

AUDIT REPORT OF  
JEFFERSON COUNTY, WEST VIRGINIA  
For the Fiscal Year Ended June 30, 2004

JEFFERSON COUNTY, WV  
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 For the Fiscal Year Ending June 30, 2004

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JEFFERSON COUNTY, WV  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
For the Fiscal Year Ending June 30, 2004

**GOVERNMENTAL FUND TYPES**

**Major Funds**

General County  
Coal Severance Tax  
Capital Outlay

**Nonmajor Funds**

Special Revenue Funds

Dog and Kennel  
General School  
Magistrate Court  
Worthless Check  
E-911  
Home Detention  
Federal Grants  
State Grants  
Jury and Witness  
Flood Hazard Mitigation  
Assessor's Valuation  
Farmland Preservation  
Concealed Weapons  
Voters Registration  
Unemployment Compensation  
Prosecuting Attorney Drug Forfeiture  
Sub-Division Bond Forfeiture  
Project Impact FEMA

Capital Projects Funds

Emergency Service Capital Outlay  
Optical Scanning/Imaging  
Bardane Building

**FIDUCIARY FUND TYPE**

Agency Funds

State  
School  
Municipal  
County Offices  
Other Agency

**DISCRETELY PRESENTED COMPONENT UNIT**

Board of Health

JEFFERSON COUNTY, WV  
COUNTY OFFICIALS  
For the Fiscal Year Ending June 30, 2004

OFFICE	NAME	TERM
County Commission:	<u>Elective</u>	
	Gregory A. Corliss	01/01/2003 - 12/31/2008
	Archabald M. S. Morgan III	01/01/2003 - 12/31/2008
	Jane M. Tabb	01/01/2001 - 12/31/2006
	Albert G. Hooper	01/01/1999 - 12/31/2004
James G. Knode	01/01/1999 - 12/31/2004	
Clerk of the County Commission:	John E Ott	01/01/1999 - 12/31/2004
Clerk of the Circuit Court:	Patricia A. Noland	01/01/1999 - 12/31/2004
Sheriff:	Everett W. Boober	01/01/2001 - 12/31/2004
Prosecuting Attorney:	Michael D. Thompson	01/01/2001 - 12/31/2004
Assessor:	Mary R. Bordier	01/01/2001 - 12/31/2004
	Appointive	
County Administrator:	Leslie D. Smith	



# State of West Virginia

Office of the State Auditor  
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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 25414

We have audited the accompanying financial statements of the governmental activities, the Jefferson County Board of Health, a discretely presented component unit, each major fund, and the aggregate remaining fund information of Jefferson County, West Virginia (the County), as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements of the County's primary government. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements referred to above include the primary government of the County, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity; and the financial activities of the Jefferson County Board of Health, a discretely presented component unit. The financial statements do not include financial data for the County's remaining legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the County's financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Jefferson County, West Virginia, as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principle generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Jefferson County, West Virginia, as of June 30, 2004, and the financial activities of the Jefferson County Board of Health, a discretely presented component unit, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the Budgetary Comparison Schedule for the Assessor's Valuation Fund are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Budgetary Comparison Schedule for the Assessor's Valuation Fund has been subjected to the auditing procedures applied in the audit to the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,



