

AUDIT REPORT OF
BERKELEY COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008



Lisa K. Thornburg, CPA

BERKELEY COUNTY, WEST VIRGINIA

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2008

BERKELEY COUNTY, WEST VIRGINIA
 TABLE OF CONTENTS
 For the Fiscal Year Ended June 30, 2008

Introductory Section	<u>Page</u>
Schedule of Funds Included in Report	1
County Officials	2
 Financial Section	
Independent Auditor's Report	3-4
 <u>Basic Financial Statements:</u>	
 <u>Government-wide Financial Statements</u>	
Statement of Net Assets	5
Statement of Activities	6
 <u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	800
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	1
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coal Severance Tax Fund	12
Statement of Fiduciary Net Assets - Fiduciary Funds	13
Notes to the Financial Statements	14-32
 <i>SUPPLEMENTARY INFORMATION</i>	
Budgetary Comparison Schedule - Assessor's Valuation Fund	33
 <i>ACCOMPANYING INFORMATION</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Schedule of Findings and Responses	36-40

**BERKELEY COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT**

GOVERNMENTAL FUND TYPES

Major Funds

**General County
Coal Severance Tax
E911 Fees**

Nonmajor Funds

Special Revenue Funds

Dog and Kennel	General School
Magistrate Court	Worthless Check
Emergency Communication 911	Home Confinement
Federal Grants	Fiduciary
Parks and Recreation Grant	Wireless Communications
Engineering Fees	Gypsy Moth
Enhanced E-911 Equipment	Assessor Valuation
Rainy Day	Sheriff's Concealed Weapons
Voters Registration	Special Law Enforcement Investigation
Prosecuting Attorney Forfeiture	Law Enforcement Block Grant
Cops Universal Hiring Grant-Federal-100	Task Force Reimbursement-Federal
Homeland Security-Citizen Corp-Federal	Bullet Proof Vest-Federal
Cops Universal Hiring Grant-Federal-107	Homeland Sec-Law Enforcement-Federal
Homeland Security-OES-Federal	ESPG 2004-Federal
ESPG 2005-Federal	Edward Byrne 2006-Federal
WV DOT DMV Cop Grant	FEMA Hazard Mitigation-Federal
Community Pride LEDA Grant	Eastern WV Comm. Foundation Grant
Court Security Grant	Apollo Theater
Hazardous Material Enviromental Grant	Courthouse Facilities Grant

FIDUCIARY FUND TYPES

Agency Funds

**State
School
County Offices
Other Agency**

BLENDED COMPONENT UNIT

Major Fund

Building Commission

**BERKELEY COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2008**

OFFICE	NAME	TERM
	<u>Elective</u>	
County Commission:	Steven C. Teufel	01-01-03 / 12-31-08
	Ronald K. Collins	01-01-05 / 12-31-10
	William L. Stubblefield	01-01-07 / 12-31-12
 Clerk of the County Commission:	 John W. Small, Jr.	 01-01-05 / 12-31-10
 Clerk of the Circuit Court:	 Virginia M. Sine	 01-01-05 / 12-31-10
 Sheriff:	 W. Randy Smith	 01-01-05 / 12-31-08
 Prosecuting Attorney:	 Pamela Games-Neely	 01-01-05 / 12-31-08
 Assessor:	 Preston Gooden	 01-01-05 / 12-31-08

Appointive

Administrator	Deborah E. Hammond
----------------------	---------------------------

Lisa K. Thornburg, CPA

2514 Bedford Chapel Road

Milton, WV 25541

(304)743-8192

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Berkeley County Commission
Martinsburg, West Virginia 25401

We have audited the accompanying financial statements of the governmental activities, each major fund, the blended component unit, and the aggregate remaining fund information of Berkeley County, West Virginia (the County), as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. 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.

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

The financial statements do not include financial data for all of the County's legally separate component units. These financial statements do include the Berkeley County Building Commission as a blended component unit, but other component units are not included. The financial statements of the Berkeley County Building Commission have not been audited, and we were not engaged to audit their financial statements as part of our audit of the County's basic financial statements. Accounting principles generally accepted in the United States of America require the financial data for all component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for those component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, it is not known how the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units would have been presented.

In our opinion, because of the omission of the discretely presented component units as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely presented component units of Berkeley County, West Virginia as of June 30, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major funds of Berkeley County, West Virginia, as of June 30, 2008, and the changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of Berkeley County, West Virginia, as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and Coal Severance Tax 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 December 30, 2009 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 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

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 of the County. The Budgetary Comparison Schedule for the Assessor's Valuation Fund has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully Submitted,


Lisa K. Thornburg, CPA

December 30, 2009

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,714,912.73	\$ 45,924.00	\$ 5,760,836.73
Receivables, net			
Taxes	607,849.14	0.00	607,849.14
Restricted assets:			
Investments	0.00	3,645,617.00	3,645,617.00
Capital assets net of depreciation:			
Land	764,947.00	1,954,567.00	2,719,514.00
Building	3,021,662.00	32,223,867.00	35,245,529.00
Building improvements	1,380,116.00	0.00	1,380,116.00
Construction in progress	0.00	1,921,914.00	1,921,914.00
Machinery and equipment	5,167,725.43	0.00	5,167,725.43
Unamortized bond issue costs, net of amorti	0.00	1,001,424.00	1,001,424.00
Total assets	\$ 16,657,212.30	\$ 40,793,313.00	\$ 57,450,525.30
LIABILITIES			
Current liabilities payable from current assets:			
Accounts payable	\$ 259,313.84	\$ 7,452.00	\$ 266,765.84
Wages and related cost	288,136.25	0.00	288,136.25
Interest payable	0.00	111,793.00	111,793.00
Leases payable	677,899.00	0.00	677,899.00
Current portion of long-term debt	0.00	705,000.00	705,000.00
Total current liabilities	1,225,349.09	824,245.00	2,049,594.09
Noncurrent liabilities:			
Long term debt	0.00	34,979,892.00	34,979,892.00
Long term debt premium	0.00	10,347.00	10,347.00
Long term debt discount	0.00	(137,910.00)	(137,910.00)
Leases payable	2,093,965.00	0.00	2,093,965.00
Compensated absences payable	2,348,461.75	0.00	2,348,461.75
Total non-current liabilities	4,442,426.75	34,852,329.00	39,294,755.75
Total Liabilities	5,667,775.84	35,676,574.00	41,344,349.84
NET ASSETS			
Invested in capital assets, net of related de	7,562,586.43	\$ 5,182,608.00	\$ 12,745,194.43
Unrestricted	3,426,850.03	(65,869.00)	3,360,981.03
Total net assets	10,989,436.46	5,116,739.00	16,106,175.46
Total liabilities and net assets	\$ 16,657,212.30	\$ 40,793,313.00	\$ 57,450,525.30

