIA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2016

---

Total fund balances on the governmental fund's balance sheet \$ ( 15,001,679)

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 III.C.) 14,117,862

Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note III.B.) 547,798

Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level:

Deferred outflow (inflow) - Changes in employer portion and differences between contributions and proportionate share of pension expense. ( 150,214)

PERS: (\$11,311)

DSRS: (\$138,903)

Deferred outflow - Employer contributions to pension plan subsequent to measurement date. 1,047,174

PERS: \$845,548

DSRS: \$201,626

Deferred outflow (inflow) - Differences between projected and actual investment earnings. ( 688,623)

PERS: (\$559,937)

DSRS: (\$128,686)

Deferred outflow - Differences between expected and actual experience. 549,989

PERS: \$522,256

DSRS: \$27,733

Deferred inflow - Difference in assumptions. ( 307,147)

PERS: \$307,147

DSRS: \$0

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note III.F.) ( 8,880,144)

Net position of governmental activities \$ ( 8,764,984)

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, 2016

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Building Commission Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes:					
Ad valorem property taxes	\$ 13,468,724	\$ --	\$ --	\$ --	\$ 13,468,724
Alcoholic beverages tax	12,678	--	--	--	12,678
Hotel occupancy tax	562,106	--	--	--	562,106
Gas and oil severance tax	94,013	--	--	--	94,013
Other taxes	395,238	--	--	801,626	1,196,864
Coal severance tax	--	110,367	--	--	110,367
Licenses and permits	61,868	--	--	98,375	160,243
Intergovernmental:					
Federal	836,109	--	--	--	836,109
State	486,227	--	--	--	486,227
Local	5,000	--	--	--	5,000
Charges for services	667,140	--	--	2,734,510	3,401,650
Fines and forfeits	161,372	--	--	227,682	389,054
Interest and investment earnings	8,654	192	7	5,931	14,784
Refunds	171,700	--	--	--	171,700
Reimbursements	--	--	--	186,695	186,695
Payments in lieu of taxes	211,073	--	--	--	211,073
Contributions and donations	242	--	--	1,340	1,582
Miscellaneous	389,108	--	--	--	389,108
Total revenues	<u>17,531,252</u>	<u>110,559</u>	<u>7</u>	<u>4,056,159</u>	<u>21,697,977</u>
<b>EXPENDITURES</b>					
Current:					
General government	9,706,158	--	--	123,796	9,829,954
Public safety	9,564,810	--	--	673,788	10,238,598
Health and sanitation	172,761	--	--	--	172,761
Culture and recreation	1,672,795	--	--	--	1,672,795
Social services	37,746	--	--	--	37,746
Capital outlay	30,860	105,541	--	395,555	531,956
Debt service:					
Principal	--	--	270,000	--	270,000
Interest	--	--	369,106	--	369,106
Total expenditures	<u>21,185,130</u>	<u>105,541</u>	<u>639,106</u>	<u>1,193,139</u>	<u>23,122,916</u>
Excess (deficiency) of revenues over expenditures	<u>( 3,653,878)</u>	<u>5,018</u>	<u>( 639,099)</u>	<u>2,863,020</u>	<u>( 1,424,939)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,144,104	--	639,103	262,311	4,045,518
Transfers (out)	( 6,000)	--	--	( 4,039,518)	( 4,045,518)
Total other financing sources (uses)	<u>3,138,104</u>	<u>--</u>	<u>639,103</u>	<u>( 3,777,207)</u>	<u>--</u>
Net change in fund balances	( 515,774)	5,018	4	( 914,187)	( 1,424,939)
Fund balances - beginning (restated)	( 16,499,294)	131,578	--	2,790,976	( 13,576,740)
Fund balances - ending	<u>\$ ( 17,015,068)</u>	<u>\$ 136,596</u>	<u>\$ 4</u>	<u>\$ 1,876,789</u>	<u>\$ ( 15,001,679)</u>

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

WOOD COUNTY, WEST VIRGINIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016

---

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

Net change in fund balances - total governmental funds	\$ ( 1,424,939)
--	-----------------

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 III.C.)	86,888
---	--------