Glen B. Gainer III  
West Virginia State Auditor

October 17, 2005

JEFFERSON COUNTY, WV  
STATEMENT OF NET ASSETS  
June 30, 2004

	<u>Primary Government</u>	<u>Component Unit</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,276,702	\$ 278,706
Receivables (Net)	<u>340,403</u>	<u>--</u>
Total current assets	<u>17,617,105</u>	<u>278,706</u>
Noncurrent assets:		
Capital assets (Note 1):		
Land	624,692	--
Building and equipment, net of depreciation	<u>4,302,616</u>	<u>11,600</u>
Total noncurrent assets:	<u>4,927,308</u>	<u>11,600</u>
Total assets	<u>\$ 22,544,413</u>	<u>\$ 290,306</u>
<b>Liabilities</b>		
Current liabilities:		
Account payable	102,792	--
Noncurrent liabilities:		
Compensated absences payable	<u>243,007</u>	<u>43,580</u>
Total liabilities:	<u>345,799</u>	<u>43,580</u>
<b>Net Assets</b>		
Invested in capital assets	4,927,308	11,600
Unrestricted	<u>17,271,306</u>	<u>235,126</u>
Total net assets	<u>22,198,614</u>	<u>246,726</u>
Total liabilities and net assets	<u>\$ 22,544,413</u>	<u>\$ 290,306</u>

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

JEFFERSON COUNTY, WV  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ending June 30, 2004

	Program Revenues	Net (Expense) Revenues and Changes in Net Assets	Component Unit
<u>Functions / Programs</u>	Expenses	Primary Governme ntal Activities	Board of Health
Primary Government:	Charges for Services	Primary Governme ntal Activities	Board of Health
General government	\$ 7,264,155 \$	1,497,514 \$	(5,766,641) \$
Public safety	4,798,386	--	(4,798,386)
Health and Sanitation	177,889	--	(177,889)
Culture and Recreation	410,794	--	(410,794)
Social Services	30,521	--	(30,521)
<b>Total Primary Government</b>	<b>\$ 12,681,745 \$</b>	<b>1,497,514 \$</b>	<b>(11,184,231) \$</b>
Component units:			
Board of Health	773,461	--	(773,461)
<b>Total Component Units</b>	<b>\$ 773,461 \$</b>	<b>--</b>	<b>(773,461)</b>
General revenues:			
Property taxes		6,502,761	--
Other Taxes		1,403,264	--
Licenses and permits		824,310	--
Intergovernmental		714,801	563,384
Fines & Forfeitures		93,429	--
Unrestricted interest		164,915	--
Miscellaneous		5,345,653	130,844
<b>Total general revenues</b>		<b>15,049,133</b>	<b>694,228</b>
Change in net assets		3,864,902	(79,233)
<b>Net assets - beginning</b>		<b>18,333,712</b>	<b>325,959</b>
<b>Net assets - ending</b>	\$	<b>22,198,614</b>	<b>246,726</b>

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



JEFFERSON COUNTY, WV  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2004

	<u>General</u>	<u>Severance Tax</u>	<u>Coal</u>	<u>Capital Outlay</u>	<u>Other</u>	<u>Total</u>
				<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
					<u>Funds</u>	<u>Funds</u>
Current:						
Cash	\$ 4,468,526	\$ 37,303	\$ 11,485,994	\$ 1,284,879	\$	17,276,702
Receivables, net of allowances:						
Taxes	340,403	--	--	--	--	340,403
Due from:						
Other funds	--	--	--	618,158	--	618,158
<b>Total assets</b>	<b>\$ 4,808,929</b>	<b>\$ 37,303</b>	<b>\$ 11,485,994</b>	<b>\$ 1,903,037</b>	<b>\$</b>	<b>18,235,263</b>

Liabilities and Fund

Balances

Liabilities:						
Current liabilities:						
Accounts payable	102,705	--	--	87	--	102,792
Due to:						
Other funds	109,591	--	508,567	--	--	618,158
Deferred revenues:						
Taxes	228,162	--	--	--	--	228,162
<b>Total liabilities</b>	<b>440,458</b>	<b>--</b>	<b>508,567</b>	<b>87</b>	<b>--</b>	<b>949,112</b>
<b>Fund Balances:</b>						
Reserved for capital projects	--	--	10,977,427	--	--	10,977,427
Unreserved	4,368,471	37,303	--	1,902,950	--	6,308,724
<b>Total fund balances</b>	<b>4,368,471</b>	<b>37,303</b>	<b>10,977,427</b>	<b>1,902,950</b>	<b>--</b>	<b>17,286,151</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,808,929</b>	<b>\$ 37,303</b>	<b>\$ 11,485,994</b>	<b>\$ 1,903,037</b>	<b>\$</b>	<b>18,235,263</b>