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

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Functions / Programs						
Primary government:						
Governmental activities:						
General government	\$ 16,193,259.03	\$ 5,207,035.61	\$ 304,815.78	\$ (10,681,407.64)	\$ 0.00	\$ (10,298,782.60)
Public safety	8,722,982.07	0.00	0.00	(8,722,982.07)	0.00	(9,129,109.82)
Health and sanitation	265,545.49	0.00	0.00	(265,545.49)	0.00	(745,457.72)
Culture and recreation	1,259,216.75	0.00	0.00	(1,259,216.75)	0.00	(1,259,216.75)
Social services	137,295.75	0.00	0.00	(137,295.75)	0.00	(136,660.75)
Total governmental activities	26,578,299.09	5,207,035.61	304,815.78	(21,066,447.70)	0.00	(21,569,227.64)
Business type activities:						
Building Commission	3,242,484.00	0.00	0.00	(3,242,484.00)	(3,242,484.00)	(6,484,968.00)
Total primary government	\$ 30,298,563.03	\$ 5,182,035.61	\$ 304,815.78	(24,811,711.64)	(3,242,484.00)	(28,054,195.64)
General revenues:						
Ad valorem property taxes				12,937,889.66	0.00	12,937,889.66
Other taxes				2,673,873.11	0.00	2,673,873.11
Licenses and permits				48,680.00	0.00	48,680.00
Lease income				0.00	2,228,437.00	2,228,437.00
Fines and forfeitures				1,128,696.23		1,128,696.23
Unrestricted investment earnings				320,924.88	0.00	320,924.88
Reimbursement				463,362.61	0.00	463,362.61
Miscellaneous				3,419,889.94	54,900.00	3,474,789.94
Gain on sale of assets				115,577.80	0.00	115,577.80
Total general revenues				21,108,894.23	2,283,337.00	23,392,231.23
Change in net assets				42,446.53	(959,147.00)	(916,700.47)
Transfers out				0.00	(197,630.00)	(197,630.00)
Net assets at beginning of year				10,946,990.00	6,470,319.00	17,417,309.00
Prior period adjustment				0.00	(196,803.00)	(196,803.00)
Net assets at beginning of year as restated				10,946,989.90	6,273,516.00	17,220,505.90
Net assets - ending				\$ 10,989,436.43	\$ 5,116,739.00	\$ 16,106,175.43

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

**BERKELEY COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2008

	Major Funds			Other Nonmajor	Total
	Coal			Governmental	Governmental
	Severance				
	General	Tax	E-911 Fees	Funds	Funds
ASSETS					
Current:					
Cash and cash equivalents	\$ 3,982,495.25	\$ 57,349.77	\$ 505,890.92	\$ 1,169,176.79	\$ 5,714,912.73
Receivables:					
Taxes	607,849.14	0.00	0.00	0.00	607,849.14
Due from:					
Other funds	25,940.16	0.00	2,471,616.86	0.00	2,497,557.02
Total assets	\$ 4,616,284.55	\$ 57,349.77	\$ 2,977,507.78	\$ 1,169,176.79	\$ 8,820,318.89
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 152,120.11	\$ 0.00	\$ 11,002.68	\$ 96,191.05	\$ 259,313.84
Wages and benefits payable	288,136.25	0.00	0.00	0.00	288,136.25
Due to:					
Other funds	2,471,616.86	8,500.00	2,481.73	14,958.43	2,497,557.02
Deferred revenues:					
Deferred tax revenue	455,886.86	0.00	0.00	0.00	455,886.86
Total liabilities	3,367,760.08	8,500.00	13,484.41	111,149.48	3,500,893.97
 Fund balances:					
Reserved for:					
Encumbrances	1,048,630.04	0.00	49,929.00	167,461.86	1,266,020.90
Unreserved					
Major Funds	199,894.43	48,849.77	2,914,094.37		3,162,838.57
Special revenue funds	0.00	0.00	0.00	890,565.45	890,565.45
Total fund balances	1,248,524.47	48,849.77	2,964,023.37	1,058,027.31	5,319,424.92
Total liabilities and fund balances	\$ 4,616,284.55	\$ 57,349.77	\$ 2,977,507.78	\$ 1,169,176.79	\$ 8,820,318.89

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

BERKELEY COUNTY, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances on the governmental fund's balance sheet; see page #7 \$ 5,319,424.92

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

Capital assets purchased in fund level statements are expensed when purchase and not reported as financial resources in the funds. In the government wide financial statements capital assets are capitalized and depreciated over their useful life. Therefore, capital assets purchase in fund level statements must be added to fund level statement at asset cost net of depreciation. This is the current value of capital assets net of depreciation as reported in the Statement of Net Assets 10,334,450.43

Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This is the amount of delinquent property taxes that was estimated to be collectable, but would be collected more than sixty days after the end of the fiscal year. Government wide financial statements are reported on a full accrual basis with no deferred revenues. This is the amount of taxes deferred in the fund level financial statements that is reported as revenue in the government wide financial statements; see page #7. 455,886.83

Compensated absences are not due and payable in the current period and therefore are not reported in fund level statements. In government wide financial statement, all measurable costs are report as expenses regardless of when they may be paid. This is the gross amount of compensated absences that was calculated as payable by county government as of the end of the current fiscal year; see page #19. (2,348,461.75)

Lease payments are reported in the fund level statements as current expenses when actually paid. In government wide financial statements, all future lease payments related to the purchase of capital assets are reported as debt against the capital asset value; see page #28. (2,771,864.00)

Net assets of governmental activities \$ 10,989,436.43

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

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Major Funds</u>			<u>Other Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Coal Severance Tax</u>	<u>E-911 Fees</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
REVENUES					
Taxes:					
Ad valorem property taxes	\$ 12,802,544.80	\$ 0.00	\$ 0.00	\$ 0.00	\$ 12,802,544.80
Other taxes	2,397,868.17	229,603.83	0.00	46,401.11	2,673,873.11
Licenses and permits	0.00	0.00	0.00	48,680.00	48,680.00
Intergovernmental:	26,375.97	0.00	0.00	267,367.42	293,743.39
Charges for services	1,942,102.08	0.00	2,323,901.45	941,032.08	5,207,035.61
Fines and forfeits	425,045.14	0.00	0.00	703,651.09	1,128,696.23
Interest and investment earnings	223,996.42	3,935.91	30,972.81	62,019.74	320,924.88
Miscellaneous	3,308,680.54	279.65	0.00	772,029.55	4,080,989.74
Reimbursement transfers	463,362.61	0.00	0.00	0.00	463,362.61
Total revenues	<u>21,589,975.73</u>	<u>233,819.39</u>	<u>2,354,874.26</u>	<u>2,841,180.99</u>	<u>27,019,850.37</u>
EXPENDITURES					
Current:					
General government	12,896,744.96	259,274.62	0.00	1,881,438.65	15,037,458.23
Public safety	5,490,992.58	0.00	1,483,582.32	1,243,725.65	8,218,300.55
Health and sanitation	203,151.89	0.00	0.00	56,970.60	260,122.49
Culture and recreation	1,257,023.72	0.00	0.00	0.00	1,257,023.72
Social services	114,323.75	0.00	0.00	0.00	114,323.75
Capital outlay	203,152.36	0.00	479,912.56	0.00	683,064.92
Total expenditures	<u>20,165,389.26</u>	<u>259,274.62</u>	<u>1,963,494.88</u>	<u>3,182,134.90</u>	<u>25,570,293.66</u>
Excess/(Deficit) of revenues over expenditures	<u>1,424,586.47</u>	<u>(25,455.23)</u>	<u>391,379.38</u>	<u>(340,953.91)</u>	<u>1,449,556.71</u>
Other sources and uses:					
Funding from capital leases	43,043.00	0.00	0.00	0.00	43,043.00
Excess/(Deficit) of revenues over expenditures and other sources	<u>1,467,629.47</u>	<u>(25,455.23)</u>	<u>391,379.38</u>	<u>(340,953.91)</u>	<u>1,492,599.71</u>
FUND BALANCES:					
Beginning fund balance	(219,105.00)	74,305.00	2,572,643.99	1,443,554.48	3,871,398.47
Prior period adjustment:					
Amount due other fund, PY	0.00	0.00	0.00	(44,573.26)	0.00
Beginning fund balance, restated	<u>(219,105.00)</u>	<u>74,305.00</u>	<u>2,572,643.99</u>	<u>1,398,981.22</u>	<u>3,871,398.47</u>
Fund balances - ending	<u>\$ 1,248,524.47</u>	<u>\$ 48,849.77</u>	<u>\$ 2,964,023.37</u>	<u>\$ 1,058,027.31</u>	<u>\$ 5,319,424.92</u>

