

**AUDIT REPORT OF
CABELL COUNTY, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2006**

**AUDIT REPORT OF
CABELL COUNTY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

CABELL COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Special Ambulance Fund
CCEMS
CCERC (E 911)

NONMAJOR FUNDS

Special Revenue Funds

Dog and Kennel
General School
Magistrate Court
Worthless Check
Home Confinement
FEMA/DRCG Grant
FEMA Grant
FEMA Hazard Mitigation
BJA Grant Trust #3
FEMA DR 1455 WV Grant
Byrne FY05EBMJAGP Grant
Legislative Digest
Research Fee
Cabell Judicial Court
Women's Self Defense
Civil Defense
Medical Insurance
Senior Citizens
Fire & Economic Development
TTA (County)
Green Acres
Assessor's Valuation
Concealed Weapons
Day Reporting Center

Capital Project Funds

Capital Improvement

**CABELL COUNTY, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

PROPRIETARY FUND TYPES

ENTERPRISE FUND TYPE

Building Commission

FIDUCIARY FUND TYPE

Agency Funds

County Offices

State

School

Municipal

County Offices

Sale of Tax Lien

Delinquent Nonentered Lands

Health

Writ of Execution

Inmate Escrow

Retirement

Law Enforcement

**CABELL COUNTY, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Page</u>
Introductory Section	
County Officials.	1
Financial Section	
Independent Auditor's Report.	2
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets.	4
Statement of Activities.	6
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets.	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coal Severance Tax Fund.	19
Statement of Net Assets - Proprietary Funds.	20
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.	21
Statement of Cash Flows - Proprietary Funds.	22
Statement of Fiduciary Net Assets - Fiduciary Funds.	23
<i>Notes to the Financial Statements.</i>	24

**CABELL COUNTY, WEST VIRGINIA
TABLE OF CONTENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Supplementary Information	<u>Page</u>
Budgetary Comparison Schedule - Assessor's Valuation Fund	45
 Accompanying Information	
<i>Single Audit Reporting Package</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>	46
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedule of Expenditures of Federal Awards.	48
Schedule of Expenditures of Federal Awards.	50
Notes to the Schedule of Expenditures of Federal Awards.	52
Schedule of Findings and Questioned Costs.	53
Summary Schedule of Prior Audit Findings.	58

INTRODUCTORY SECTION

**CABELL COUNTY, WEST VIRGINIA
COUNTY OFFICIALS
For the Fiscal Year Ended June 30, 2006**

OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Robert L. Bailey, Jr.	01/01/01 - 12/31/06
	Nancy Cartmill	01/01/03 - 12/31/08
	Scott Bias	01/01/05 - 12/31/10
Clerk of the County Commission:	Karen S. Cole	01/01/05 - 12/31/10
Clerk of the Circuit Court:	Adelle Chandler	01/01/05 - 12/31/10
Sheriff:	Kim Wolfe	01/01/05 - 12/31/08
Prosecuting Attorney:	Christopher D. Chiles	01/01/05 - 12/31/08
Assessor:	Ottie Adkins	01/01/05 - 12/31/08

FINANCIAL SECTION



State of West Virginia

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

Telephone: (304) 558-2251
FAX: (304) 558-5200
www.wvsao.gov

Glen B. Gainer III
State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Cabell County Commission
Huntington, West Virginia 25701

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cabell County, West Virginia (the County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

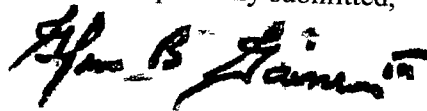
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cabell County, West Virginia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2007 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, 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,