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

JEFFERSON COUNTY, WV  
RECONCILIATION OF BALANCE SHEET  
TO STATEMENT OF NET ASSETS  
June 30, 2004

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Fund Balance, fund level statement, June 30, 2004	\$ 17,286,151
1. Taxes deferred in fund level financial statements are accrued as current revenue in government-wide financial statements.	228,162
2. Long term liabilities are not reported as an expense in fund level financial statements but are included in expenses in government-wide financial statements. This amount represent long term debt for compensated absences.	(243,007)
3. Purchase of capital assets are expensed in fund level financial statements but are reported at cost and depreciated in government-wide financial statements.	7,497,428
4. Accumulated depreciation is not reported in fund level financial statements but is reported in government-wide financial statements as an expense.	<u>(2,570,120)</u>
Net assets, government-wide statement, June 30, 2004	<u>\$ 22,198,614</u>

JEFFERSON COUNTY, WV  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUNDS  
For the Fiscal Year Ending June 30, 2004

	General	Coal Severance Tax	County Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes (including interest and penalties)	\$ 6,368,864	\$ 88,507	\$ --	\$ --	\$ 6,457,371
Other taxes	1,268,826	--	--	134,438	1,403,264
Licenses and permits	813,795	--	--	10,515	824,310
Intergovernmental:					
Federal	154,775	--	--	75,191	229,966
State	55,397	--	--	429,438	484,835
Reimbursements	--	--	--	55,353	55,353
Charges for services	1,485,156	--	--	12,358	1,497,514
Fines and forfeits	--	--	--	93,429	93,429
Interest	34,867	236	106,513	23,299	164,915
Miscellaneous	4,343,006	--	--	965,748	5,308,754
<b>Total revenues</b>	<u>14,524,686</u>	<u>88,743</u>	<u>106,513</u>	<u>1,799,769</u>	<u>16,519,711</u>
Expenditures:					
General government	5,179,008	--	--	1,785,735	6,964,743
Public safety	4,309,941	9,581	--	381,699	4,701,221
Health and sanitation	142,614	31,504	--	--	174,118
Culture and recreation	410,794	--	--	--	410,794
Social services	28,664	--	--	--	28,664
Capital Projects	59,910	--	--	--	59,910
<b>Total expenditures</b>	<u>10,130,931</u>	<u>41,085</u>	<u>--</u>	<u>2,167,434</u>	<u>12,339,450</u>
Excess (deficiency) of revenues over expenditures	4,393,755	47,658	106,513	(367,665)	4,180,261
Other financing sources (uses):					
Operating transfers in	--	--	2,500,000	415,000	2,915,000
Operating transfers (out)	(2,875,000)	(40,000)	--	--	(2,915,000)
<b>Total other financing sources (uses)</b>	<u>(2,875,000)</u>	<u>(40,000)</u>	<u>2,500,000</u>	<u>415,000</u>	<u>--</u>
Change in net assets	1,518,755	7,658	2,606,513	47,335	4,180,261
Fund balances at beginning of year	2,849,716	29,645	8,370,914	1,855,615	13,105,890
Fund balances at end of year	<u>\$ 4,368,471</u>	<u>\$ 37,303</u>	<u>\$ 10,977,427</u>	<u>\$ 1,902,950</u>	<u>\$ 17,286,151</u>

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

JEFFERSON COUNTY, WV  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ending June 30, 2004

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Net Changes in fund balances - total governmental funds	\$ 4,180,261
1. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	45,390
2. Compensated absences are not reported on fund level financial statements but are recorded in government-wide financial statements as long-term debt. This amount represents the current year increase in those liabilities.	(108,689)
3. Depreciation is not recorded in fund level financial statements but is recorded as an expense in government-wide financial statements.	(293,514)
4. Net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations.)	<u>41,454</u>
Change in net assets	<u>\$ 3,864,902</u>

JEFFERSON COUNTY, WV  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Fiscal Year Ending June 30, 2004