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

BERKELEY COUNTY, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Net change in fund balances - total governmental funds. \$ 1,492,599.71

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and depreciated over the useful life of the asset. This is the amount reported as expenditures for capital assets in the current fiscal year. 150,257.00

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are capitalized and depreciated over their estimated useful lives and reported as depreciation expense in the government wide financials. This is the amount of depreciation that was charged as and expense to the different government activities for the current fiscal year. (1,438,079.00)

Capital lease payments are reported as expenditures in the fund level financial statements. However, repayment of capital leases principle reduces the amount of debt that is reported against investment in fixed asset value reported in the statement of net assets. This is the amount that lease debt was reduce in the current fiscal year. 528,130.00

Compensated absences liability is not reported in the governmental funds because in does not require the use of current resources. However, the liability for compensated absences are accrued in the government wide financial statements on a year to year basis. This is the amount of additional compensated absences that was accrued in the current fiscal year in the government wide financial statements; see page #19. (235,710.75)

Certain assets were disposed of during the current fiscal year, this is the amount accumulated depreciation was reduced as a result of asset disposal. 544,058.00

The fund balance for Fund #100 was restated \$44,473.00 as a prior period adjustment. This amount should have been reported as Due to Other Funds in the prior financial statement instead of a fund balance. The fund balance should have been \$0.00 in the prior year, this fund is intended to be used as a clearing account only. (44,573.00)

The value of capital asset was reduced by the original cost of assets sold during the current fiscal year, this is the original cost amount of assets sold during the current fiscal year. (1,089,580.00)

Certain revenues are not available to fund current year expenditures and therefore are deferred in the fund level financial statements. However, all measurable revenues are accrued in the government wide financial statements from year to year. This is the amount accrued taxes increased in the government wide financial statements increased in the current fiscal year. 135,344.86

Change in net assets of governmental activities \$ 42,446.82

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

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Taxes:						
Ad valorem property	\$ 13,063,744.00	\$ 13,063,744.00	\$ 12,802,544.80	\$ (151,962.28)	\$ 12,650,582.52	\$ (413,161.48)
Other taxes	2,812,691.00	2,282,138.00	2,397,868.17	0.00	2,397,868.17	115,730.17
Intergovernmental:	74,868.00	11,140.00	26,375.97	0.00	26,375.97	15,235.97
Charges for services	4,660,584.00	2,808,913.00	1,917,102.08	0.00	1,917,102.08	(891,810.92)
Fines and forfeits	74,816.00	434,063.00	425,045.14	0.00	425,045.14	(9,017.86)
Interest	302,672.00	248,105.00	223,996.42	0.00	223,996.42	(24,108.58)
Miscellaneous	2,474,516.00	2,770,078.00	3,230,758.66	(549.31)	3,230,209.35	460,131.35
Transfers	561,183.00	561,183.00	424,368.71	0.00	424,368.71	(136,814.29)
Total revenues	24,025,074.00	22,179,364.00	21,448,059.95	(152,511.59)	21,295,548.36	(883,815.64)
EXPENDITURES						
Current:						
General government	15,163,088.00	13,979,714.00	13,780,460.56	(305,452.36)	14,085,912.92	(106,198.92)
Public safety	7,846,965.00	6,210,340.00	5,502,313.54	(134,568.50)	5,636,882.04	573,457.96
Health and sanitation	231,183.00	206,035.00	203,151.89	(435.50)	203,587.39	2,447.61
Culture and recreation	1,002,022.00	1,277,608.00	1,257,023.72	0.00	1,257,023.72	20,584.28
Social services	114,845.00	114,845.00	114,323.75	0.00	114,323.75	521.25
Capital projects	666,971.00	210,885.00	160,109.36	0.00	160,109.36	50,775.64
Total expenditures	25,025,074.00	21,999,427.00	21,017,382.82	(440,020.86)	21,457,839.18	541,587.82
(Deficiency) of revenues over expenditures	(1,000,000.00)	179,937.00	430,677.13	287,509.27	(162,290.82)	(342,227.82)
Fund balances; beginning, restated	0.00	289,143.77	(256,722.86)	0.00	461,699.15	172,555.38
Fund balances; ending, restated	\$ 0.00	\$ 469,080.77	\$ 173,954.27	\$ 0.00	\$ 299,408.33	\$ (169,672.44)

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

BERKELEY 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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Taxes:						
Coal severance tax	\$ 101,455.00	\$ 188,989.37	\$ 229,603.83	\$ 0.00	\$ 229,603.83	\$ 40,614.46
Interest and investment	8,243.00	8,243.00	3,935.91	0.00	3,935.91	
Miscellaneous	0.00	0.00	279.65	0.00	279.65	279.65
Total revenues	109,698.00	197,232.37	233,819.39	0.00	233,819.39	40,894.11
EXPENDITURES						
Current:						
General government	109,698.00	288,123.00	267,360.25	0.00	267,360.25	(20,762.75)
Total expenditures	109,698.00	288,123.00	267,360.25	0.00	267,360.25	(20,762.75)
Excess (deficiency) of revenues over (under) expenditures	0.00	(90,890.63)	(33,540.86)	0.00	(33,540.86)	57,349.77
Fund balances - beginning	0.00	90,890.63	90,890.63	0.00	90,890.63	0.00
Fund balances - ending	\$ 0.00	\$ 0.00	\$ 57,349.77	\$ 0.00	\$ 57,349.77	\$ 57,349.77

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

BERKELEY COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u><u>1,662,542.06</u></u>
LIABILITIES	
Due to other governments and other parties	\$ <u><u>1,662,542.06</u></u>

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

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted, the accounting policies of Berkeley County, West Virginia, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

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

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

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

The accompanying financial statements present the government and its component 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.

Blended Component Unit

The entity below is legally separate from the County and meets Generally Accepted Accounting Principles criteria for component units. This entity is blended with the primary government because they provide services entirely or almost entirely to the County.

The Berkeley County Building Commission serves the citizens of Berkeley County, and is governed by a board comprised of five board members appointed by the County Commission for a term of five years each. The Building Commission acquires property and debt on behalf of the County. The Building Commission is reported as an enterprise fund. Complete financial statements of the Berkeley County Building Commission can be obtained at the County's administrative offices.