Glen B. Gainer, III
West Virginia State Auditor

February 22, 2007

CABELL COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2006

ASSETS	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 10,164,259	\$ 1,348	\$ 10,165,607
Receivables:			
Taxes	461,093	--	461,093
Accounts	5,225,141	--	5,225,141
Grants	31,730	--	31,730
Other fees	582,990	--	582,990
Prepaid expenses	304,099	--	304,099
Restricted assets:			
Cash and cash equivalents	302,039	--	302,039
Capital assets:			
Land	1,239,132	--	1,239,132
Buildings	1,578,490	--	1,578,490
Building improvements	144,400	--	144,400
Machinery and equipment	5,334,700	--	5,334,700
Construction in progress	186,105	--	186,105
Less: accumulated depreciation	<u>(4,309,346)</u>	<u>--</u>	<u>(4,309,346)</u>
Total assets	<u><u>\$ 21,244,832</u></u>	<u><u>\$ 1,348</u></u>	<u><u>\$ 21,246,180</u></u>
LIABILITIES			
Current liabilities payable			
from current assets:			
Accounts payable	\$ 1,506,595	\$ --	\$ 1,506,595
Payroll payable	236,792	--	236,792
Compensated absences payable	33,318	--	33,318
Noncurrent liabilities:			
Notes payable-due within one year	95,212	--	95,212
Notes payable-due in more than one year	331,182	--	331,182
Leases payable-due within one year	117,699	--	117,699
Leases payable-due more than one year	137,617	--	137,617
Compensated absences payable	<u>471,721</u>	<u>--</u>	<u>471,721</u>
Total liabilities	<u><u>2,930,136</u></u>	<u><u>--</u></u>	<u><u>2,930,136</u></u>

CABELL COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
NET ASSETS			
Invested in capital assets (net of related debt)	\$ 3,491,771	\$ --	\$ 3,491,771
Restricted for:			
Grant expenditures	302,039	--	302,039
Unrestricted	<u>14,520,886</u>	<u>1,348</u>	<u>14,522,234</u>
Total net assets	<u>18,314,696</u>	<u>1,348</u>	<u>18,316,044</u>
Total liabilities and net assets	<u>\$ 21,244,832</u>	<u>\$ 1,348</u>	<u>\$ 21,246,180</u>

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

**CABELL COUNTY, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006**

Functions / Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 10,708,630	\$ 1,218,527	\$ 552,044	\$ 442,473	\$ (8,495,586)	\$ --	\$ (8,495,586)
Public safety	11,770,740	5,880,974	--	--	(5,889,766)	--	(5,889,766)
Health and sanitation	30,161	--	--	--	(30,161)	--	(30,161)
Culture and recreation	1,885,753	21,920	--	--	(1,863,833)	--	(1,863,833)
Social services	154,438	513	--	--	(153,925)	--	(153,925)
Total governmental activities	24,549,722	7,121,934	552,044	442,473	(16,433,271)	--	(16,433,271)
Business type activities:							
Building Commission	--	--	--	--	--	--	--
Total government	\$ 24,549,722	\$ 7,121,934	\$ 552,044	\$ 442,473	\$ (16,433,271)	\$ --	\$ (16,433,271)
General revenues:							
Ad valorem property taxes					17,275,831	--	17,275,831
Alcoholic beverages tax					11,876	--	11,876
Hotel occupancy tax					298,785	--	298,785
Animal tax					16,701	--	16,701
Gas and oil severance tax					65,807	--	65,807
Other taxes					591,601	--	591,601
Coal severance tax					147,278	--	147,278
Licenses and permits					71,047	--	71,047
Unrestricted investment earnings					403,889	48	403,937
Refunds					187,409	--	187,409
Reimbursement					13,069	--	13,069
Gain on sale of capital assets					8,981	--	8,981
Miscellaneous					879,208	--	879,208
Total general revenues and transfers					19,971,482	48	19,971,530
Change in net assets					3,538,211	48	3,538,259
Net assets - beginning					14,776,485	1,300	14,777,785
Net assets - ending					\$ 18,314,696	\$ 1,348	\$ 18,316,044