	Budgeted Amount <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget <u>Positive (Negative)</u>
Revenues:			
Ad valorem property taxes	\$ 6,601,453	\$ 6,368,864	\$ (232,589)
Other taxes	815,700	1,268,826	453,126
Licenses and permits	650,100	813,795	163,695
Intergovernmental:			
Federal	--	154,775	154,775
State	--	55,397	55,397
Charges for services	1,161,390	1,485,156	323,766
Interest	65,760	34,867	(30,893)
Miscellaneous	<u>2,972,000</u>	<u>4,343,006</u>	<u>1,371,006</u>
Total revenues	<u>12,266,403</u>	<u>14,524,686</u>	<u>2,258,283</u>
Expenditures:			
General government	8,815,303	5,179,008	3,636,295
Public safety	4,975,300	4,309,941	665,359
Health and sanitation	146,000	142,614	3,386
Culture and recreation	432,000	410,794	21,206
Social services	38,500	28,664	9,836
Capital Projects	<u>1,145,604</u>	<u>59,910</u>	<u>1,085,694</u>
Total expenditures	<u>15,552,707</u>	<u>10,130,931</u>	<u>5,421,776</u>
Excess (deficiency) of revenues over expenditures	<u>(3,286,304)</u>	<u>4,393,755</u>	<u>7,680,059</u>
Other financing sources (uses):			
Operating transfers (out)	<u>--</u>	<u>(2,875,000)</u>	<u>(2,875,000)</u>
Total other sources (uses)	<u>--</u>	<u>(2,875,000)</u>	<u>(2,875,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(3,286,304)</u>	<u>1,518,755</u>	<u>4,805,059</u>
Fund balance at beginning of year	<u>3,286,304</u>	<u>2,849,716</u>	<u>(436,588)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 4,368,471</u>	<u>\$ 4,368,471</u>

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

JEFFERSON COUNTY, WV  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 COAL SEVERANCE TAX FUND  
 For the Fiscal Year Ending June 30, 2004

	<u>Budgeted Amounts</u> Final	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
Revenues:			
Other taxes	\$ 35,000	\$ 88,507	\$ 53,507
Interest	<u>1,000</u>	<u>236</u>	<u>(764)</u>
Total revenues	<u>36,000</u>	<u>88,743</u>	<u>52,743</u>
Expenditures:			
Public safety	51,164	9,581	41,583
Health and sanitation	<u>38,000</u>	<u>31,504</u>	<u>6,496</u>
Total expenditures	<u>89,164</u>	<u>41,085</u>	<u>48,079</u>
Excess (deficiency) of revenues over expenditures	(53,164)	47,658	100,822
Other financing sources (uses):			
Operating transfers (out)	<u>--</u>	<u>(40,000)</u>	<u>(40,000)</u>
Total other financing sources (uses)	<u>--</u>	<u>(40,000)</u>	<u>(40,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(53,164)	7,658	60,822
Fund balance at beginning of year	<u>53,164</u>	<u>29,645</u>	<u>(23,519)</u>
Fund balance at end of year	<u>--</u>	<u>37,303</u>	<u>37,303</u>

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

JEFFERSON COUNTY, WV  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2004

	<u>AGENCY</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>4,218,809</u>
Total assets	\$ <u><u>4,218,809</u></u>
<u>Liabilities</u>	
Due to:	
Other governmental entities	\$ 147,099
Other funds	<u>4,071,710</u>
Total liabilities	<u>4,218,809</u>
<u>Net Assets</u>	
Net assets held in trust	<u>--</u>
Total net assets	\$ <u><u>--</u></u>

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

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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

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

**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 revenues 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.

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



JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

*Discretely Presented Component Unit*

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).

The Jefferson County Board of Health serves citizens of Jefferson County and is governed by a five member board appointed by the Commission. The Board of Health is responsible for directing, supervising and carrying out matters related to public health of the County. West Virginia statute dictates the County is legally obligated to provide financial support to the board.