Discretely presented Component Units

Although required by generally accepted accounting principles, the County has elected not to include any other component units in these financial statements and the effects of this exclusion has not been determined.

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:

Name of Organization

Berkeley County Landmark Commission
Berkeley County Historical Society
Eastern WV Regional Airport
Berkeley County Health Dept.
Berkeley County Solid Waste Authority

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Martinsburg-Berkeley County Parks and Recreation
Martinsburg-Berkeley County Convention and Visitor's Center
Berkeley County Public Library
Berkeley County Senior Services
Eastern Panhandle Transit Authority
Berkeley County Development Authority

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Combining financial statements for the non-major governmental funds are included as supplementary information.

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

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

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

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

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria is 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 911 Fees fund, a special revenue fund, is used to account for the revenues and expenditures of the county's 911 emergency center.

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

The government reports the following major component unit:

The Building Commission fund consists of items and amounts that provide facilities to the public. The legally separate entity leases these facilities to the primary government in accordance with lease agreements which mirror the securing debt requirements. The intergovernmental lease agreements between the County and the Building Commission were eliminated in these financial statements. The board promulgates rules and regulations governing the usage and maintenance of the facilities.

Additionally, the government reports the following fund types:

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

Berkeley County, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Berkeley County Building Commission, a blended component unit, is charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Berkeley County, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

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

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

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars.

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" and are considered current. Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Receivable

Property taxes receivable were estimated to be \$607,849.14; this amount is net of an allowance for uncollectible taxes of \$202,616.38 and represent approximately 75% percent of the property taxes outstanding at June 30, 2008.

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

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

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2008, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense Per \$100
Class I	\$ 7,160,631	9.72 Cents
Class II	\$ 3,141,631,408	19.44 Cents
Class III	\$ 1,353,897,890	38.88 Cents
Class IV	\$ 414,928,270	38.88 Cents

3. Inventories and Prepaid Items

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

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

4. Restricted Assets

Restricted assets are liquid assets generated from revenues that have third party limitations on their use. The county would typically use restricted assets for the following purposes:
 Certain assets of the Berkeley County Building Commission are classified as restricted assets because their use is restricted by bond agreements.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or fund asset renewals and

The "reserve for construction account" is used to report those proceeds of revenue bond that are restricted for use in construction.

5. Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, 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 reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period. The County capitalized \$223,871 of interest expense, net of \$155,584 of interest income, for the year ended June 30, 2008.

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

<u>Asset</u>	<u>Straight-line Years</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	Capitalize only
Land improvement	20 to 30 years	5,000
Building	40 years	5,000
Building improvements	20 to 25 years	5,000
Construction in progress	not applicable	Capitalize only
Equipment	5 to 10 years	5,000
Vehicles	5 to 10 years	5,000
Infrastructure	40 to 50 years	100,000.00

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements in accordance with GASB Statement No. 16, Accounting for Compensated Absences. Vacation and sick leave benefits are accrued on a calendar year beginning January 1, and ending December 31. Sick leave benefits are accrued at the rate of one and one half days per month and an unlimited amount of sick leave benefits can be carried forward to the following calendar year. Employees earn vacation benefits based on the years of service as follows and no more than 30 days of accrued annual leave can be carried forward to the following calendar year:

Years of Service	Vacation Benefits per Month
0 to 5	1.25 days
5 to 10	1.50 days
10 to 15	1.75 days
15 and	2.00 days

When a permanent full time employee terminates employment with the county or retires, the employee has the option of receiving payment at current salary rate for any unused accrued vacation days, but no payment is made for unused sick leave. If the employee is actually retiring, the employee has the option of applying accrued vacation and sick leave days for additional service time for retirement. If the employee is not retiring and terminates employment with the county for other reasons and has the option of re-employment at a later date, any unused sick leave would be reinstated if re-employment occurred within two year of the employee's termination of employment with the county. The changes that occurred in the county's compensated absences liability for the last two fiscal years is as follows:

Liability classification	FYE 6/30/07	FYE 6/30/08	Increase
Annual Leave	\$ 403,369.47	\$ 462,639.72	\$ 59,270.25
Sick leave	\$ 1,708,368.17	\$ 1,884,808.67	\$ 176,440.50
Totals	\$ 2,111,737.64	\$ 2,347,448.39	\$ 235,710.75

7. Long-Term Obligations

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

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

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.

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

II. 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 as of June 30, 2008.

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. The details of this \$5,670,011.51 difference are as follows:

Asset purchases are reported as expenditures in the fund level financial statements. However, assets are capitalized and depreciated in the fund level financial statements. This is the amount of capital assets net of depreciation not reported in fund level statements	\$ 10,334,450.43
Certain revenues are not available as current resources and are deferred in the fund level financial statements. However, all revenues that are considered collectable in the future are accrued as current revenue in the government wide financial statements. This is the amount of tax revenue accrued in the government wide financial statements but deferred in the fund level financial statements.	455,886.86
Certain future cost compensated absences are not due and payable in the current fiscal year and not accounted for in the fund level financial statements. This is the estimated liability for future compensated absences recorded in the government wide financial statements.	(2,348,461.75)
Current lease cost are paid when due and payable in fund level financial statement and future lease liabilities are not recorded. In government wide financial statements, all future lease liabilities, net of interest, are reported as leases payable and the portion of those leases that represent capital leases for the purchase of asset is posted as a reduction of the investment in capital assets. This is the amount of unpaid leases owed by the county at the end of the fiscal year.	<u>(2,771,864.00)</u>
Net difference	<u>\$ 5,670,011.54</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. The details of the \$1,405,579.89 difference are as follows:

Certain new assets were purchased during the current fiscal year. This is the amount of assets expensed at the fund level and capitalized at the government wide level.	\$ 150,257.00
Total current year depreciation expense reported in the statement of activities, but not reported in the fund level financial statements.	(1,438,079.00)
Total difference between beginning and ending equipment lease liabilities for the current fiscal year. This amount was reported as an expense in fund level statements, but results in a reduction of the lease liability the is reported as debt against capital assets in the statement of activities.	528,130.00
Any change in the compensated absence liability at the end of the fiscal year is reported as an increase or decrease of the accrued cost reported in the statement of activities but is not reported in fund level statement because is does not require the use of current resources. During the current fiscal year the future liability for compensated absences increased this amount.	(235,710.75)
Accumulated depreciation was reduced by the amount of accumulated depreciation accrued in prior year on assets sold during the current fiscal year. This is the amount accumulated depreciation was reduced during the current year.	544,058.00

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

The value of capital assets were reduced during the current year by the original cost of assets sold. This amount represent the original cost of assets sold during the current fiscal year. (1,089,580.00)

Any change in the amount of property taxes deferred in the fund level statements at the end of the fiscal year is reported as an increase or decrease of property tax revenue in the statement of activities. This is the amount that deferred property taxes increase in the current fiscal year in the fund level statements and was accrued as revenue in the statement of activities. 135,344.86

Net difference \$ (1,405,579.89)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Berkeley County, West Virginia prepares its budget on the cash basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for both the General and Coal Severance Tax Funds.

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 revisions to budgetary appropriations throughout the year.