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

CABELL COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2006

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Special Ambulance</u>	<u>CCEMS</u>
ASSETS				
Current:				
Cash and cash equivalents	\$ 2,834,229	\$ 189,174	\$ 2,683,663	\$ 303,480
Receivables:				
Taxes	--	--	--	246,566
Accounts	1,259,345	--	3,965,796	--
Grants	29,230	--	--	--
Other fees	212,229	--	--	2,439
Prepaid expenses	215,657	--	--	80,561
	<u>4,550,690</u>	<u>189,174</u>	<u>6,649,459</u>	<u>633,046</u>
Total assets	<u>\$ 4,550,690</u>	<u>\$ 189,174</u>	<u>\$ 6,649,459</u>	<u>\$ 633,046</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,337,127	\$ --	\$ --	\$ 29,645
Payroll payable	74,126	--	--	147,527
Deferred revenues:				
Taxes	955,839	--	--	188,473
Other deferred revenue	21,960	--	3,891,920	--
	<u>2,389,052</u>	<u>--</u>	<u>3,891,920</u>	<u>365,645</u>
Total liabilities	<u>2,389,052</u>	<u>--</u>	<u>3,891,920</u>	<u>365,645</u>
 Fund balances:				
Reserved for:				
Encumbrances	1,023,706	--	--	--
Unreserved, reported in:				
General fund	1,137,932	--	--	--
Special revenue funds	--	189,174	2,757,539	267,401
Capital projects funds	--	--	--	--
	<u>2,161,638</u>	<u>189,174</u>	<u>2,757,539</u>	<u>267,401</u>
Total fund balances	<u>2,161,638</u>	<u>189,174</u>	<u>2,757,539</u>	<u>267,401</u>
Total liabilities and fund balances	<u>\$ 4,550,690</u>	<u>\$ 189,174</u>	<u>\$ 6,649,459</u>	<u>\$ 633,046</u>

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

E-911 (CCERC)	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,048,044	\$ 2,407,708	\$ 10,466,298
--	214,527	461,093
--	--	5,225,141
--	2,500	31,730
337,441	30,881	582,990
<u>6,727</u>	<u>1,154</u>	<u>304,099</u>
<u>\$ 2,392,212</u>	<u>\$ 2,656,770</u>	<u>\$ 17,071,351</u>
\$ 31,085	\$ 108,738	\$ 1,506,595
10,917	4,222	236,792
--	189,711	1,334,023
<u>--</u>	<u>--</u>	<u>3,913,880</u>
<u>42,002</u>	<u>302,671</u>	<u>6,991,290</u>
--	18,835	1,042,541
--	--	1,137,932
2,350,210	1,989,666	7,553,990
<u>--</u>	<u>345,598</u>	<u>345,598</u>
<u>2,350,210</u>	<u>2,354,099</u>	<u>10,080,061</u>
<u>\$ 2,392,212</u>	<u>\$ 2,656,770</u>	<u>\$ 17,071,351</u>

CABELL COUNTY, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total fund balances on the governmental fund's balance sheet	\$ 10,080,061
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	4,173,481
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds.	5,247,903
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note II-A)	<u>(1,186,749)</u>
Net assets of governmental activities	<u><u>\$ 18,314,696</u></u>

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

CABELL COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

↓
REIMB.
Special
↓
LEVY
CCEMS

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Ambulance</u>	<u>CCEMS</u>
REVENUES				
Taxes:				
Ad valorem property taxes	\$ 12,657,763	\$ --	\$ --	\$ 2,664,965
Alcoholic beverages tax	11,876	--	--	--
Hotel occupancy tax	298,785	--	--	--
Animal tax	--	--	--	--
Gas and oil severance tax	65,807	--	--	--
Other taxes	591,601	--	--	--
Coal severance tax	--	147,278	--	--
Licenses and permits	20,432	--	--	--
Intergovernmental:				
Federal	341,079	--	--	--
State	135,608	--	--	--
Local	6,500	--	--	--
Charges for services	1,013,044	--	2,492,978	56,497
Fines and forfeits	--	--	--	--
Interest and investment earnings	126,236	465	112,973	17,476
Refunds	187,409	--	--	--
Reimbursements	--	--	615	11,264
Payments in lieu of taxes	3,259	--	--	--
Contributions and donations	--	--	--	--
Miscellaneous	222,615	--	1,810	5,023
Total revenues	15,682,014	147,743	2,608,376	2,755,225
EXPENDITURES				
Current:				
General government	6,464,558	2,596	--	--
Public safety	5,478,663	57,000	630,121	4,106,744
Health and sanitation	30,161	--	--	--
Culture and recreation	1,885,753	--	--	--
Social services	--	--	--	--
Total expenditures	13,859,135	59,596	630,121	4,106,744
Excess (deficiency) of revenues over (under) expenditures	1,822,879	88,147	1,978,255	(1,351,519)