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 III.C.)	( 1,738,096)
--	--------------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note III.C.)	( 2,847,618)
--	--------------

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 unavailable/unearned revenues.	151,174
---	---------

Prior year unavailable/unearned revenues:	\$396,624	
Current year unavailable/unearned revenues:	\$547,798	

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 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 III.F.)	263,415
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Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68.	
Amount of pension expenditures at fund level PERS	1,047,174
PERS: \$845,548	
DSRS: \$201,626	
Amount of pension expenses recognized at government-wide level PERS	( 298,743)
PERS: \$285,393	
DSRS: \$13,350	

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 III.F.)	35,438
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Change in net position of governmental activities	\$ ( 4,725,307)
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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 BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Modified</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Accrual Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Positive</u>
						<u>(Negative)</u>
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 13,211,675	13,345,675	\$ 13,468,724	\$ 271,994	\$ 13,740,718	\$ 395,043
Alcoholic beverages tax	5,000	12,500	12,678	--	12,678	178
Hotel occupancy tax	823,959	629,679	562,106	--	562,106	( 67,573)
Gas and oil severance tax	80,000	94,000	94,013	--	94,013	13
Other taxes	400,000	400,000	395,238	--	395,238	( 4,762)
Licenses and permits	78,700	78,795	61,868	--	61,868	( 16,927)
Intergovernmental:						
Federal	--	880,543	836,109	( 121,850)	714,259	( 166,284)
State	--	562,035	486,227	( 47,030)	439,197	( 122,838)
Local	--	5,000	5,000	--	5,000	--
Charges for services	685,690	700,025	667,140	--	667,140	( 32,885)
Fines and forfeits	13,000	16,025	161,372	--	161,372	145,347
Interest and investment earnings	176,000	178,100	8,654	( 5,303)	3,351	( 174,749)
Refunds	150,000	259,192	171,700	3,001	174,701	( 84,491)
Payments in lieu of taxes	275,000	275,000	211,073	--	211,073	( 63,927)
Contributions and donations	--	--	242	( 242)	--	--
Miscellaneous	360,000	386,900	389,108	--	389,108	2,208
Total revenues	<u>16,259,024</u>	<u>17,823,469</u>	<u>17,531,252</u>	<u>100,570</u>	<u>17,631,822</u>	<u>( 191,647)</u>
<b>EXPENDITURES</b>						
Current:						
General government	9,192,190	10,580,962	9,706,158	5,000	9,711,158	869,804
Public safety	9,604,620	9,842,824	9,564,810	1,000	9,565,810	277,014
Health and sanitation	93,250	178,250	172,761	--	172,761	5,489
Culture and recreation	1,733,996	1,854,746	1,672,795	--	1,672,795	181,951
Social services	35,025	37,805	37,746	--	37,746	59
Capital outlay	200,000	228,489	30,860	--	30,860	197,629
Total expenditures	<u>20,859,081</u>	<u>22,723,076</u>	<u>21,185,130</u>	<u>6,000</u>	<u>21,191,130</u>	<u>1,531,946</u>
Excess (deficiency) of revenues over expenditures	<u>( 4,600,057)</u>	<u>( 4,899,607)</u>	<u>( 3,653,878)</u>	<u>94,570</u>	<u>( 3,559,308)</u>	<u>1,340,299</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,790,057	3,997,057	3,144,104	( 2,759)	3,141,345	( 855,712)
Transfers (out)	--	--	( 6,000)	6,000	--	--
Proceeds from the sale of assets	10,000	10,000	--	--	--	( 10,000)
Total other financing sources (uses)	<u>3,800,057</u>	<u>4,007,057</u>	<u>3,138,104</u>	<u>3,241</u>	<u>3,141,345</u>	<u>( 865,712)</u>
Net change in fund balance	<u>( 800,000)</u>	<u>( 892,550)</u>	<u>( 515,774)</u>	<u>97,811</u>	<u>( 417,963)</u>	<u>474,587</u>
Fund balance - beginning	<u>800,000</u>	<u>892,550</u>	<u>( 16,499,294)</u>	<u>17,395,927</u>	<u>896,633</u>	<u>4,083</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ ( 17,015,068)</u>	<u>\$ 17,493,738</u>	<u>\$ 478,670</u>	<u>\$ 478,670</u>

