



AUDIT REPORT OF  
JEFFERSON COUNTY  
CHARLES TOWN, WEST VIRGINIA  
For the Fiscal Year Ended June 30, 2002



JEFFERSON COUNTY, WEST VIRGINIA  
 TABLE OF CONTENTS  
 For the Fiscal Year Ended June 30, 2002

Page

**INTRODUCTORY SECTION**

Schedule of Funds Included in Report .....	3
County Officials .....	4

**FINANCIAL SECTION**

Independent Auditor's Report .....	5
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*Basic Financial Statements*

Government-wide Financial Statements

Statement of Net Assets .....	7
Statement of Activities .....	8

Fund Financial Statements

Balance Sheet-Governmental Funds .....	9
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets .....	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds .....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities .....	16

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund .....	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coal Severance Tax Fund .....	21

Statement of Fiduciary Net Assets-Fiduciary Funds .....	23
Notes to the Financial Statements .....	24

*Supplementary Information*

Budgetary Comparison Schedule-Assessor's Valuation Fund .....	33
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	34

Schedule of Noncompliance as Weaknesses in Internal Controls .....	36
Schedule of Noncompliance as Weaknesses in Internal Controls-Prior Year .....	43



JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
For the Fiscal Year Ended June 30, 2002

**GOVERNMENTAL FUND TYPES**

**Major Funds**

General County  
Coal Severance Tax  
Capital Outlay Fund

**Nonmajor Funds**

Special Revenue Funds

General School  
Magistrate Court  
Worthless Check  
Dog and Kennel  
Home Confinement  
Federal Grants  
State Grants  
Jury & Witness  
Flood Hazard Mitigation  
Farmland Preservation  
Unemployment Compensation  
Sub-Division Bond Forfeiture  
Assessor's Valuation  
Concealed Weapons  
Voters Registration  
Prosecuting Attorney Drug Forfeiture  
Undistributed Tax  
Undistributed Tax Interest  
Project Impact -FEMA Reimbursed

Capital Project Funds

Bardane Public Health Center  
Emergency Services  
Optical Scanning/Imaging

**FIDUCIARY FUND TYPES**

Agency Funds

State  
School  
Municipal  
County Offices  
Other Agency



JEFFERSON COUNTY, WEST VIRGINIA  
 COUNTY OFFICIALS

For the Fiscal Year Ended June 30, 2002

OFFICE	NAME	TERM
	<u>Elective</u>	
County Commission:	Abner Dean Hockensmith	01-01-97 / 12-31-02
	James K Ruland	01-01-97 / 12-31-02
	Albert G. Hooper	01-01-99 / 12-31-04
	James G. Knode	01-01-99 / 12-31-04
	Jane M Tabb	01-01-01 / 12-31-06
Clerk of the County Commission	John E. Ott	01-01-99 / 12-31-04
Clerk of the Circuit Court	Patricia A Noland	01-01-99 / 12-31-04
Sheriff	Everett W. Boober	01-01-01 / 12-31-04
Prosecuting Attorney	Michael D. Thompson	01-01-01 / 12-31-04
Assessor	Mary R. Bordier	01-01-01 / 12-31-04
	<u>Appointive</u>	
Administrator	Leslie D. Smith	







# State of West Virginia

Office of the State Auditor  
1900 Kanawha Boulevard, East  
State Capitol Complex, Building 1, Room W-100  
Charleston, West Virginia 25305

Glen B. Gainer III  
State Auditor

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## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the  
Jefferson County Commission  
Charles Town, West Virginia

We have audited the accompanying basic financial statements of Jefferson County, West Virginia, as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County, West Virginia, as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments, Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.



Honorable Members of the  
Jefferson County Commission  
Page 2

Jefferson County, West Virginia has not presented the Management's Discussion and Analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2003, on our consideration of the county's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Jefferson County, West Virginia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,  


Glen B. Gainer III  
West Virginia State Auditor

July 10, 2003



JEFFERSON COUNTY, WEST VIRGINIA  
STATEMENT OF NET ASSETS  
June 30, 2002

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 10,904,709.71
Receivables (Net)	<u>398,729.86</u>
Total Current Assets	<u>11,303,439.57</u>
Noncurrent assets:	
Capital assets (Note 1):	
Land	616,555.00
Buildings and equipment, net of depreciation	<u>2,554,750.78</u>
Total noncurrent assets:	<u>3,171,305.78</u>
Total Assets	<u>\$ 14,474,745.35</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 56,912.53
Compensated absences	<u>98,665.84</u>
Total liabilities:	<u>155,578.37</u>
<b>Net Assets</b>	
Invested in capital assets	3,171,305.78
Restricted for Capital Projects	5,456,960.70
Unrestricted	<u>5,690,900.50</u>
Total net assets	<u>14,319,166.98</u>
Total liabilities and net assets	<u>\$ 14,474,745.35</u>