<u>Description</u>	<u>Amount</u>
Reduction in General Government appropriations	\$ (1,183,374.00)
Reduction in Public Safety appropriations	(1,636,625.00)
Reduction in Health and Sanitation appropriations	(25,148.00)
Increased Culture and Recreation Appropriations	275,586.00
Reduction in Capital Outlay appropriations	(456,086.00)
Total revisions	\$ <u><u>(3,025,647.00)</u></u>

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 re-appropriated and honored during the subsequent year.

B. Excess of Expenditures and Encumbrances Over Available Funds:

For the year ended June 30, 2008, expenditures and encumbrances exceeded available funds in certain non major special revenue funds.

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

IV. DETAILED NOTES ON ALL FUNDS

Investments	Maturities	Fair Value
Prime Obligations Fund	Daily	\$ 4,560,517
Total investments		\$ 4,560,517

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the value of an investment. The government does not have a policy on interest rate risk.

Credit Risk:

Credit risk is the risk that the issuer will not fulfill its obligation to the holder of the investment. The government does not have a policy for credit risk in addition to state regulations.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer. The government does not have a policy for concentration of credit risk. In accordance with GASB Statement No. 40, "Deposits and Investment Risk Disclosure" requires disclosure when the investment in any one issuer equals or exceeds 5% of the total amount of investments. At year end, the government had the following investments held with these issuers:

Issuer	Fair Value	Percent
Prime Obligations Fund	\$ 4,560,517	100%

Custodial Credit Risk - Deposits

Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk; however, WV State Code 7-6-2 requires the county commission to request and approve a bond with good and sufficient sureties payable to the State of West Virginia, in a sum as the county commission shall direct, and which may not be less than the maximum sum that is deposited in the depository at any one time. As of June 30, 2008, the County reported deposits of \$9,406,453.73; of the bank balance, \$100,000 was covered by Federal Depository Insurance. The remaining balance of \$9,306,453.73 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

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

Primary government	
Cash and cash equivalents	\$ 5,760,836.73
Cash and cash equivalents-restricted	0.00
Investments	0.00
Investments-restricted	3,645,617.00
Total	\$ 9,406,453.73

B. Receivables

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

	General
Receivables:	
Gross Receivables	\$ 810,465.52
Less allowance for Uncollectible	(202,616.38)
Net Total Receivables	\$ 607,849.14

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

Governmental funds reports deferred revenues in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Deferred tax revenue (General Fund)	<u>Unavailable</u>
	\$ 455,886.86
Deferred taxes for the current and prior fiscal years were as follows:	
Fiscal Year Ended June 30, 2008	\$ 455,886.86
Fiscal Year Ended June 30, 2007	\$ 320,542.00
Increase in current fiscal year	\$ 135,344.86

C. Capital Assets

Primary Government:

Current changes in capital assets and accumulated depreciation:

	Beginning Balance 7/1/2007	Increases	Decreases	Ending Balance Restated
Governmental activities:				
Capital assets, not being depreciated:				
Land - restated	\$ 942,627.00	\$ 0.00	\$ 177,680.00	\$ 764,947.00
Capital assets being depreciated:				
Buildings	5,209,807.46	0.00	888,400.00	4,321,407.46
Improvements	1,725,292.00	0.00	23,500.00	1,701,792.00
Equipment	9,984,274.00	150,257.00	0.00	10,134,531.00
Total assets being depreciated	16,919,373.46	150,257.00	911,900.00	16,157,730.46
Total depreciation	5,694,205.00	1,438,079.00	544,058.00	6,588,226.00
Total capital assets net of depreciation	11,225,168.46	(1,287,822.00)	367,842.00	9,569,504.46
Governmental activities capital assets, net	\$ 12,167,795.46	\$ (1,287,822.00)	\$ 545,522.00	\$ 10,334,451.46

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

Governmental activities:

General government	\$ 1,018,411.00
Public safety	389,081.00
Health and sanitation	5,422.89
Culture and recreation	2,192.59
Social services	22,972.00
Total depreciation expense-governmental activities	\$ 1,438,079.48

Blended Component Unit

Business-type activities:

Current changes in capital assets and accumulated depreciation:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,255,127	\$ -	\$ 300,560	\$ 1,954,567
Construction in progress	760,796	1,161,118	-	1,921,914
Total capital assets not being depreciated	3,015,923	1,161,118	300,560	3,876,481

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Capital assets being depreciated:				
Buildings, Improvements and Equipment	35,109,140	49,486	1,502,800	33,655,826
Less: total accumulated depreciation	<u>(610,380)</u>	<u>(821,579)</u>	<u>-</u>	<u>(1,431,959)</u>
Total capital assets being depreciated, net	<u>34,498,760</u>	<u>(772,093)</u>	<u>1,502,800</u>	<u>32,223,867</u>
Business-type activities capital assets, net	<u>\$ 37,514,683</u>	<u>\$ 389,025</u>	<u>\$ 1,803,360</u>	<u>\$ 36,100,348</u>

Depreciation expense was charged to functions/programs of the blended component unit as follows:

Business-type activities:	
Berkeley County Building Commission	\$ <u>821,579.00</u>
Total depreciation expense-business-type activities	\$ <u>821,579.00</u>

D. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of machinery and equipment for its General Fund. These lease agreements qualify as capital assets for accounting purposes, and, therefore have been recorded at the present value of future minimum lease payments as of the inception date in the General County Fund.

The assets acquired through capital leases are as follows:

1 A lease purchase agreement dated September 2003 for a Xerox Copy Center payable to Xerox Finance in 60 monthly installments of \$153 with a final payment due August 2008.

Due in fiscal year ending June 30, 2009	\$ <u>306</u>
Total minimum lease payments	306
Less amount representing interest	<u>3</u>
Present value of minimum lease payments.	\$ <u>303</u>

2 A lease purchase agreement dated September 2003 for a Xerox CC55H Copier payable to Xerox in 60 monthly installments of \$357 ending September 2008.

Due in fiscal year ending June 30, 2009	\$ <u>1,071</u>
Total minimum lease payments	1,071
Less amount representing interest	<u>13</u>
Present value of minimum lease payments	\$ <u>1,058</u>

3

A lease purchase dated April, 2006 for a various computer equipment payable to IBM in 36 monthly installments of \$10,465 ending April, 2010.

Due in fiscal year ending June 30, 2009	\$ 104,652
Total minimum lease payments	104,652
Less amount representing interest	<u>3,488</u>
Present value of minimum lease payments	\$ <u>101,164</u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

⁴ A lease purchase dated December, 2004 for a 2005 Crown Victoria Police Cruiser payable to Comvest Ltd in 48 monthly installments of \$503 ending December, 2008.

Due in fiscal year ending June 30, 2009	\$ <u>3,016</u>
Total minimum lease payments	3,016
Less amount representing interest	<u>75</u>
Present value of minimum lease payments	\$ <u><u>2,941</u></u>

⁵ A lease purchase dated August 2004 for a Savin C3828 Copier payable to Court Square Leasing in 60 monthly installments of \$246 with a final payment due August 2009.

Due in fiscal year ending June 30, 2009	\$ 2,952
Due in fiscal year ending June 30, 2010	<u>529</u>
Total minimum lease payments	3,481
Less amount representing interest	<u>178</u>
Present value of minimum lease payments	\$ <u><u>3,303</u></u>

⁶ A lease purchase agreement dated August September 2003 for a Xerox Office Equipment payable to Xerox in 60 monthly installments of \$165 ending August 2008.