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



WOOD COUNTY, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND  
For the Fiscal Year Ended June 30, 2016

	<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>
<b>REVENUES</b>				
Taxes:				
Coal severance tax	\$ 140,000	\$ 140,000	\$ 110,367	\$ ( 29,633)
Interest and investment earnings	<u>50</u>	<u>50</u>	<u>192</u>	<u>142</u>
Total revenues	<u>140,050</u>	<u>140,050</u>	<u>110,559</u>	<u>( 29,491)</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	<u>275,050</u>	<u>271,628</u>	<u>105,541</u>	<u>166,087</u>
Total expenditures	<u>275,050</u>	<u>271,628</u>	<u>105,541</u>	<u>166,087</u>
Net change in fund balance	( 135,000)	( 131,578)	5,018	136,596
Fund balance - beginning	<u>135,000</u>	<u>131,578</u>	<u>131,578</u>	<u>--</u>
Fund balance - ending	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>136,596</u></u>	\$ <u><u>136,596</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, 2016

	Agency Funds
<b>ASSETS</b>	
Non-pooled cash	\$ <u>1,991,088</u>
Total cash	<u>1,991,088</u>
Receivables:	
Taxes	<u>2,582,813</u>
Total receivables	<u>2,582,813</u>
Total assets and deferred outflows of resources	\$ <u><u>4,573,901</u></u>
<b>LIABILITIES</b>	
Due to: other governments	<u>4,573,901</u>
Total liabilities and deferred inflows of resources	\$ <u><u>4,573,901</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, 2016**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

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

*Blended Component 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, 2016**

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*Discretely Presented Component Units*

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

The Wood County 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 obtained 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 \$80,000 for an operating grant for the Mid-Ohio Valley Board of Health for the fiscal year.

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

*Related Organizations*

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

Name of Organization

Mid-Ohio Valley Workforce Investment Authority  
Mid-Ohio Valley Regional Council  
Parkersburg/Wood County Public Library  
Northeastern Area Agency on Aging  
Parkersburg/Wood County Convention & Visitors' Bureau

Name of Organization

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

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**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. Combining financial statements for the nonmajor governmental funds are included as supplementary information.

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

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

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

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

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

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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 *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.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the County reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of investments and fair values are presented in Note III.A.

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

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

## **2. Receivables and Payables**

### *Property Tax Receivable*

The property tax receivable allowance is equal to 20 percent of the property taxes outstanding at June 30, 2016.

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.



**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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

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

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy</u>
Class I	\$ --	13.14 cents	.54 cents
Class II	1,758,391,992	26.28 cents	1.08 cents
Class III	813,666,375	52.56 cents	2.16 cents
Class IV	785,889,892	52.56 cents	2.16 cents

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

### **3. Inventories and Prepaid Items**

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

### **4. Restricted Assets**

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

### **5. Capital Assets and Depreciation**

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

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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	25,000.00
Building	40 years	1	50,000.00
Building improvements	20 to 25 years	1	50,000.00
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	5,000.00
Vehicles	5 to 10 years	1,000	5,000.00
Infrastructure	40 to 50 years	50,000	250,000.00

#### **6. Compensated Absences**

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

#### **7. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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 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.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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.
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 Commission chooses. The stabilization balance at fiscal year-end was \$1,147,459.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**11. Change in Accounting Principle**

Effective July 1, 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. These Statements are to improve accounting and financial reporting by state and local governments for pensions and other post employment benefits, and to improve information provided by state and local government employers about financial support for pensions that is provided by other entities. The effect on beginning net position totaled (\$22,483,973) due to the statement not being implemented and the liability not being included in the prior year.

**12. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of Wood County's Public Employee Retirement System (PERS) and Deputy Sheriffs' Retirement System (DSRS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS and DSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<u>Description</u>	<u>General Fund</u> <u>Amount</u>	<u>Coal Severance</u> <u>Amount</u>
General government expenditure increase	\$ 1,388,772	\$ --
Public safety expenditure increase	238,204	--
Health and sanitation expenditure increase	85,000	--
Culture and recreation expenditure increase	120,750	--
Social services expenditure increase	2,780	--
Capital projects expenditure increase (decrease)	28,489	( 3,422)

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year-end, the government had no investments.