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



JEFFERSON COUNTY, WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2002

	Expenses	Charges for Services	Program Revenues	Net (Expense) Revenues and Changes in Net Assets
<u>Functions / Programs</u>				Governmental Activities
Primary Government:				
General government	\$ 5,640,103.45	\$ 1,922,862.66		(3,717,240.79)
Public safety	3,776,097.12	0.00		(3,776,097.12)
Health and sanitation	157,731.68	0.00		(157,731.68)
Culture and recreation	341,415.58	0.00		(341,415.58)
Social Services	7,857.14	0.00		(7,857.14)
Capital expenditures	593,537.83	0.00		(593,537.83)
 Total governmental activities	 \$ 10,516,742.80	 \$ 1,922,862.66		 \$ (8,593,880.14)

General revenues:	
Property taxes	6,235,566.27
Other Taxes	836,014.01
Licenses and permits	761,973.13
Federal	62,601.10
State	287,947.33
Local	34,860.00
Unrestricted interest	276,298.34
Miscellaneous	2,735,823.02
Total general revenues	11,231,083.20
 Change in net assets	 2,637,203.06
Net assets - beginning	11,681,963.72
Net assets - ending	\$ 14,319,166.78

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







JEFFERSON COUNTY, WEST VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2002

	<u>General</u>	Coal <u>Severance</u>	Capital <u>Outlay</u>
<u>Assets</u>			
Current:			
Cash	\$ 4,078,002.80	\$ 117,059.27	\$ 5,456,960.70
Taxes receivable	398,729.86	0.00	0.00
Total assets	<u>\$ 4,476,732.66</u>	<u>\$ 117,059.27</u>	<u>\$ 5,456,960.70</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 56,912.53	\$ 0.00	\$ 0.00
Deferred revenues:			
Taxes	341,783.06	0.00	0.00
Total liabilities	<u>398,695.59</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances:			
Unreserved, reported in:			
General fund	\$ 4,078,037.07	\$ 0.00	\$ 0.00
Capital projects funds	0.00	0.00	5,456,960.70
Special revenue funds	0.00	117,059.27	0.00
Total fund balances	<u>4,078,037.07</u>	<u>117,059.27</u>	<u>5,456,960.70</u>
Total liabilities and fund balances	<u>\$ 4,476,732.66</u>	<u>\$ 117,059.27</u>	<u>\$ 5,456,960.70</u>

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

	Other Governmental Funds	Total Governmental Funds
\$	1,252,686.94 \$	10,904,709.71
	<u>0.00</u>	<u>398,729.86</u>
\$	<u><u>1,252,686.94</u></u> \$	<u><u>11,303,439.57</u></u>
\$	0.00 \$	56,912.53
	<u>0.00</u>	<u>341,783.06</u>
	<u>0.00</u>	<u>398,695.59</u>
\$	0.00 \$	4,078,037.07
	776,514.24	6,233,474.94
	<u>476,172.70</u>	<u>593,231.97</u>
	<u>1,252,686.94</u>	<u>10,904,743.98</u>
\$	<u><u>1,252,686.94</u></u> \$	<u><u>11,303,439.57</u></u>



JEFFERSON COUNTY, WEST VIRGINIA  
 RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO STATEMENT OF NET ASSETS  
 June 30, 2002

	\$ 10,904,743.98
<hr/>	
Fund Balance, fund level statement, June 30 , 2001.	
Amounts reported for governmental activities in the statement of net assets are different because:	
a. Capital Assets are not reported at the fund level and must be added to the government wide financial statements	5,031,449.80
b. Prior year depreciation is not reported at the fund level and must be recorded as a reduction of capital assets at the government wide level.	(1,664,664.60)
c. Current year depreciation is not reported at the fund level and must be reported as an expense at the government wide financial statements.	(195,479.42)
d. Compensated Absences are not reported at the fund level and must be reported as an expense in the government wide financial statements.	(98,665.84)
e. Tax revenues that are not expected to be received within sixty days of the end of the fiscal year are reported as deferred taxes in fund level financial statements. The amount reported as deferred taxes in fund level financial statements must be reported as current revenue in government wide financial statements.	<u>341,783.06</u>
Net Assets	<u>\$ 14,319,166.98</u>





JEFFERSON COUNTY, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2002

	<u>General</u>	<u>Coal Severance</u>	<u>Capital Outlay</u>
Revenues:			
Taxes (including interest and penalties)	\$ 5,749,661.38	\$ 74,607.38	\$ 0.00
Other Taxes	812,835.01	0.00	0.00
Licenses and permits	750,448.13	0.00	0.00
Intergovernmental:			
Federal	62,601.10	0.00	0.00
State	36,989.54	0.00	0.00
Local	34,860.00	0.00	0.00
Charges for services	1,559,097.70	0.00	0.00
Fines and forfeits	0.00	0.00	0.00
Interest	96,858.31	1,832.50	154,710.05
Miscellaneous	2,059,403.08	0.00	1,099,320.00
Total revenues	<u>11,162,754.25</u>	<u>76,439.88</u>	<u>1,254,030.05</u>
Expenditures:			
General government	5,041,896.01	0.00	0.00
Public safety	3,281,416.85	1,715.00	0.00
Health and sanitation	118,768.85	35,191.40	0.00
Culture and recreation	341,415.58	0.00	0.00
Social services	6,000.00	0.00	0.00
Capital projects	525,621.70	0.00	0.00
Total expenditures	<u>9,315,118.99</u>	<u>36,906.40</u>	<u>0.00</u>