*Other Component Units:*

The following component units are not presented in the county's financial statements:

The Jefferson County Development Authority, the Jefferson County Parks and Recreation Commission, the Jefferson County Building Commission, and the Jefferson County Ambulance Authority

*Related organizations:*

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

Zoning Board of Appeals, Eastern Panhandle Transit Authority, Historic Landmark Commission, Planning Commission, Solid Waste Authority, Harpers Ferry/Bolivar PSD, Summit Point Library Commission, Regional 9 Planning and Development Council, Regional Health Advisory Committee, E-911 Advisory Board, Council on Aging, Sheriff's Civil Service Commission, North Eastern Regional EMS, Inc, Farmland Advisory Committee, Jefferson County PSD, Harpers Ferry/Bolivar Library Board, and the Emergency Services Council.

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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**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 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 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.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds (when appropriate) and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year 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 of 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 judgment, are recorded only when payment is due.

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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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.

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

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties. The State Auditor's Office requires an annual budget be submitted for approval for this fund.

The *Capital Outlay fund*, a special revenue fund, accounts for all revenues and expenditures dedicated to capital improvement projects of the county.

Additionally, the government reports the following fund type:

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 Jefferson County, West Virginia holds for others in an agency capacity.

**D. Assets, liabilities, and net assets or equity**

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 deposit and repurchase agreements.

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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2. Receivables and payables

Interfund Transactions

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

Property Tax Receivable:

The property tax receivable is equal to 59 percent of the property taxes outstanding at June 30, 2004.

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 deferred revenues at the end of each fiscal year.

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

JEFFERSON COUNTY, WV  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ending June 30, 2004

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2004, were as follows:

Class of Property	Assessed	
	Valuation For Tax Purposes	Current Expense
Class I	\$ 8,376,000	13.71 cents
Class II	\$ 994,906,000	27.42 cents
Class III	\$ 532,654,689	54.84 cents
Class IV	\$ 157,588,155	54.84 cents

3. 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.

4. Restricted assets

The county had no restricted assets for the fiscal year ended June 30, 2004.

5. Capital Assets and Depreciation

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

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets [is/s not] reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

JEFFERSON COUNTY, WV  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ending June 30, 2004

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture, office equipment	5
Computer hardware	5
Telephone equipment	10
Motor vehicles:	
Cars, light trucks	5
Buses	8
Fire truck	15
Buildings:	
Temporary (portable buildings)	40
HVAC systems	25
Roofing	20
Carpet replacement	20
Electrical plumbing	7
Police special equipment	30
Radio, communication equipment	10
Recreational athletic equipment	10
Outdoor equipment	10
Custodial equipment	20
Ground equipment	12
Land improvements - structures	15
Land improvements - ground work	20
Land	30
Land	None

Capital assets policies are defined by the government as follows:

<u>Asset</u>	<u>Capitalize/ Depreciate</u>
Land	
Land improvement	\$ Capitalize only 5,000
Building	5,000
Building improvements	5,000
Construction in progress	
Equipment	Capitalize only 5,000
Vehicles	5,000

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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 financial statements in accordance with GASB Statement No. 16, Accounting for Compensated Absences. Employees earn sick leave at the rate of (1) day per month. Employees earn vacation benefits based on years of service as follows:

<u>Year of service</u>	<u>Vacation Benefit per Month</u>
0 to 2	0.75 days
2 to 5	1.00 days
5 to 12	1.25 days
12 to 15	1.50 days
15 and over	1.75 days

Employees are allowed to carryover a maximum of twenty six (26) days of vacation benefits at the end of a fiscal year.