*Custodial Credit Risk*

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

At year end, the government's bank balances were \$7,034,945. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution's trust department or agent in the government's name.

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

Cash and cash equivalents	\$ 4,403,608
Cash and cash equivalents-restricted	<u>2,171,680</u>
Total	<u>\$ 6,575,288</u>

**B. Receivables**

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

**WOOD COUNTY, WEST VIRGINIA**  
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	General
Receivables:	
Taxes	\$ 828,691
Grants	<u>168,880</u>
Gross Receivables	<u>997,571</u>
Less: Allowance for Uncollectible	<u>( 165,739)</u>
Net Total Receivables	\$ <u><u>831,832</u></u>

Governmental funds report unavailable/unearned 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 unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows - Unavailable
Delinquent property taxes receivable (General Fund)	\$ <u>547,798</u>
Total unavailable/unearned revenue for governmental funds	\$ <u><u>547,798</u></u>

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,047,511	\$ --	\$ --	\$ 2,047,511
Total capital assets not being depreciated	<u>2,047,511</u>	<u>--</u>	<u>--</u>	<u>2,047,511</u>
Capital assets being depreciated:				
Buildings and improvements	6,823,318	--	--	6,823,318
Structures and improvements	13,273,643	--	( 4,079,648)	9,193,995
Machinery and equipment	9,342,432	86,888	( 1,640,946)	7,788,374
Less: Total accumulated depreciation	<u>( 12,870,216)</u>	<u>( 1,738,096)</u>	<u>2,872,976</u>	<u>( 11,735,336)</u>
Total capital assets being depreciated, net	<u>16,569,177</u>	<u>( 1,651,208)</u>	<u>( 2,847,618)</u>	<u>12,070,351</u>
Governmental activities capital assets, net	\$ <u><u>18,616,688</u></u>	\$ <u><u>( 1,651,208)</u></u>	\$ <u><u>( 2,847,618)</u></u>	\$ <u><u>14,117,862</u></u>

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

The June 30, 2015 ending balances in machinery and equipment and in accumulated depreciation was restated to accurately reflect the assets on hand and the useful lives of the assets.

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

Governmental activities:	
General government	\$ 335,348
Public safety	306,805
Culture and recreation	33,597
Capital outlay	<u>1,062,346</u>
Total depreciation expense-governmental activities	<u>\$ 1,738,096</u>

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

The composition of interfund balances as of the fiscal year ended June 30, 2016, is as follows:

*Interfund Transfers:*

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General	Dog Fund	Humane Society payment	\$ 1,000
General	Community Criminal Justice	donation	5,000
Assessor's Valuation	General	payroll reimbursement	739,948
E911	General	payroll reimbursement	1,816,538
Community Criminal Justice	General	payroll reimbursement	161,374
Home Confinement	General	payroll reimbursement	119,925
Concealed Weapons	General	payroll reimbursement	15,704
General School	General	regional jail bills	290,615
Home Confinement	Community Criminal Justice	drug testing	6,116
Teen Drug Court	Community Criminal Justice	drug testing	195
E911	Capital Reserve	project savings	250,000
Special Building	Building Commission Debt Service	bond payments	<u>639,103</u>
Total			<u>\$ 4,045,518</u>



**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**E. Fund Balance Detail**

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

	General Fund	Coal Severance Fund	Building Commission Debt Service	Non-major Funds	Total
Restricted:	\$	\$	\$	\$	\$
General government	--	--	--	327,592	327,592
Public safety	--	--	--	711,653	711,653
Capital projects	--	--	--	837,544	837,544
Debt service	--	--	4	--	4
Committed:					
Financial stabilization	1,147,459	--	--	--	1,147,459
Assigned:					
Budget carryover	934,859	136,596	--	--	1,071,455
Unassigned	( 19,097,386)	--	--	--	( 19,097,386)
Total fund balances	\$ ( 17,015,068)	\$ 136,596	\$ 4	\$ 1,876,789	\$ ( 15,001,679)