	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$	69,514.45 \$	5,893,783.21
	23,179.00	836,014.01
	11,525.00	761,973.13
	0.00	62,601.10
	250,957.79	287,947.33
	0.00	34,860.00
	70,530.86	1,629,628.56
	293,234.10	293,234.10
	22,897.48	276,298.34
	<u>72,099.94</u>	<u>3,230,823.02</u>
	<u>813,938.62</u>	<u>13,307,162.80</u>
	372,037.08	5,413,933.09
	430,618.94	3,713,750.79
	0.00	153,960.25
	0.00	341,415.58
	0.00	6,000.00
	<u>562,916.13</u>	<u>1,088,537.83</u>
	<u>1,365,572.15</u>	<u>10,717,597.54</u>





JEFFERSON COUNTY, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

	<u>General</u>	<u>Coal Severance</u>	<u>Capital Outlay</u>
Excess (deficiency) of revenues over expenditures	1,847,635.26	39,533.48	1,254,030.05
Other financing sources (uses):			
Operating transfers in	0.00	0.00	0.00
Operating transfers (out)	<u>(495,000.00)</u>	<u>0.00</u>	<u>0.00</u>
Total other financing sources (uses)	<u>(495,000.00)</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,352,635.26	39,533.48	1,254,030.05
Fund balances at beginning of year	<u>2,725,401.81</u>	<u>77,525.79</u>	<u>4,202,930.65</u>
Fund balances at end of year	<u>\$ 4,078,037.07</u>	<u>\$ 117,059.27</u>	<u>\$ 5,456,960.70</u>

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

Other Governmental Funds	Total Governmental Funds
(551,633.53)	2,589,565.26
495,000.00	495,000.00
0.00	<u>(495,000.00)</u>
<u>495,000.00</u>	<u>0.00</u>
(56,633.53)	2,589,565.26
<u>1,309,320.47</u>	<u>8,315,178.72</u>
<u>\$ 1,252,686.94</u>	<u>\$ 10,904,743.98</u>



JEFFERSON 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, 2002

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

Net change in fund balances - total governmental funds

\$ 2,589,565.26

- a. Taxes reported as deferred revenue in fund level statements are reported as current revenue in government-wide financial statements. 341,783.06
- b. Compensated absences are not reported at the fund level but are included as a liability in the government-wide financial statements. (98,665.84)
- c. Current year depreciation is not reported in the fund level statements. Current year depreciation is reported as an expense in the governmental expenditures of the government-wide financial statements. (195,479.42)

Change in net assets of governmental activities

\$ 2,637,203.06







JEFFERSON COUNTY, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Fiscal Year Ended June 30, 2002

	Budget Amounts		Actual
	Original	Final	Modified
			Accrual Basis
<b>Revenues:</b>			
Ad valorem property taxes	\$ 5,814,935.00	\$ 5,814,935.00	\$ 5,749,661.38
Other taxes	451,700.00	491,700.00	812,835.01
Licenses and permits	175,100.00	175,100.00	750,448.13
Intergovernmental:			
Federal	0.00	0.00	62,601.10
State	0.00	0.00	36,989.54
Local	6,000.00	6,000.00	34,860.00
Charges for services	1,106,868.00	1,106,868.00	1,559,097.70
Interest	72,130.00	72,130.00	96,858.31
Miscellaneous	1,731,600.00	1,731,600.00	2,059,403.08
<b>Total revenues</b>	<b>9,358,333.00</b>	<b>9,398,333.00</b>	<b>11,162,754.25</b>
<b>Expenditures:</b>			
General government	4,909,488.00	6,476,932.00	5,041,896.01
Public safety	3,290,501.00	3,707,301.00	3,281,416.85
Health and sanitation	117,350.00	117,350.00	118,768.85
Culture and recreation	330,500.00	376,700.00	341,415.58
Social services	6,000.00	6,000.00	6,000.00
Capital Projects	804,494.00	804,394.00	525,621.70
<b>Total expenditures</b>	<b>9,458,333.00</b>	<b>11,488,677.00</b>	<b>9,315,118.99</b>
Excess (deficiency) of revenues over expenditures	(100,000.00)	(2,090,344.00)	1,847,635.26
<b>Other financing sources (uses):</b>			
Operating transfers (out)	0.00	0.00	(495,000.00)
<b>Total other sources (uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>(495,000.00)</b>