Due in fiscal year ending June 30, 2009	\$ <u>331</u>
Total minimum lease payments	331
Less amount representing interest	<u>3</u>
Present value of minimum lease payments	\$ <u><u>328</u></u>

⁸ A lease purchase dated December, 2004 for a 2005 Crown Victoria Police Interceptor payable to Comvest Ltd in 48 monthly installments of \$485 ending October, 2008.

Due in fiscal year ending June 30, 2009	\$ <u>1,939</u>
Total minimum lease payments	1,939
Less amount representing interest	<u>32</u>
Present value of minimum lease payments.	\$ <u><u>1,907</u></u>

⁹ A lease purchase dated July 2005 for (2) Xerox CC123 Copiers payable to Xerox Finance in 60 monthly installments of \$285 with a final payment due July 2010.

Due in fiscal year ending June 30, 2009	\$ 3,416
Due in fiscal year ending June 30, 2010	3,416
Due in fiscal year ending June 30, 2011	<u>286</u>
Total minimum lease payments	7,118
Less amount representing interest	<u>555</u>
Present value of minimum lease payments	\$ <u><u>6,563</u></u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

10

A lease purchase dated March, 2005 for a 2005 Crown Victoria payable to Comvest Ltd in 48 monthly installments of \$488 ending February, 2009.

Due in fiscal year ending June 30, 2009	\$ <u>3,906</u>
Total minimum lease payments	3,906
Less amount representing interest	<u>130</u>
Present value of minimum lease payments	\$ <u><u>3,776</u></u>

11

A lease purchase dated July, 2005 for a 2006 Crown Victoria payable to Comvest Ltd in 48 monthly installments of \$477 ending September, 2008.

Due in fiscal year ending June 30, 2009	\$ <u>1,432</u>
Total minimum lease payments	1,432
Less amount representing interest	<u>18</u>
Present value of minimum lease payments	\$ <u><u>1,414</u></u>

12 A lease purchase dated November 2005 for (3) Xerox CC232 Copiers payable to Xerox in 60 monthly installments of \$377 with a final payment due December, 2010.

Due in fiscal year ending June 30, 2009	\$ 4,428
Due in fiscal year ending June 30, 2010	<u>1,845</u>
Total minimum lease payments	6,273
Less amount representing interest	<u>337</u>
Present value of minimum lease payments	\$ <u><u>5,936</u></u>

13 A lease purchase dated September 2006 Xerox Fax Machine payable to Xerox Finance in 60 monthly installments of \$165 with a final payment due September 2010.

Due in fiscal year ending June 30, 2009	\$ 1,980
Due in fiscal year ending June 30, 2010	\$ 1,980
Due in fiscal year ending June 30, 2011	\$ 1,980
Due in fiscal year ending June 30, 2012	<u>330</u>
Total minimum lease payments	6,270
Less amount representing interest	<u>536</u>
Present value of minimum lease payments	\$ <u><u>5,734</u></u>

14 A lease purchase dated January, 2006 with the first payment due January 2007 for Communication Center Equipment and payable to Motorola, Inc. in 10 annual installments of \$337,535 ending January 2016.

Due in fiscal year ending June 30, 2009	\$ 337,535
Due in fiscal year ending June 30, 2010	337,535
Due in fiscal year ending June 30, 2011	337,535
Due in fiscal year ending June 30, 2012	337,535
Due in fiscal year ending June 30, 2013	337,535
Due in fiscal year ending June 30, 2014	337,535
Due in fiscal year ending June 30, 2015	337,535
Due in fiscal year ending June 30, 2016	<u>337,535</u>
Total minimum lease payments	2,700,280
Less amount representing interest	<u>607,563</u>
Present value of minimum lease payments	\$ <u><u>2,092,717</u></u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

15

A lease purchase dated August, 2006 for a Xerox Copier payable to Xerox Finance in 48 monthly installments of \$303 and ending September 2010.

Due in fiscal year ending June 30, 2009	\$	3,636
Due in fiscal year ending June 30, 2010		3,636
Due in fiscal year ending June 30, 2011		<u>909</u>
Total minimum lease payments		8,181
Less amount representing interest		<u>477</u>
Present value of minimum lease payments	\$	<u>7,704</u>

16 A lease purchase dated September, 2006 for a Sharp Copier and payable to Sharp Electronics Company in 60 monthly installments of \$231 ending September 2011.

Due in fiscal year ending June 30, 2009	\$	2,772
Due in fiscal year ending June 30, 2010		2,773
Due in fiscal year ending June 30, 2011		2,772
Due in fiscal year ending June 30, 2012		<u>462</u>
Total minimum lease payments		8,779
Less amount representing interest		<u>751</u>
Present value of minimum lease payments	\$	<u>8,028</u>

17 A lease purchase dated November, 2006 for Ivotronic Voting Equipment and payable to State of WV in 48 monthly installments of \$4,000 ending October 2010.

Due in fiscal year ending June 30, 2009	\$	48,000
Due in fiscal year ending June 30, 2010		48,000
Due in fiscal year ending June 30, 2011		48,000
Due in fiscal year ending June 30, 2012		<u>20,000</u>
Total minimum lease payments		164,000
Less amount representing interest; this agreement is to be free of interest.		<u>13,050</u>
Present value of minimum lease payments	\$	<u>150,950</u>

18 A lease purchase dated January, 2007 for Communication Center Equipment and payable to Verizon Credit in 48 monthly installments of \$11,663 ending January 2011.

Due in fiscal year ending June 30, 2009	\$	139,955
Due in fiscal year ending June 30, 2010		139,955
Due in fiscal year ending June 30, 2011		<u>69,977</u>
Total minimum lease payments		349,887
Less amount representing interest		<u>24,104</u>
Present value of minimum lease payments	\$	<u>325,783</u>

19 A lease purchase dated January, 2007 for a Xerox WCP 3545 Work center payable to Xerox Finance in 60 monthly installments of \$365 ending January 2012.

Due in fiscal year ending June 30, 2009	\$	4,380
Due in fiscal year ending June 30, 2010		4,380
Due in fiscal year ending June 30, 2011		4,380
Due in fiscal year ending June 30, 2012		<u>2,555</u>
Total minimum lease payments		15,695
Less amount representing interest		<u>1,506</u>
Present value of minimum lease payments	\$	<u>14,189</u>

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

20 A lease purchase dated November 2007 for a (2) 2008 Ford Cruisers and payable to Comvest Ltd, Inc. in (48) payments of \$1,016 per month and ending October 2011.