**F. Long-term Debt**

*Revenue Bonds*

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

Governmental Activities					Balance
Purpose	Maturity Date	Interest Rates	Issued	Retired	June 30, 2016
Justice Center 2010 A	1/1/2021	5.875%	\$ 2,635,000	\$ 1,160,000	\$ 1,475,000
	1/1/2026	6.750%	1,745,000	--	1,745,000
	1/1/2029	7.375%	1,215,000	--	1,215,000
	1/1/2031	7.500%	895,000	--	895,000
Total			\$ 6,490,000	\$ 1,160,000	\$ 5,330,000

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

**WOOD COUNTY, WEST VIRGINIA**  
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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, 2029, and 2031. 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 \$8,597,944.

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

Year Ended	Governmental Activities	
	Principal	Interest
2017	\$ 275,000	\$ 361,175
2018	285,000	345,019
2019	295,000	328,275
2020	305,000	310,944
2021	315,000	293,025
2022 - 2026	1,745,000	1,145,456
2027 - 2031	2,110,000	484,050
Totals	<u>\$5,330,000</u>	<u>\$ 3,267,944</u>

*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 \$6,490,000 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 \$8,597,944. Principal and interest paid for the current year and total customer net revenues were \$647,038 and \$639,103, respectively.

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease revenue bonds payable	\$ 5,600,000	\$ --	\$ ( 270,000)	\$ 5,330,000	\$ 275,000
Less: unamortized bond discount	( 102,067)	--	6,585	( 95,482)	--
Total bonds payable	5,497,933	--	( 263,415)	5,234,518	275,000
Capital leases	3,252	--	( 3,252)	--	--
Net pension obligation	2,285,068	971,647	--	3,256,715	--
Governmental activities Long-term liabilities	<u>\$ 8,207,350</u>	<u>\$ 971,647</u>	<u>\$ ( 298,853)</u>	<u>\$ 8,880,144</u>	<u>\$ 275,000</u>

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**G. Restricted Assets**

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

	Governmental Activities
Revenue bond debt service account	<u>\$ 180,592</u>
Total restricted assets	<u><u>\$ 180,592</u></u>

**H. Prior Period Adjustment**

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

	General Fund	Non-major Funds	Governmental Activities
Fund balances (government-wide balance), as previously stated	\$ 2,430,712	\$ 2,790,986	\$ 18,477,479
Add:			
Unamortized bond discount	--	--	102,067
Deduct:			
GASB 45 implementation	( 18,930,006)	--	--
GASB 68 implementation	--	--	( 3,553,967)
Undetermined difference on fund level	--	( 10)	( 10)
Capital asset adjustments	<u>--</u>	<u>--</u>	<u>( 135,240)</u>
Fund balances (government-wide balance), restated	<u><u>\$ (16,499,294)</u></u>	<u><u>\$ 2,790,976</u></u>	<u><u>\$ 14,890,329</u></u>

**IV. 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.

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 workers' compensation coverage is currently being provided by WV Corp.

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

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**B. Related Party Transaction**

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

**C. Contingent Liabilities**

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

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

**D. Deferred Compensation Plan**

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

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

**V. 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.

All of the County's cost-sharing multiple-employer plans are administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at [www.wvretirement.com](http://www.wvretirement.com). The following is a summary of eligibility factors, contribution methods, and benefit provisions:

**WOOD COUNTY, WEST VIRGINIA**  
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**Public Employees Retirement System**

Eligibility to participate	All county full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate hired before 7/1/2015	4.50%
County's contribution rate hired before 7/1/2015	13.50%
Plan member's contribution rate hired after 7/1/2015	6.00%
County's contribution rate hired after 7/1/2015	13.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) 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
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 12.0%. 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 \$142,818 for employees' share and \$201,626 for employer's share.

**WOOD COUNTY, WEST VIRGINIA**  
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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 \$344,444 for all covered employees with a contributed percentage of 100%.