	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget <u>Positive (Negative)</u>
\$	56,946.80	\$ 5,692,714.58	\$ (122,220.42)
	0.00	812,835.01	321,135.01
	0.00	750,448.13	575,348.13
	0.00	62,601.10	62,601.10
	0.00	36,989.54	36,989.54
	0.00	34,860.00	28,860.00
	0.00	1,559,097.70	452,229.70
	0.00	96,858.31	24,728.31
	0.00	2,059,403.08	327,803.08
	<u>56,946.80</u>	<u>11,105,807.45</u>	<u>1,707,474.45</u>
	26,495.15	5,015,400.86	1,461,531.14
	24,993.49	3,256,423.36	450,877.64
	0.00	118,768.85	(1,418.85)
	0.00	341,415.58	35,284.42
	0.00	6,000.00	0.00
	<u>5,423.89</u>	<u>520,197.81</u>	<u>284,196.19</u>
	<u>56,912.53</u>	<u>9,258,206.46</u>	<u>2,230,470.54</u>
	34.27	1,847,600.99	3,937,944.99
	<u>0.00</u>	<u>(495,000.00)</u>	<u>(495,000.00)</u>
	<u>0.00</u>	<u>(495,000.00)</u>	<u>(495,000.00)</u>





JEFFERSON COUNTY, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
For the Fiscal Year Ended June 30, 2002

	Budget Amounts		Actual
	Original	Final	Modified Accrual Basis
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(100,000.00)	(2,090,344.00)	1,352,635.26
Fund balance at beginning of year	100,000.00	2,090,344.00	2,725,401.81
Fund balance at end of year	\$ 0.00	\$ 0.00	\$ 4,078,037.07

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

Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
34.27	1,352,600.99	3,442,944.99
<u>0.00</u>	<u>2,563,952.80</u>	<u>473,608.80</u>
<u>\$ 34.27</u>	<u>\$ 3,916,553.79</u>	<u>\$ 3,916,553.79</u>







JEFFERSON 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, 2002

	Budget Amounts		Actual
	Original	Final	Modified Accrual Basis
Revenues:			
Other taxes	\$ 35,000.00	\$ 35,000.00	\$ 74,607.38
Interest	1,000.00	1,000.00	1,832.50
Total revenues	36,000.00	36,000.00	76,439.88
Expenditures:			
Public safety	28,000.00	52,000.00	1,715.00
Health and sanitation	38,000.00	38,000.00	35,191.40
Total expenditures	66,000.00	90,000.00	36,906.40
Excess (deficiency) of revenues over expenditures	(30,000.00)	(54,000.00)	39,533.48
Fund balance at beginning of year	30,000.00	54,000.00	77,525.79
Fund balance at end of year	0.00	0.00	117,059.27

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

	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
\$	0.00 \$	74,607.38 \$	39,607.38
	0.00	<u>1,832.50</u>	<u>832.50</u>
	0.00	<u>76,439.88</u>	<u>40,439.88</u>
	0.00	1,715.00	50,285.00
	0.00	<u>35,191.40</u>	<u>2,808.60</u>
	0.00	<u>36,906.40</u>	<u>53,093.60</u>
	0.00	39,533.48	93,533.48
	0.00	<u>77,525.79</u>	<u>23,525.79</u>
\$	<u>0.00 \$</u>	<u>117,059.27 \$</u>	<u>117,059.27</u>



JEFFERSON COUNTY, WEST VIRGINIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2002

	<u>AGENCY</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>363,821.92</u>
Total assets	\$ <u><u>363,821.92</u></u>
<u>Liabilities</u>	
Due to Other governmental entities	\$ <u>363,821.92</u>
Total liabilities	\$ <u><u>363,821.92</u></u>

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



JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2002

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**Note 1. Summary of Significant Accounting Policies**

The accounting policies and the presentation of the financial report of Jefferson County, West Virginia, have been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB). GASB embodies the official pronouncements previously issued by the National Council on Governmental Accounting (NCGA).

**A. Reporting Entity**

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

These financial statements present all the fund types of the County.

**B. Government-wide and fund financial statements**

The government-wide financial statements report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of internal activity has been removed from these statements. Governmental activities, which normally are supported by taxes and in governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.





JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2002

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the governmental-wide statements. Major individual funds and major individual enterprise funds ( when the county has one) are reported as separate columns in the fund financial statements.

**C. Measurement Focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. 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 to be 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 collected within 60 days the end of the current fiscal year. 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, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for government's activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on the recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held by others. The County's operations require the use of governmental and fiduciary funds. The fund types used by the County are described as follows:

Governmental Fund Types

**Special Revenue Funds:** Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds:** Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds.)



JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2002

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Fiduciary Funds

Agency Funds: Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are merely clearing accounts for assets held by a government as an agent for individuals, private organizations, other governments or other funds.

The agency funds are used to account for assets held by the county sheriff in an agency capacity for other governmental units. Agency funds, by definition, are excluded from the county's Combined Statement of Revenues, Expenditures and Changes in Fund Balances.

Major Funds:

General Fund: The General Fund is the general operating fund of the county. It is used to account for all financial resources except those required to be accounted for in another fund.