When a permanent full time employee retires, the employee has the option of being paid for accrued vacation time only or the option of applying both accrued vacation and accrued sick leave to additional months of service for retirement benefits at the conversion rate of ten (10) day leave for one (1) additional month of service.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

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. Reconciliation of government-wide and fund financial statements**

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

JEFFERSON COUNTY, WV  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ending June 30, 2004

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." Other elements explain that "Taxes deferred in fund level statements are accrued as revenue in government-wide financial statements" and also explain that " capital assets are expensed in fund level financial statements but are capitalized and depreciated in government-wide financial statements. The details of this \$4,912,463 difference are as follows:

Compensated absences	\$ (243,007)
Accrued taxes	228,162
Capital assets	7,497,428
Accumulated depreciation on assets	<u>(2,570,120)</u>
Net adjustment to increase fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$ 4,912,463</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. Other elements of that reconciliation states that certain revenues and expenses are recognized in government-wide financial statements that are not reported in the fund level financial statements. The details of the (\$315,359) difference are as follows:

Capital outlays	\$ 41,454
Depreciation expense	(293,514)
Taxes-current increase in accruals	45,390
Compensated absences-current increase in liability	<u>(108,689)</u>
Net adjustment to decrease net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (315,359)</u>



JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

Note 3. Stewardship, compliance, and accountability

**A. Budgets and Budgetary Accounting**

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 on the modified accrual basis for budgetary purposes. All annual appropriations lapse at fiscal year end.

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

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

<u>Description</u>	
General Government Expenditure Increase	\$ 2,703,704
Public Safety Expenditure Increase	272,100
Culture and Recreation	5,500
Social Services	195,000
Capital Outlay	

Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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

**A. Deposits and investments**

**Deposits and investments are categorized into these three categories of credit risk:**

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

At year end, the government's carrying amount of deposits was \$21,485,350 and the bank balances were \$22,007,478. Of the bank balance, \$300,000 was covered by federal depository insurance or by collateral held by the government's agent in the government's name (Category 1). The remaining balance of \$21,707,478 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name (Category 3).

The bank balance for the Jefferson County Board of Health, a discretely presented component unit, was \$315,290. Of the bank balance, \$100,000 was covered by federal depository insurance for each depository (Category 1). The remaining balance of \$215,293 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the component unit's name (Category 3).

**B. Receivables**

Taxes receivable of \$340,406 consists of unpaid taxes for five years net of uncollectable taxes.

**C. Capital assets**

The beginning asset value for equipment was restated to increase equipment values by \$95,638 for equipment owned but not included on the asset listing as of June 30, 2003.

A summary of changes in General Fixed Assets for the fiscal year ended June 30, 2004 and the changes in Capital Assets Values based on current and prior year depreciation allowances as follows:

JEFFERSON COUNTY, WV  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ending June 30, 2004

A summary of changes in General Fixed Assets for the fiscal year follows:

	Balance at <u>7/1/2003</u>	Additions	Deductions	Balance at <u>6/30/2004</u>
Land	\$ 629,355	\$ --	\$ 4,663	\$ 624,692
Building	4,874,745	--	41,971	4,832,774
Equipment-restated	<u>1,980,052</u>	<u>59,910</u>	--	<u>2,039,962</u>
Totals	<u>\$ 7,484,152</u>	<u>\$ 59,910</u>	<u>\$ 46,634</u>	<u>\$ 7,497,428</u>

*Capital Assets-Net of Depreciation*

Prior year accumulated depreciation on equipment was restated and increased by \$95,638. This amount represents accumulated depreciation on asset owned as of June 30, 2003 but omitted from the asset list.

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

	Balance at <u>7/1/2003</u>	Accumulated Depreciation		Balance at <u>6/30/2004</u>
		Prior Year	Current Year	
Land	\$ 624,692	\$ --	\$ --	\$ 624,692
Building	4,832,774	966,549	128,629	3,737,596
Equipment-restated	<u>2,039,962</u>	<u>1,310,056</u>	<u>164,886</u>	<u>565,020</u>
Totals	<u>\$ 7,497,428</u>	<u>\$ 2,276,605</u>	<u>\$ 293,515</u>	<u>\$ 4,927,308</u>

*Depreciation Expense-Current*

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

General government	\$ 234,197
Public safety	53,690
Health and sanitation	3,771
Social services	<u>1,857</u>
Total Current Depreciation	<u>\$ 293,515</u>