*Trend Information*

<u>Fiscal Year</u>	<u>Public Employees Retirement System (PERS)</u>		<u>West Virginia Deputy Sheriff Retirement System (WVDRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2016	\$ 1,130,763	100%	\$ 344,444	100%
2015	\$ 1,147,507	100%	\$ 342,234	100%
2014	\$ 1,148,707	100%	\$ 361,423	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.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the government's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2014:

	<u>PERS</u>	<u>WVDRS</u>
Amount for proportionate share of net pension liability	\$ 2,553,520	\$ 702,285
Percentage for proportionate share of net pension liability	0.457289	3.423774
Increase/decrease % from prior proportion measured	71.51403%	-5.65155%

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

For the year ended June 30, 2016, the government recognized the following pension expenses.

	PERS	WVDRS
Pension expense	<u>\$ 285,393</u>	<u>\$ 13,350</u>

The government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Public Employees Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 33,003	\$ ( 44,314)
Net difference between projected and actual investment earnings on pension plan investments	779,074	( 1,339,011)
Difference between expected and actual experience	522,256	--
Deferred difference in assumptions	--	( 307,147)
Government contributions subsequent to the measurement date	<u>845,548</u>	<u>--</u>
	\$ <u>2,179,881</u>	\$ <u>(1,690,472)</u>

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 20, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ ( 188,376)
2018	( 188,376)
2019	( 174,141)
2020	<u>194,753</u>
Total	<u>\$ ( 356,140)</u>



**WOOD COUNTY, WEST VIRGINIA**  
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<b>West Virginia Deputy Sheriff Retirement System</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ --	\$ ( 138,905)
Net difference between projected and actual investment earnings on pension plan investments	160,164	( 288,830)
Difference between expected and actual experience	27,733	--
Government contributions subsequent to the measurement date	201,626	--
	<u>\$ 389,523</u>	<u>\$ (427,735)</u>

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ ( 77,000)
2018	( 77,000)
2019	( 76,898)
2020	19,242
2021	( 20,748)
Thereafter	( 7,434)
Total	<u>\$ ( 239,838)</u>

Summary of Deferred Outflow/Inflow Balances

	Total	PERS	DSRS
Difference between expected and actual	\$549,989	\$522,256	\$27,733
Changes of assumptions	( 307,147)	( 307,147)	--
Net difference between projected and actual earnings on pension plan investments	( 688,623)	( 559,937)	( 128,686)
Changes in proportion and differences between government contributions and proportionate share of contributions	( 150,214)	( 11,311)	( 138,903)
Government contributions subsequent to the measurement date	1,047,174	845,548	201,626

*Actuarial assumptions.* Net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015, which is the measurement date, using the following actuarial assumptions.

**WOOD COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Public Employees Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	4.25% - 6.0%
Investment Rate of Return	7.50%

Mortality Rates Healthy males - 1983 GAM

Healthy females - 1971 GAM

Disabled males - 1971 GAM

Disabled females - Revenue ruling 96-7

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2009.

**West Virginia Deputy Sheriff Retirement System**

Actuarial assumptions

Inflation rate	3.000%
Salary increases	5.0% for first 2 years of service 4.5% for next 3 years of service 4.0% for the next 5 years of service, and 3.5% thereafter
Investment Rate of Return	7.500%

Mortality rates were based on the RP-2000 Non-annuitant mortality table, scale BB; Retired and disabled RP2000 healthy annuitant mortality table, scale BB.

The actuarial assumptions used in the July 1, 2014 DSRS valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

<u>Investment</u>	Long-term Expected	PERS	DSRS
	Real Rate of Return	Target Asset Allocation	Target Asset Allocation
US Equity	7.0%	27.5%	27.5%
International Equity	7.7%	27.5%	27.5%
Core Fixed Income	2.7%	7.5%	15.0%
High Yield Fixed Income	5.5%	7.5%	0.0%
Real Estate	5.6%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%
Cash	1.5%	0.0%	0.0%
		100.0%	100.0%

**WOOD COUNTY, WEST VIRGINIA**  
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*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Government's proportionate share of PERS's net pension liability	\$ 5,889,087	\$ 2,553,520	\$ ( 264,533)
Government's proportionate share of WVDSRS's net pension liability	\$ 1,606,743	\$ 702,285	\$ ( 45,057)