Coal Severance Tax Fund: The coal severance tax fund is a fund that accounts for the revenues and expenditures from a severance tax placed on coal.

Capital Outlay Fund: The Capital Outlay Fund is a fund that accounts for the revenue and expenditures relating to capital improvements made by the county or capital assets purchased by the county.

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, and demand deposits. Counties are authorized by statute to provide excess funds to either the State Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposits and repurchase agreements.

2. Receivables and payables

All property tax receivables are shown net of an allowance for uncollectibles.

3. Property Tax Calendar

Property taxes, based on assessed values at July 1 of the prior year, may be paid in two installments. The first installment is due by September first and is delinquent on October first; the second installment is due by March first and is delinquent on April first. 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 deferred revenues at the end of each fiscal year.



JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2002

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4. Inventory.

The county considers inventories of materials and supplies utilized in the governmental fund type operations as expended at the time of purchase. Therefore, they do not appear in the county's financial statements.

5. Restricted assets

The county has no restricted assets for the fiscal year ended June 30, 2002.

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

7. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the average hours formula, in which total leave hours are divided by the number of total employees, and then multiplied by the average hourly wage of all employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payment upon termination.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Note 2. Stewardship, compliance, and accountability**

**A. Budgets and Budgetary Accounting**

The following are the statutory procedures followed by the County Commission in establishing the budget for Jefferson County, West Virginia:

1. 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.
2. 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 28th for approval.
3. The county commission then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.



JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2002

Revisions are authorized only with the prior written approval of the State Auditor. The revised budgeted amounts reflected in the accompanying financial statements are such approved amounts. The budgets presented were prepared on the cash basis of accounting.

**Note 3. Detailed notes on all funds**

**A. Deposits and investments**

Deposits and investments are categorized to give an indication of the level of risk assumed by the County at year-end. The categories are described as follows:

1. Insured, registered, or securities held by government or its agent in the government's name.
2. Uninsured and unregistered, with the securities held by the counter party, or by its trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the government's name.

*Deposits*

At year end, the government's bank balance of deposits was \$10,904,709.71 for governmental funds and \$363,821.92 for agency funds, making the total bank balance of \$11,268,531.63. Of the bank balance, \$200,000.00 was covered by federal depository insurance or by collateral held by the government's agent in the government's name (Category 1). Of the remaining balance, \$11,068,531.63 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name (Category 3).

**B. Receivables**

Taxes receivable of \$398,729.86 consists of unpaid taxes for five years net of uncollectible taxes.

**C. Capital Assets**

Jefferson County, West Virginia adopted GASB 34 this fiscal year, which resulted in a change in determining what constitutes a capital assets. Assets were adjusted due to the adoption of new capitalization levels and the additions/reductions are shown in the adjustment column.

	Balance at <u>7/1/00</u>		Adjustments	Balance at <u>6/30/01</u>
Land	\$ 0.00	\$ 161,000.00	\$ 455,555.00	\$ 616,555.00
Building	5,988,009.27	644,000.00	(4,005,329.27)	2,626,680.00
Equipment	<u>1,588,489.48</u>	<u>107,870.43</u>	<u>91,855.09</u>	<u>1,788,215.00</u>
Totals	<u>\$ 7,576,498.75</u>	<u>\$ 912,870.43</u>	<u>\$ (3,457,919.18)</u>	<u>\$ 5,031,450.00</u>





JEFFERSON COUNTY, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2002

*Capital Assets-Net of Depreciation*

A summary of changes in Capital Asset values based on current and prior year depreciation allowances is as follows:

	Balance at <u>7/1/00</u>	Accumulated Depreciation <u>Prior Year</u>	Current Year	Balance at <u>6/30/01</u>
Land	\$ 616,555.00	\$ 0.00	\$ 0.00	\$ 616,555.00
Building	2,626,680.00	668,525.55	39,328.00	1,918,826.45
Equipment	<u>1,788,215.00</u>	<u>996,139.04</u>	<u>156,151.63</u>	<u>635,924.33</u>
Totals	<u>\$ 5,031,450.00</u>	<u>\$ 1,664,664.59</u>	<u>\$ 195,479.63</u>	<u>\$ 3,171,305.78</u>

*Depreciation Expense-Current*

Depreciation expense was charged to governmental activities of the county as follows:

General government	\$ 144,737.63
Public safety	45,114.00
Health and sanitation	3,771.00
Social services	<u>1,857.00</u>
Total Current Depreciation	<u>\$ 195,479.63</u>

**D. Reclassification of funds**

Several funds were reclassified due to the adoption of GASB 34. These funds were reclassified as follows:

<u>Fund</u>	<u>From:</u>	<u>To:</u>	<u>Amount</u>
Assessor's Valuation	Agency	Special Revenue	\$ 496,980.77
Concealed weapons	Agency	Special Revenue	5,461.10
Voters Registration	Agency	Special Revenue	53.14
PA Forfeiture Fund	Agency	Special Revenue	1,631.06
Sub Division Bond	Agency	Special Revenue	2,151.34

Two funds were not reported in the prior audit report, but were included in this report:

Federal Grants-added to fund balance, omitted in prior audit	3,440.24
Undistributed Int-Taxes-added to fund balance, omitted in prior audit	1.72



JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2002

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**Note 4. Other information**

**A. Employees Retirement Systems**

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

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

***West Virginia Public Employee Retirement System***

**Eligibility to participate**

All employees of the State of West Virginia and any participating political subdivision are required to become plan members, except employees who are members of other state retirement systems.