E-911 (CCERC)	Other nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ --	\$ 2,244,272	\$ 17,567,000
--	--	11,876
--	--	298,785
--	16,701	16,701
--	--	65,807
--	--	591,601
--	--	147,278
--	50,615	71,047
--	442,473	783,552
--	65,598	201,206
--	--	6,500
2,190,252	424,842	6,177,613
--	248,619	248,619
59,995	86,744	403,889
--	--	187,409
451	739	13,069
--	--	3,259
--	649,207	649,207
553	--	230,001
<u>2,251,251</u>	<u>4,229,810</u>	<u>27,674,419</u>
--	4,682,553	11,149,707
1,314,465	631,174	12,218,167
--	--	30,161
--	--	1,885,753
--	154,438	154,438
<u>1,314,465</u>	<u>5,468,165</u>	<u>25,438,226</u>
936,786	(1,238,355)	2,236,193

**CABELL COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006**

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Special Ambulance</u>	<u>CCEMS</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 507,907	\$ --	\$ --	\$ 1,900,000
Transfers (out)	(1,199,760)	--	(1,900,000)	(563,197)
Proceeds from the sale of assets	3,407	--	--	--
Capital leases	23,760	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(664,686)	--	(1,900,000)	1,336,803
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	1,158,193	88,147	78,255	(14,716)
Fund balances - beginning	1,003,445	101,027	2,679,284	282,117
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	<u>\$ 2,161,638</u>	<u>\$ 189,174</u>	<u>\$ 2,757,539</u>	<u>\$ 267,401</u>

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

E-911 (CCERC)	Other nonmajor Governmental Funds	Total Governmental Funds
\$ 37,508	\$ 1,953,892	\$ 4,399,307
(154,537)	(581,813)	(4,399,307)
--	--	3,407
--	--	23,760
(117,029)	1,372,079	27,167
819,757	133,724	2,263,360
1,530,453	2,220,375	7,816,701
\$ 2,350,210	\$ 2,354,099	\$ 10,080,061

CABELL COUNTY, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds	\$ 2,263,360
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note II-B)	851,401
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (Note II-B)	8,981
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(3,407)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred revenues.	404,533
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II-B)	91,212
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note II-B)	(77,869)
Change in net assets of governmental activities	\$ <u><u>3,538,211</u></u>

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

CABELL COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		Actual Modified <u>Accrual Basis</u>	Adjustments Budget <u>Basis</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Ad valorem property taxes	\$ 11,375,307	\$ 12,132,555	\$ 12,657,763	\$ 1,834
Alcoholic beverages tax	1,400	1,400	11,876	3,581
Hotel occupancy tax	250,000	310,000	298,785	3,277
Gas and oil severance tax	13,000	13,000	65,807	--
Other taxes	442,100	442,100	591,601	(8,961)
Licenses and permits	20,000	20,000	20,432	--
Intergovernmental:				
Federal	200,000	200,000	341,079	99,043
State	100,000	225,000	135,608	(7,469)
Local	--	6,500	6,500	--
Charges for services	932,166	940,166	1,013,044	11,545
Interest and investment earnings	57,500	57,500	126,236	--
Refunds	38,000	92,279	187,409	(6,735)
Payments in lieu of taxes	4,000	4,000	3,259	--
Miscellaneous	172,680	172,680	222,615	--
Total revenues	<u>13,606,153</u>	<u>14,617,180</u>	<u>15,682,014</u>	<u>96,115</u>
EXPENDITURES				
Current:				
General government	6,977,011	7,421,807	6,464,558	66,147
Public safety	3,941,996	5,988,960	5,478,663	(524,707)
Health and sanitation	34,000	34,000	30,161	(2,078)
Culture and recreation	1,737,480	1,901,076	1,885,753	(6,361)
Total expenditures	<u>12,690,487</u>	<u>15,345,843</u>	<u>13,859,135</u>	<u>(466,999)</u>
Excess (deficiency) of revenues over (under) expenditures	915,666	(728,663)	1,822,879	563,114

Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
\$ 12,659,597	\$ 527,042
15,457	14,057
302,062	(7,938)
65,807	52,807
582,640	140,540
20,432	432
440,122	240,122
128,139	(96,861)
6,500	--
1,024,589	84,423
126,236	68,736
180,674	88,395
3,259	(741)
222,615	49,935
<u>15,778,129</u>	<u>1,160,949</u>
6,530,705	891,102
4,953,956	1,035,004
28,083	5,917
<u>1,879,392</u>	<u>21,684</u>
<u>13,392,136</u>	<u>1,953,707</u>
2,385,993	3,114,656

CABELL COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		Actual Modified <u>Accrual Basis</u>	Adjustments Budget <u>Basis</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 620,006	\$ 624,206	\$ 507,907	\$ (127)
Transfers (out)	(1,251,769)	(1,251,769)	(1,199,760)	--
Proceeds from the sale of assets	--	--	3,407	--
Capital leases	--	--	23,760	(23,760)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>(631,763)</u>	<u>(627,563)</u>	<u>(664,686)</u>	<u>(23,887)</u>
Net change in fund balance	283,903	(1,356,226)	1,158,193	539,227
Fund balances - beginning	<u>(283,903)</u>	<u>1,356,226</u>	<u>1,003,445</u>	<u>352,781</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,161,638</u>	<u>\$ 892,008</u>

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

Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
\$ 507,780	\$ (116,426)
(1,199,760)	52,009
3,407	3,407
<u> --</u>	<u> --</u>
<u>(688,573)</u>	<u>(61,010)</u>
1,697,420	3,053,646
<u>1,356,226</u>	<u> --</u>
<u>\$ 3,053,646</u>	<u>\$ 3,053,646</u>

CABELL 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, 2006

	<u>Budgeted Amounts</u>		Actual Amounts <u>Budget</u> <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Coal severance tax	\$ 80,000	\$ 80,000	\$ 147,278	\$ 67,278
Interest and investment earnings	--	--	465	465
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>147,743</u>	<u>67,743</u>
EXPENDITURES				
Current:				
General government	4,000	105,027	2,596	102,431
Public safety	76,000	76,000	57,000	19,000
Total expenditures	<u>80,000</u>	<u>181,027</u>	<u>59,596</u>	<u>121,431</u>
Net change in fund balance	--	(101,027)	88,147	189,174
Fund balances - beginning	--	101,027	101,027	--
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 189,174</u>	<u>\$ 189,174</u>

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

CABELL COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2006

	Business-type Activities Enterprise Fund
	Cabell County Building <u>Commission</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ <u>1,348</u>
Total assets	\$ <u><u>1,348</u></u>
NET ASSETS	
Unrestricted	<u>1,348</u>
Total net assets	\$ <u><u>1,348</u></u>

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

**CABELL COUNTY, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2006**

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Cabell County</u> <u>Building</u> <u>Commission</u>
Nonoperating revenues (expenses):	
Interest revenue	\$ <u>48</u>
Total nonoperating revenues (expenses)	<u>48</u>
Change in net assets	48
Net assets at beginning of year	<u>1,300</u>
Net assets at end of year	<u>\$ <u>1,348</u></u>

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

CABELL COUNTY, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2006

	Business-type Activities <u>Enterprise Fund</u> Cabell County Building <u>Commission</u>
Cash flows from investing activities:	
Interest received	\$ <u>48</u>
Net cash provided (used) by investing activities	<u>48</u>
Net increase (decrease) in cash and cash equivalents	48
Cash and cash equivalents, July 1, 2005 (including \$0 in restricted accounts)	<u>1,300</u>
Cash and cash equivalents, June 30, 2006 (including \$0 in restricted accounts)	<u><u>\$ 1,348</u></u>

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

**CABELL COUNTY, WEST VIRGINIA
 STATEMENT OF FIDUCIARY NET ASSETS -
 FIDUCIARY FUNDS
 June 30, 2006**

ASSETS	<u>Agency Funds</u>
Non-pooled cash	\$ <u>5,432,172</u>
Total assets	\$ <u><u>5,432,172</u></u>
 LIABILITIES	
Due to: other governments	<u>5,432,172</u>
Total liabilities	\$ <u><u>5,432,172</u></u>

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

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Cabell 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 GAAP criteria for component units. These entities are blended with the primary government because they provide services entirely or almost entirely to the County.