JEFFERSON COUNTY, WV  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ending June 30, 2004

**Changes in General Long-Term Liabilities**

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	134,317	108,690	--	243,007	--
Governmental activities Long-term liabilities	\$ 134,317	\$ 108,690	\$ --	\$ 243,007	\$ --

**D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of June 30, 2004 is as follows:

<u>Due to / From other funds:</u>	<u>Receivables Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Project Impact		General County	\$ 618,158
Total Transfers			\$ 618,158

**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.

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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**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 10.5%. 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, 2004 were \$162,268 for employees' share and \$378,624 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, 2004 the annual cost was \$540,892 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, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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**Plan Description**

Jefferson County, West Virginia, contributes to the Public Employees' Retirement System (PERS) of West Virginia, a cost-sharing, multiple employer, defined benefit pension plan. PERS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended by the State of West Virginia Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing the Public Employees' Retirement System, Building 5, Room 1000, 1900 Kanawha Boulevard East, Charleston, West Virginia 25305.

***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, 2004 was \$51,665 for employees' share and \$57,743 for employer's share.

**Period required to vest**

Five years

**Benefits and eligibility for distribution**

A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.

**Deferred retirement option**

No deferred retirement option is available.

**Provisions for cost of living adjustments or death benefits**

This plan has no provisions for cost of living adjustments. There are provisions for death benefits.

JEFFERSON COUNTY, WV  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2004

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**Annual pension cost and amount contributed:**

For the fiscal year ended June 30, 2004 the annual cost was \$109,408 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.

**B. Pending Litigation**

The county has been named as a defendant in several 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 the suits will be favorable to the county.

**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, WV  
 BUDGETARY COMPARISON SCHEDULE -  
 ASSESSOR'S VALUATION FUND  
 For the Fiscal Year Ending June 30, 2004

Revenues: Other taxes Intergovernmental: Refunds Interest	Budgeted Amounts		Actual Amounts		Variance with Final Budget <u>Positive (Negative)</u>
	Original	Final	Budget Basis	Budget Basis	
\$ 110,597 \$ 110,597 \$ 110,597 \$ --					--
8,945	8,945		--	4,876	(4,069)
119,542	119,542		115,473		(4,069)
Total revenues					
387,265	387,265		199,054		188,211
30,469	35,446		5,265		30,181
417,734	422,711		204,319		218,392
Total expenditures					
(298,192)	(303,169)		(88,846)		214,323
298,192	303,169		302,780		(389)
Fund balance at beginning of year					
\$ -- \$ --	--	\$ 213,934	\$ 213,934		213,934





# State of West Virginia

Office of the State Auditor

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Charleston, West Virginia 25305

Glen B. Gainer III  
State Auditor

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

Honorable Members of the  
Jefferson County Commission  
Charles Town, WV

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jefferson County, West Virginia, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon, dated April 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 04-A and 04-B.

This report is intended solely for the information and use of the audit committee, management, and the County Commission 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

October 17, 2005

JEFFERSON COUNTY, WEST VIRGINIA  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Section II - Financial Statement Findings

Improper Suspension of Taxes  
Reference No. (04-A)

**CONDITION:**

We noted in prior years and again in the current year that the Jefferson County Sheriff has suspended various real property from the Sheriff's Sales based on requests from the Jefferson County Commission. Our review disclosed no basis in the State Code giving the Sheriff or County Commission the authority to suspend the sale of property for taxes when the taxes had been properly assessed. Specifically, the suspension of the following tax tickets is in question:

<u>District</u>	<u>Tax Year</u>	<u>Ticket No.</u>	<u>Face Amount</u> <u>of Ticket</u>
Charles Town Corporation	2000	7088	\$13,051.35
Charles Town Corporation	2000	7952	4,290.79
Charles Town Corporation	2000	7953	1,910.42
Charles Town Corporation	2001	7269	37,621.14
Charles Town Corporation	2001	8146	8,879.14
Charles Town Corporation	2001	8147	3,953.30
Charles Town Corporation	2003	8294	73.28
Charles Town Corporation	2003	8295	559.78
Total face value in question			<u><u>\$70,339.20</u></u>

**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."

JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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Improper Suspension of Taxes-Continued  
Reference No. (03-A)

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 a 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 the property books are delivered to the sheriff or 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...."