**Authority establishing contribution obligations and benefit provisions**

West Virginia State Code

**Funding policy and contribution requirements**

PERS members are required to contribute 4.5% of their annual covered salary and the county is required to contribute 9.5%. The contribution requirements of PERS members are established and may be amended only by the State of West Virginia Legislature. The county's contributions to PERS for the fiscal year ended June 30, 2002 were \$124,001.60 for employees' share and \$261,779.95 for employer's share.

**Period required to vest**

Five years

**Benefits and eligibility for distribution**

A member who has attained age 60 and has earned 5 or more years of contributing service or age 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 ten years) times the years service times 2% 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 fiscal year ended June 30, 2001 the annual cost was \$385,781.55 for all covered employees with a contributed percentage of 100%.



JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2002

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**Trend Information**

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in the annual financial report. A copy of this report may be obtained from the state agency.

*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**

West Virginia State Code

**Funding policy and contribution requirements**

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 9.5%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature. The county's contribution to WVDRS for the fiscal year ending June 30, 2002 was \$31,984.02 for employees' share and \$35,746.89 for employer's share.

**Period required to vest**

Five years

**Benefits and eligibility for distribution**

A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equal 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 fiscal year ended June 30, 2001 the annual cost was \$67,730.91 for all covered employees with a contributed percentage of 100%.

**Trend Information**

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in the annual financial report. A copy of this report may be obtained from the state agency.



JEFFERSON COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2002

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**B. Pending Litigation**

The county has been named as a defendant in two court cases pending before the Circuit Court of Jefferson County, West Virginia. In the opinion of the county's legal counsel, the probable outcome of one of the suits will be favorable to the county: The liability to the county, if any, for the second suit could not be determined as of the date of our financial statement.

**C. Commitments and Contingencies**

The county participates in a number of federally assisted grant programs, mainly from the U.S. Department of Justice. These programs are subject to financial and compliance audits by the grantors or their representatives.





JEFFERSON COUNTY, WEST VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 ASSESSOR'S VALUATION FUND  
 For the Fiscal Year Ended June 30, 2002

	Budget Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Budget	<u>Basis</u>	
Revenues:					
Other taxes	\$ 68,000.00	\$ 68,000.00	\$ 69,514.45	\$	1,514.45
Miscellaneous	4,000.00	4,000.00	4,855.00		855.00
Interest	<u>10,000.00</u>	<u>10,000.00</u>	<u>14,192.60</u>		<u>4,192.60</u>
Total revenues	<u>82,000.00</u>	<u>82,000.00</u>	<u>88,562.05</u>		<u>6,562.05</u>
Expenditures:					
General government	517,000.00	517,000.00	139,972.20		377,027.80
Capital outlay	<u>40,000.00</u>	<u>40,000.00</u>	<u>42,658.00</u>		<u>(2,658.00)</u>
Total expenditures	<u>557,000.00</u>	<u>557,000.00</u>	<u>182,630.20</u>		<u>374,369.80</u>
Excess (deficiency) of revenues over expenditures	(475,000.00)	(475,000.00)	(94,068.15)		380,931.85
Fund balance at beginning of year	<u>475,000.00</u>	<u>475,000.00</u>	<u>496,980.77</u>		<u>21,980.77</u>
Fund balance at end of year	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 402,912.62</u>	\$	<u><u>402,912.62</u></u>





# State of West Virginia

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Charleston, West Virginia 25305

Glen B. Gainer III  
State Auditor

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Members of the  
Jefferson County Commission  
Charles Town, West Virginia

We have audited the basic financial statements of Jefferson County, West Virginia, as of and for the year ended June 30, 2002, and have issued our report thereon dated July 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the county's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of noncompliance and weaknesses in internal control as items 02-1 through 02-6.



Honorable Members of the  
Jefferson County Commission  
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Respectfully submitted,



Glen B. Gainer III  
West Virginia State Auditor

July 10, 2003



JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
For the Fiscal Year Ended June 30, 2002

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Improper Suspension of Taxes  
Reference No. (02-1)

CONDITION:

We noted during our review of county tax collection records and related correspondence for the fiscal year ended June 30, 2002, that the Jefferson County Commission voted to suspended certain 2001 tax tickets on property purchased by the county subsequent to July 1, 2000 and advised the sheriff to suspended those tax ticket from the sheriff's land sale. Further, in making an additional review of taxes suspended for the fiscal year ended June 30, 2001; we determined that the county commission had also requested certain tax tickets be suspended for that fiscal year also.