*Pension plans' fiduciary net position.* Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at [www.wvretirement.com](http://www.wvretirement.com). That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

## **VI. OTHER POST-EMPLOYMENT BENEFITS**

The County elects to provide postretirement health care coverage to age and service retirees with ten or more years of qualifying service credit. The health care coverage provided is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. The OPEB costs are funded by the County monthly based on invoices received for the "pay as you go" balance. The County's practice is "pay as you go" financing of retiree health benefits which means no assets have been set-aside assets to fund the liability. Significant actuarial assumptions, based on the latest actuarial review performed as of June 30, 2016, include a discount rate of 3.18 percent, an annual increase in active employee total payroll of 3.00 percent compounded annually (assuming no change in the number of active employees. Health care premiums were assumed to increase 8.00 percent annually.

The number of active and retired participants was 76. The County's actual contributions for 2016 which were used to fund postemployment benefits "pay as you go" were \$221,344. The actuarially required contribution amount was calculated at \$693,655. The amount contributed was 32% of the required actuarially determined contribution for fiscal 2016. The actuarially accrued liability of \$19,383,284 is unfunded as of June 30, 2016.

Wood County, West Virginia  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
For the Fiscal Year Ended June 30, 2016

Public Employees Retirement System Last 10 Fiscal Years*			
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.457289	0.451495	0.460639
Government's proportionate share of the net pension liability (asset)	\$ 2,553,520	\$ 1,666,311	\$ 4,199,324
Government's covered-employee payroll	\$ 6,201,479	\$ 6,046,000	\$ 6,165,336
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.18%	27.56%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	91.29%	93.98%	84.58%

\* - The amounts presented for each fiscal year were determined as of June 30, 2015

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Wood County, West Virginia  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
For the Fiscal Year Ended June 30, 2016

West Virginia Deputy Sheriff Retirement System Last 10 Fiscal Years*			
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	3.423774	3.628861	3.997116
Government's proportionate share of the net pension liability (asset)	\$ 702,285	\$ 618,757	\$ 1,339,194
Government's covered-employee payroll	\$ 1,631,656	\$ 1,681,037	\$ 1,751,167
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.04%	36.81%	76.47%
Plan fiduciary net position as a percentage of the total pension liability	89.31%	90.52%	80.20%
<p>* - The amounts presented for each fiscal year were determined as of June 30, 2015</p> <p>This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.</p>			

Wood County, West Virginia  
SCHEDULE OF GOVERNMENT CONTRIBUTIONS  
For the Fiscal Year Ended June 30, 2016

Public Employees Retirement System Last 10 Fiscal Years										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 845,548	\$ 868,207	\$ 876,670	\$ 863,147	\$ 891,301	\$ 752,174	\$ 647,777	\$ 594,859	\$ 572,380	\$ 542,333
Contributions in relation to the contractually required contribution	( 845,548)	( 868,207)	( 876,670)	( 863,147)	( 891,301)	( 752,174)	( 647,777)	( 594,859)	( 572,380)	( 542,333)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Government's covered-employee payroll	\$ 6,263,319	\$ 6,201,479	\$ 6,046,000	\$ 6,165,336	\$ 6,146,905	\$ 6,017,368	\$ 5,888,884	\$ 5,665,327	\$ 5,451,233	\$ 5,165,073
Contributions as a percentage of covered-employee payroll	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%	10.50%	10.50%

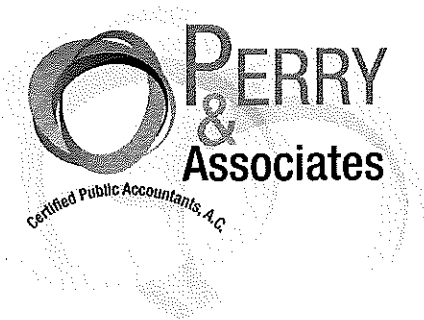
Wood County, West Virginia  
SCHEDULE OF GOVERNMENT CONTRIBUTIONS  
For the Fiscal Year Ended June 30, 2016