Due in fiscal year ending June 30, 2009	\$	12,192
Due in fiscal year ending June 30, 2010		12,192
Due in fiscal year ending June 30, 2011		12,192
Due in fiscal year ending June 30, 2012		6,096
 Total minimum lease payments		 42,672
Less amount representing interest		4,605
 Present value of minimum lease payments	 \$	 38,067

Total Leases:

The total of principal and interest due on Leases during the next five years and in subsequent five-year periods is as follows:

Due in fiscal year ending June 30, 2009	\$	677,900
Due in fiscal year ending June 30, 2010		556,241
Due in fiscal year ending June 30, 2011		478,030
Due in fiscal year ending June 30, 2012		366,978
Due in fiscal year ending June 30, 2013		337,535
Due in fiscal year ending June 30, 2014		337,535
Due in fiscal year ending June 30, 2015		337,535
Due in fiscal year ending June 30, 2016		337,535
 Total minimum lease payments		 3,429,289
Less amount representing interest		657,425
 Present value of minimum lease payments	 \$	 2,771,864

F. Long-Term Debt

Building Commission, a Blended Component Unit General Revenue Bonds

The Building Commission had the following long-term debt outstanding at June 30, 2008

1 Series 2004A general revenue bonds, original face value of \$9,995,000, with interest payable in semi annual installments, and principal payable in annual installments, beginning December 1, 2004, at 1.45% increasing to 4.95% interest and concluding December 1, 2031, issued to refinance a \$9,995,000 general revenue bond and to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	9,245,000
2 Series 2004B general revenue bonds, original face value of \$9,000,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning March 1, 2005 at 3.75% and increasing to 5% interest and concluding September 1, 2034, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	8,540,000
3 Series 2005 general revenue bonds, original face value of \$9,000,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning December 1, 2005 at 3.25% and increasing to 5.55% interest and concluding December 1, 2035, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	9,485,000
4 Series 2006 general revenue bonds, original face value of \$5,300,000 with interest payable in semi-annual installments, and principal payable in annual installments, beginning in 2007 at 4.77% and concluding 2037, issued to provide additional funding for the renovation of the buildings known as the Blue Ridge Outlet Center.	5,230,000

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

5 Series 2007 general revenue bonds, original face value of \$3,185,000 with interest payable in quarterly, and principal payable in annual installments, beginning September 2008 at 3.10% and concluding June 30, 2010, issued to provide funding to purchase additional property to be used as part of the Judicial Center.

	3,184,892
Total long term debt	\$ 35,684,892

The total of principal and interest due on bonds during the next five years and in subsequent five-year periods is as follows:

Fiscal Year Ended	Blended Component Unit Activities		
	Principal	Interest	Total
2009	\$ 705,000	\$ 1,510,391	\$ 2,215,391
2010	3,909,892	1,478,374	5,388,266
2011	755,000	1,363,321	2,118,321
2012	775,000	1,337,416	2,112,416
2013	805,000	1,309,763	2,114,763
2014 - 2018	4,505,000	6,065,382	10,570,382
2019 - 2023	5,515,000	5,031,188	10,546,188
2024 - 2028	6,870,000	3,644,572	10,514,572
2029 - 2033	8,000,000	1,854,717	9,854,717
2034 - 2038	3,845,000	307,808	4,152,808
Totals	\$ 35,684,892	\$ 23,902,932	\$ 59,587,824

Changes in General Long-Term Liabilities

Governmental Activities

	Beginning Balances June 30, 2007	Current Additions	Current Reductions	Ending Balance June 30, 2008	Due Within One Year
Capital leases	\$ 3,299,995.00	\$ 43,043.00	\$ 571,174.00	\$ 2,771,864.00	677,899.00
Net pension obligation	0.00	0.00	0.00	0.00	0.00
Claims and judgments	0.00	0.00	0.00	0.00	0.00
Compensated absences	2,111,737.64	235,710.75	0.00	2,347,448.39	0.00
Governmental activities					
Long-term liabilities	\$ 5,450,995.64	\$ 278,753.75	\$ 571,174.00	\$ 5,158,941.39	677,899.00

Blended Component Unit

	Beginning Balance June 30, 2007	Additions	Reductions	Ending Balance June 30, 2008
General Revenue Bonds				
1999 Series Bonds	292,956		292,956	0
2004A Series Bonds	9,475,000		230,000	9,245,000
2004B Series Bonds	8,710,000		170,000	8,540,000
2005 Series Bonds	9,670,000		185,000	9,485,000
2006 Series Bonds	5,300,000	0	70,000	5,230,000
2007 Series Bonds	\$ 3,184,892	\$ 0	\$ 0	3,184,892
Total bonds payable	\$ 36,632,848	\$ -	\$ 947,956	\$ 35,684,892

BERKELEY COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

G. Restricted Assets

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

	Governmental Activities	Blended Component Unit
Debt Service	\$ 0	\$ 3,645,617
E911 Fees, General County Fund, Fund #001	2,417,617	0
E911 Fees, Fund #019	505,891	0
Enhanced E-911 Equipment, Fund #037	125,068	0
Total restricted assets	\$ 3,048,576	\$ 3,645,617

V. Other Information

A. Supplemental Disclosure of Cash Flow Information

The Building Commission capitalized \$1,153,039 of interest expense, net of \$219,857 of interest income for the year ended June 30, 2008.

B. Leases in Financial Statements of Lessors

The County is the lessor of real property under an operating lease agreement with Shepherd University. The lease calls for the County to provide 29,714 square feet, consisting of the first floor of the Dunn Building. The lease was extended as of July 1, 2005 for the 5 year period ending June 30, 2010.

The separate cost and carrying amount of the leased property is not readily available and is included in land and building on the balance sheet.

Minimum future rentals to be received on non-cancelable leases as of June 30, 2008 for each of the next two years and in the aggregate are \$150,000 per year and \$300,000, respectively.

C. Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Smith Nadenboush Insurance Company from the State Board of Risk for umbrella general liability insurance for these various risks.

D. Contingent Liabilities

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

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

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

E. Deferred Compensation Plan

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

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

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

F. Other Post Employment Benefits

The government applies a percent of unused sick leave that the employee has accumulated as of their retirement date to apply to the premiums of their retirees until all of the retirees' sick leave is used for premiums. The retiree can then choose to pay 100 percent of the premium to continue coverage. The government's regular health care providers underwrite the retirees' policies. Retirees may not convert the benefit into an in -lieu payment to secure coverage under independent plans.

The government does not provide post retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County, however, employees who elect COBRA are covered under the County's self-insured health plan as all active employees and those retired employees who maintain County health plan coverage.

VI. Employee Retirement Systems and Plans

A.1 Plan Descriptions Contribution Information and Funding Policies

Public Employee Retirement System (PERS)

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

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

Eligibility to participate:	All full-time county employees, except Deputy Sheriff's who are covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
County's contribution rate	10.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of Living	No
Death	Yes

A.2 Trend Information

Public Employees' Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2008	\$ 1,007,740	100%
2007	\$ 899,744	100%
2006	\$ 763,427	100%

BERKELEY COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2008

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, Building 5, Room 1000, 1900 Kanawha Boulevard East, Charleston, WV 25305.

VI.B.1 Plan Descriptions Contribution Information and Funding Policies

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 contributions

Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 9.5%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature.

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.

VI.B.2. Trend Information

West Virginia Deputy Sheriff Retirement System (WVDRS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2008	\$ 440,678	100%
2007	\$ 388,893	100%
2006	\$ 316,916	100%

PERS and WVDRS issue a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, Building 5, Room 1000, 1900 Kanawha Boulevard East, Charleston, WV 25305.