CRITERIA:

Based on information obtained from the assessor's office, the taxes in question were properly assessed to the owners of the property based on the July 1 assessment date and were not the result of any erroneous assessment.

West Virginia Code § 11-3-1 State in part:

"All property shall be assessed annually as of the first day of July at its true and actual value; .....The taxes upon all property shall be paid by those who are the owners thereof on that day, whether it be assessed to them or others."

Further; West Virginia Code § 11-3-27 provides for abatement of taxes in certain instances and states in part:

"Any taxpayer.....claiming to be aggrieved by any entry in the property books of the county.... resulting from clerical error, or a mistake occasioned by an unintentional or inadvertent act as distinguished from a mistake growing out of negligence or the exercise of poor judgment, may within one year from the time such clerical error or mistake is discovered or reasonably could have been discovered, apply for relief from the county commission of the county in which such books are made out...."





JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
For the Fiscal Year Ended June 30, 2002

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**CAUSE:**

The county commission failed to make provisions for the collection of any tax liability on real property purchased by the county. Further, documentation shows that the county commission voted to suspend the tax tickets in question on July 26, 2001 at a regular meeting of the county commission. However, there appears to be no basis in the state code which would allow a county commission to suspend property taxes which were properly assessed.

**EFFECT:**

Taxes Receivable were under reported on the tax collection system and the sheriff's settlement by the current amount due on the suspended tax tickets. The tax tickets in question had an initial value of \$53,960.65 without discount or interest.

**RECOMMENDATION:**

It is recommended that the county commission rescind all orders for the suspension of taxes for the tax tickets in question and seek payment of those taxes from the prior property owner who actually owed the taxes. Otherwise, it recommended that the county commission pay the taxes due from the capital improvement fund and add the amount paid to the value of the real property.

Banking Controls-County and Tax Funds  
Reference No. 02-2

**CONDITION:**

We noted in prior audits and again in the current audit that the sheriff's bookkeeping personnel were allowed to transfer county funds from one bank account to another without obtaining a order signed by the county commission, county clerk, and county sheriff. We further noted that checks issued to transfer moneys from various special revenue funds were not signed by the county commission.

**CRITERIA:**

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

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



JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
For the Fiscal Year Ended June 30, 2002

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**CAUSE:**

The Jefferson County Commission failed to have in place adequate banking controls to insure that county moneys were only moved from one county bank account to another bank account by an official order signed by the county clerk, county commission and county sheriff.

**EFFECT:**

Jefferson County Commission banking controls over county public moneys allowed a material risk to exist in the movement of money. A material amount of money could be improperly moved between two bank accounts and not be detected in a timely manner.

**RECOMMENDATION:**

It is recommended that the Jefferson County Commission and sheriff review current bank controls and the referenced code section pertaining to banking controls, and insure that banking controls are in place in compliance with said state code section. It is also recommended that all check books for all county funds be placed under the control of the county clerk. It is further recommended that the county commission obtain separate expenditures checks for each county fund instead of processing the majority of expenditures through a separate bank account using only one style of check and one only one numerical sequence of checks.

Failure to Make Timely Deposits  
Reference No. 02-3

**CONDITION:**

We noted during our review that the Building and Zoning Office failed to make timely deposits of funds collected. The records show that the Building and Zoning Office remitted 35 deposits to the sheriff's bookkeeper which totaled \$749,525. Of those remittances, we noted the lowest amount as \$1,019 and the highest amount as \$95,986; the remittance of funds to sheriff's bookkeeper were often more than a week apart.



JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
For the Fiscal Year Ended June 30, 2002

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CRITERIA:

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

...All money collected, including cash and checks, shall be deposited intact on the first available business: Provided, that the requirement for deposits on the first available business day shall not apply.....if the amount to be deposited is less than five hundred dollars.

CAUSE:

The Jefferson County Commission failed to have in place adequate banking controls for the Building and Zoning Office to insure compliance with West Virginia Code §59-1-37.

EFFECT:

The County compromises custodial control over this asset.

RECOMMENDATION:

It is recommended that the Jefferson County Commission review current banking procedures following by the Building and Zoning Office and revise those controls to insure compliance with the banking procedures outlined in West Virginia Code §59-1-37. It is further recommended that the County Commission establish a bank account for the Building and Zoning Office into which collections are deposited on a daily basis. One check a month could then be written to the Sheriff's Office rather than the current practice of allowing the Building and Zoning Office to hold excessive undeposited funds and making multiple remittances to the Sheriff's Bookkeeper each month. It is also recommended that a receipts and disbursement ledger be maintained by the Building and Zoning Office which is reconciled with the bank account on a monthly basis.