West Virginia Deputy Sheriff Retirement System Last 10 Fiscal Years										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 201,626	\$ 203,957	\$ 218,535	\$ 227,652	\$ 229,840	\$ 188,051	\$ 182,009	\$ 177,617	\$ 173,834	\$ 165,467
Contributions in relation to the contractually required contribution	( 201,626)	( 203,957)	( 218,535)	( 227,652)	( 229,840)	( 188,051)	( 182,009)	( 177,617)	( 173,834)	( 165,467)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Government's covered-employee payroll	\$ 1,680,217	\$ 1,631,656	\$ 1,681,037	\$ 1,751,167	\$ 1,768,000	\$ 1,790,958	\$ 1,733,416	\$ 1,691,595	\$ 1,655,558	\$ 1,575,873
Contributions as a percentage of covered-employee payroll	12.00%	12.50%	13.00%	13.00%	13.00%	10.50%	10.50%	10.50%	10.50%	10.50%

WOOD COUNTY, WEST VIRGINIA  
BUDGETARY COMPARISON SCHEDULE -  
ASSESSOR'S VALUATION FUND  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>Budget Basis</u>	<u>Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Other taxes	\$ 700,647	\$ 700,647	\$ 770,145	\$ 69,498
Map sales	3,600	3,600	3,587	( 13)
Interest	<u>300</u>	<u>300</u>	<u>532</u>	<u>232</u>
Total revenues	<u>704,547</u>	<u>704,547</u>	<u>774,264</u>	<u>69,717</u>
<b>EXPENDITURES:</b>				
Current:				
General government	810,246	810,246	94,289	715,957
Capital outlay	<u>118,132</u>	<u>110,702</u>	<u>28,568</u>	<u>82,134</u>
Total expenditures	<u>928,378</u>	<u>920,948</u>	<u>122,857</u>	<u>798,091</u>
Excess (deficiency) of revenues over expenditures	<u>( 223,831)</u>	<u>( 216,401)</u>	<u>651,407</u>	<u>867,808</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>--</u>	<u>--</u>	<u>( 739,948)</u>	<u>( 739,948)</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>( 739,948)</u>	<u>( 739,948)</u>
Net change in fund balance	( 223,831)	( 216,401)	( 88,541)	127,860
Fund balance at beginning of year	<u>223,831</u>	<u>216,401</u>	<u>216,401</u>	<u>--</u>
Fund balance at end of year	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>127,860</u></u>	\$ <u><u>127,860</u></u>





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304.422.2203

104 South Sugar St.  
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Wheeling, WV 26003  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

April 7, 2017

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

To the Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Wood County**, West Virginia (the County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report dated April 7, 2017 wherein we noted the Corporation adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27 and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. Our report refers to other auditors who audited the financial statements of the Wood County Parks and Recreation Commission and the Wood County Development Authority. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. 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.

### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### **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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Audit Findings as items 2016-001.

### **County's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We also noted certain matters not requiring inclusion on this report that we have reported to management of Wood County Commission in a separate letter dated April 7, 2017.

### **Purpose of this Report**

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



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

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
JUNE 30, 2016

**Drug Lab – Comingling Funds**  
**2016-001**

**CONDITION:**

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

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

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

**CRITERIA:**

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

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

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

**CAUSE:**

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

**EFFECT:**

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

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF AUDIT FINDINGS**  
**JUNE 30, 2016**

**Drug Lab – Comingling Funds (Continued)**  
**2016-001**

**RECOMMENDATION:**

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

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

**AUDITED AGENCY'S RESPONSE:**

Management is in the process of implementing corrective action.

**WOOD COUNTY, WEST VIRGINIA**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2015-001	Pension Liability	Yes	Finding no longer valid
2015-002	Other Post-Employment Benefits Obligations	Yes	Finding no longer valid
2015-003	Sheriff's Tax Refund Account	No	Partially corrected; moved to management letter
2015-004	Capital Assets	Yes	Finding no longer valid
2015-005	Day Report Center Collections and Remittance	No	Partially corrected; moved to management letter
2015-006	Drug Lab – Comingling of Funds	No	Partially corrected; repeated as 2016-001
2015-007	Delinquent Filing of Single Audit	Yes	Finding no longer valid