BERKELEY COUNTY, WEST VIRGINIA
 BUDGETARY COMPARISON SCHEDULE -
 ASSESSOR'S VALUATION FUND
 For the Fiscal Year Ended June 30, 2008

	Budget Amounts		Actual	Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	Modified	Budget	Final Budget
			<u>Accrual Basis</u>	<u>Basis</u>	Positive (Negative)
Revenues:					
Other taxes	\$ 635,608.00	\$ 635,608.00	\$ 671,520.65	\$ 671,520.65	\$ 35,912.65
Intergovernmental:					
Map sales	100.00	100.00	116.00	116.00	16.00
Miscellaneous	0.00	0.00	500.00	0.00	500.00
Interest	<u>15,000.00</u>	<u>15,000.00</u>	<u>16,494.13</u>	<u>16,494.13</u>	<u>1,494.13</u>
Total revenues	<u>650,708.00</u>	<u>650,708.00</u>	<u>688,630.78</u>	<u>688,130.78</u>	<u>37,922.78</u>
Expenditures:					
General government	900,708.00	900,708.00	778,178.30	778,178.30	122,529.70
Capital outlay	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>0.00</u>
Total expenditures	<u>1,000,708.00</u>	<u>1,000,708.00</u>	<u>878,178.30</u>	<u>878,178.30</u>	<u>122,529.70</u>
Excess (deficiency) of revenues over (under) expenditures	(350,000.00)	(350,000.00)	(189,547.52)	160,452.48	160,452.48
Fund balance at beginning of year	<u>350,000.00</u>	<u>350,000.00</u>	<u>389,765.87</u>	<u>39,765.87</u>	<u>39,765.87</u>
Fund balance at end of year	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 200,218.35</u>	<u>\$ 200,218.35</u>	<u>\$ 200,218.35</u>

Lisa K. Thornburg, CPA

2514 Bedford Chapel Road
Milton, West Virginia 25541
(304) 743-8192

**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
Berkeley County Commission
Martinsburg, West Virginia 25401

We have audited the financial statements of the governmental activities, each major fund, the blended component unit, and the aggregate remaining fund information of Berkeley County, West Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 30, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These significant deficiencies are identified in the accompanying schedule of findings and responses as items 2008-01 through 2008-05.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-01 through 2008-05 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and County Officials and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Lisa K. Thornburg, CPA

December 30, 2009

**BERKELEY COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2008**

Cash on Hand in Sheriff's Tax Office
2008-01

CONDITION:

It was noted during the audit that the sheriff's tax office maintains some cash overpayments from taxpayers in the safe but no accurate listing is kept of the amounts on hand.

CRITERIA:

Proper internal controls require that all cash items be properly accounted for and recorded.

CAUSE:

The tax office did not have procedures in place to require that all overpayments be listed and accounted for.

EFFECT:

This increases the risk that cash assets could be misplaced or misappropriated.

RECOMMENDATION:

It is recommended that these tax overpayments be recorded and deposited with a list maintained of the amounts in case a taxpayer returns to claim their funds. In the alternative a listing should be made of these funds by date and amount and kept with the other items in the safe to be included in periodic cash counts.

**BERKELEY COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2008**

Committee Accounts Recordkeeping

2008-02

CONDITION:

It was noted during the audit that the Committee Accounts maintained by the sheriff's office do not provide adequate documentation for the funds received and disbursed for the committees. Specifically, it was noted that:

1. Some bank statements were missing.
2. Bank accounts were utilized that did not provide the cancelled checks or copies of the cancelled checks.
3. For the bank accounts that did provide the cancelled checks, some checks were missing from the records.
4. Checks were written to the "Berkeley County Sheriff" and deposited into the county's Tax Account.
5. Some individual committee's ledgers were not available.
6. No documentation was available to support some disbursements.
7. Some ledger entries did not agree with the payee on the check.
8. No documentation was available for checks written to provide spending cash for the individual committees.

CRITERIA:

Proper internal controls require that all bank accounts be reconciled with the ledgers, that adequate documentation be maintained to support all entries in the ledgers, only bank accounts which provide the cancelled checks or copies of cancelled checks should be utilized for public moneys, and all disbursements for spending cash for the committees should be made out to the committee or the facility caring for the committee.

CAUSE:

The sheriff's office did not have adequate procedures and controls in place to ensure that committee accounts are properly maintained and reconciled.

EFFECT:

This increases the risk that committee assets could be erroneously recorded or misappropriated.

RECOMMENDATION:

It is recommended that the items noted above be corrected and that all bank accounts provide cancelled checks or copies of cancelled checks. Supporting documentation should be maintained for each committee and the accounts should be reconciled each month. In addition, bank statements should have cut off dates at the end of the month in order to facilitate reconciliation with the ledgers. Another employee should review these monthly reconciliations and verify their accuracy.

**BERKELEY COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2008**

Reporting of Deposit Composition - Circuit Clerk
2008-03

CONDITION:

We noted that the combination of cash verses non-cash items, reported and deposited by the Office of the Circuit Clerk did not match in numerous instances.

CRITERIA:

Internal controls provided by accurate receipting practices which indicate the type of payment (i.e. cash, check, or money order) enhance the confirmation that items deposited match the items receipted.

CAUSE:

Controls are not in place to cause the accurate indication of the type of item receipted.

EFFECT:

The lack of consistent accuracy in receipting increases the risk that errors or irregularities in recording, processing, summarizing, and reporting financial data could occur and not be detected in a timely manner.

RECOMMENDATION:

The Office of the Circuit Clerk should take the steps required to regularly monitor and confirm that personnel who issue receipts are recording the proper information regarding the type of payment received.

MANAGEMENT'S RESPONSE: (unaudited)

The Circuit Clerk has advised that this issue will be addressed with the appropriate staff for the purpose of reporting correct information.

**BERKELEY COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2008**

Balances Due Third Parties - Circuit Clerk
2008-04

CONDITION:

We noted that while significant progress has been made, the Office of the Circuit Clerk does not have a detailed schedule of obligations to match the amount of money being held for third parties.

CRITERIA:

Proper reconciliation of financial obligations with funds available require that the identification of all amounts owed and the parties involved be matched to available funds at any point in time.

CAUSE:

Controls have not been in place to assure the regular and complete matching of third party obligations to available funds.

EFFECT:

The lack of a complete schedule of obligations and the reconciliation of those obligations to available funds increases the risk that errors or irregularities in recording, processing, summarizing, and reporting financial data could occur and not be detected in a timely manner.

RECOMMENDATION:

The Office of the Circuit Clerk should continue efforts to complete the reconciliation of obligations and available funds.

MANAGEMENT'S RESPONSE: (unaudited)

The Circuit Clerk has advised that she will cause a renewed effort toward the above described reconciliation by use of automated resources such as the automated report that lists collections that have not yet been distributed.

**BERKELEY COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2008**

Documentation for Expenditures

2008-05

CONDITION:

It was noted during the audit that adequate supporting documentation was not available for some county expenditures. Specifically, payment was made with only a county purchase order to support the purpose of the payment.

CRITERIA:

Proper internal controls require that disbursements be made upon properly approved prenumbered purchase orders with supporting invoices attached. In the case of transfers between funds or other expenditures where there are no invoices, the prenumbered purchase order should have a copy of the order of the county commission approving such transfer or other payment attached.

CAUSE:

The county did not follow their purchasing procedures in all cases.

EFFECT:

This increases the risk that improper payments could be made.

RECOMMENDATION:

It is recommended that all expenditures be made based on adequate supporting documentation and in compliance with the county's purchasing procedures.