Expenditures In Excess of Available Funds-Project Impact Fund  
Reference No. 02-4

CONDITION:

We noted the following deficit fund balance which was the result of expenditures in excess of available funds:



JEFFERSON COUNTY, WEST VIRGINIA  
 SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
 For the Fiscal Year Ended June 30, 2002

	Beginning Balance	Amount Available	Amount Expended	Ending Balance
Project Impact (FEMA)	\$ 0.00	0.00	16,595.03	\$ (16,595.03)

**CRITERIA:**

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

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

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

West Virginia State Code § 11-8-29 further states:

"A person who in his official capacity negligently participates in the violation of section twenty-five or section twenty-six [11-8-25 or 11-8-26] of this article shall be personally liable, jointly and severally, for the amount illegally expended."

**CAUSE:**

The Jefferson County Commission failed to have in place adequate budgetary and expenditure controls to insure that authorized expenditures did not exceed available funds.

**EFFECT:**

Expenditure orders were processed in violation of State Code. Those expenditures in excess of appropriated funds could become a personal liability of those individuals serving as county commissioners.

**RECOMMENDATION:**

It is recommended that the Jefferson County Commission review existing expenditure controls and insure that controls are in place that will prevent the processing of expenditures in excess of available funds.





JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
For the Fiscal Year Ended June 30, 2002

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Circuit Clerk's-Failure to Reconcile Accounts-Software Deficiency  
Reference No. 02-5

**CONDITION:**

It was noted in prior audits and again in the current audit that reports generated by the software program used in the Circuit Clerk Office failed to reconcile with the clerk's net bank balance. Certain account balances generated by the software program showed beginning and ending negative balances. However, the reports listed certain positive case balances which were reported by the clerk to represent all open cases.

**CRITERIA:**

West Virginia Code § 59-1-30 states that:

"Each of the officers named in the preceding section shall keep full and regular accounts, subject at all times to the examination of the county court, or tribunal in lieu thereof, the West Virginia State Auditor or any individual, of all sums charged or collected by such officers on account of official fees, costs, percentages, penalties, commissions, allowances, compensation, income and all other prerequisites of what ever kind, and such book of accounts shall be part of the records of the respective offices herein named belonging to the county, and shall be transmitted by each county officer to his successor in office. The system of books and accounts to be kept by the officers herein named shall be prescribed by the West Virginia State Auditor, ex officio inspector and supervisor of public offices."

**CAUSE:**

The Jefferson County Circuit Clerk failed to have in place adequate bookkeeping control procedures to insure that computer summary account balances and net bank balances are reconciled.

**EFFECT:**

It could not be determined from computer summary account balances that the clerk's records represent the actual account liabilities of the Office of the Circuit Clerk.



JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
For the Fiscal Year Ended June 30, 2002

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RECOMMENDATION:

It is recommended that the circuit clerk contact the software vendor and have the software vendor determine why beginning and ending negative balances appear in certain summary reports. If the vendor can determine the problem with the software and can correct the problem; the clerk should obtain a written statement from the software vendor which explains how the problem occurred and what was done to correct the problem.

Special Law Enforcement Investigation Fund-Sheriff's Office

Reference No. 02-6

CONDITION:

We noted during our review that the County Commission failed to have control over the (Forfeiture Fund)/Special Law Enforcement Investigation Fund. The check book for that fund was actually held by the sheriff instead of the county bookkeeping department. Expenditures from this fund were approved by the Sheriff, not the County Commission, as required by the State Code which authorized the creation of this fund.

CRITERIA:

West Virginia Code Section § 60A-7-706(b)2 states:

"In the case of funds belonging to the office of either the sheriff or prosecuting attorney of any county in which the fund has been created, the funds therein may only be expended in the manner provided in sections four and five [7-5-4 and 7-5-5], article five, chapter seven of this code; ....."

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

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

Those code sections require expenditures from the Special Law Enforcement Investigation Fund (Forfeiture Fund) be approved by the County Commission in the same manner as expenditures for other county funds.



JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF NONCOMPLIANCE AND WEAKNESSES IN INTERNAL CONTROLS  
For the Fiscal Year Ended June 30, 2002

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**CAUSE:**

The county commission had failed to implement proper accounting controls in line with state code requirements when the Special Law Enforcement Investigation Fund (Forfeiture Fund) was created.

**EFFECT:**

Expenditures from this fund were not properly authorized. Expenditures may have been made from this fund that the County Commission would not have approved.

**RECOMMENDATION:**

It is recommended that the County Commission and the Sheriff review the WV Code Sections referenced above and comply with the provisions therein. It is recommended that expenditures from this fund be processed in same manner as other county funds.

Status of Prior Year Findings

<u>Prior Year Finding</u>	<u>Disposition</u>
01-A Expenditure In Excess of Allocated Funds - General County Fund	Repeated
01-B Banking Controls	Repeated
01-C Circuit Clerk-Failure/To Reconcile Accounts	Repeated
01-D Special Law Enforcement Investigation Fund - Sheriff's Office	Repeated
01-E Expenditures in Excess of Available Funds - Magistrate Court Fund	Corrected
01-F Failure to Maintain Books of Accounts -Timely Deposits -Building & Zoning Board	Repeated



*West Virginia Veterans Memorial*

P. Joseph Mullins / sculptor and designer