**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 \$70,339.20 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 is 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.

JEFFERSON COUNTY, WEST VIRGINIA  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Expenditure in Excess of Available Funds  
Reference No. 04-B

CONDITION:

We noted in the prior year audits and again in the current year audit that the Project Impact Fund had a deficit cash balance as of June 30, 2004. We further noted that funds received by the county as reimbursements for Project Impact Fund expenditures were improperly deposited into the General Fund.

Beginning Cash <u>Balance</u>	Current Cash <u>Receipts</u>	Current Cash <u>Expenditures</u>	Ending Cash <u>Balance</u>
(\$43,976)	--	(\$65,528)	(\$109,504)

CONTEXT:

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

- ...a local government body shall not expend money or incur obligations;
- [1] in an unauthorized manner;
- [2] for unauthorized purposes;
- [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 §11-8-26 states in part:

The chief inspector division shall formulate, prescribe and install a system of accounting and reporting in conformity with the provisions of this article, which shall be uniform for all local governmental offices and agencies and for all public accounts of the same class and which shall exhibit true accounts and detailed statement for all public funds collected, received and expended for any purpose by all local governmental offices, employees or other persons. The accounts shall show the receipt, use and disposition of all public property under the control of local governmental officers, employees or other persons and any income derived there from and of all sources of public income, the amount due and received from each source, all receipts, vouchers and other documents kept or required to be kept and necessary to identify and prove the validity of every transaction, all statements and reports made or required to be made for the internal administration of the office to which they pertain and all reports published or required to be published for the information of the people regarding any and all details of the financial administration of public affairs.

JEFFERSON COUNTY, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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Expenditure in Excess of Available Funds (Continued)  
Reference No. 04-B

CAUSE:

The Jefferson County Commission failed to have in place adequate revenue and expenditure controls to insure that authorized expenditures did not exceed available funds in the Project Impact Fund and failed to properly account for reimbursements due the Project Impact Fund from other government entities.

EFFECT:

The Jefferson County Commission approved vouchers for expenditures in excess of funds available for current expenses. Reimbursement funds due the Project Impact Fund were improperly deposited into the General Fund. Funds need to be transferred from the General Fund to Project Impact Fund to correct the cash shortage in that fund.

RECOMMENDATION:

It is recommended that the Jefferson County Commission review the code sections referenced above and insure that the appropriate controls are in place to prevent expenditures in excess of funds available for current expenses. It further recommended that the county commission review internal controls for accounting for reimbursements to insure that reimbursements are properly receipted and deposited to the correct fund.

JEFFERSON COUNTY, WEST VIRGINIA  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Status of Prior Audit Findings

<u>Finding Number</u>	<u>Prior Year Finding</u>	<u>Code Reference</u>	<u>Disposition</u>
03-A	Improper Suspension of Taxes	§11-3-1	Repeated
03-B	Banking Controls-County and Tax Funds	§7-6-4	Corrected
03-C	Failure to Make Timely Deposits	§59-1-37	Corrected
03-D	Failure to Reconcile Accounts and Software Deficiencies	§59-1-30	Corrected
03-E	Special Law Enforcement Investigation Fund	§60-A-7-706(b)2	Corrected
03-F	Failure to Write Sheriff's Receipt for Transfers	§7-5-4	Corrected
03-G	Failure to Write Receipts for all Property Tax Collections	§6-9-2	Corrected
03-H	Expenditures in Excess of Available Funds	§11-8-26	Repeated

# *West Virginia Veterans Memorial*

P. Joseph Mullins/sculptor and designer

photographs/cover design by Brad Osborne