The Cabell County Building Commission serves Cabell County, West Virginia, and is governed by a board comprised of five 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, although there has been none of this activity in the past year.

**CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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

Cabell County Board of Health, Cabell-Huntington Convention and Visitors' Bureau, Cabell County Solid Waste Authority, Consolidated Communications Emergency Board, Cabell / Wayne Port Authority, Cabell County Deputy Sheriff Civil Service Commission, KYOVA Interstate Planning Commission, Pretera Center for Mental Health, Southwestern community Action Council, Tri-State Airport Authority, Tri-State Transit Authority, Appalachian Emergency Medical Services, Cabell County Airport Authority, Cabell County Commission on Crime, Delinquency, and Corrections, Cabell County Community Services Organizations, Cabell County Extension Service committee, Cabell County Historic Landmarks Commission, Cabell County Planning Commissions, Culloden Public Serviced District, Pea Ridge Public Service District, Salt Rock Sewer Public Service District, Cabell County Public Library, Cabell Huntington Hospital, Cabell County Development Authority, Cabell County Community Criminal Justice Board, Huntington Area Development Council, LEO-Workforce Investment Board, Cabell-Huntington-Wayne Housing Consortium Board, Salt Rock Water Public Service District, Region II Planning and Development Council, and the Public Defender's Board.

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 its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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.

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The *Cabell County Emergency Medical Services Fund (CCEMS)*, a special revenue fund, accounts for the revenues and expenditures of the County's emergency medical service program. It receives property tax revenue from Cabell County's Excess Levy, plus it receives transfers as needed from the *Special Ambulance Fund* (which in turn receives the fees generated by CCEMS's ambulance service).

**CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

The *Special Ambulance Fund*, a special revenue fund, is a fund set up to receive all ambulance fees that are generated by CCEMS's ambulance service. Transfers are made from it to CCEMS as needed to cover the expenditures of the CCEMS program.

The *CCERC (E-911) Fund*, a special revenue fund, accounts for the revenues and expenditures of the County's emergency dispatch service. Its main source of revenue is the small tariff fee included in all monthly Verizon telephone bills for eligible subscribers for the use of E-911 services.

The government reports the following major proprietary funds:

The *Building Commission Fund* consists of facilities that provide facilities to the public. The legally separate entity leases these facilities to the primary government in accordance to lease agreements. 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 Cabell County, West Virginia holds for others in an agency capacity.

Cabell 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 Cabell County Building Commission is rental fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Cabell 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.

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 the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation, nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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." 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

The property tax receivable is equal to 22 percent of the property taxes outstanding at June 30, 2006.

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.

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2006 were as follows:

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy #1</u>	<u>Excess Levy #2</u>
Class I	1,498,298	14.3 cents	6.25 cents	0.54 cents
Class II	993,507,356	28.6 cents	12.5 cents	1.08 cents
Class III	596,833,467	57.2 cents	25 cents	2.16 cents
Class IV	899,270,191	57.2 cents	25 cents	2.16 cents

Cabell County, West Virginia held a special election on May 14, 2002. The County was authorized to lay an excess levy to provide approximately \$4,297,191 annually during the next three fiscal years ended June 30, 2005 through June 30, 2007, for the purpose of providing funding for operational and maintenance expenses for the following agencies: Cabell County Emergency Medical Services, Cabell-Huntington Health Dept, Green Acres Regional Center, Inc., Cabell County Senior Citizens Projects and Programs, and Tri-State Transit Authority

Cabell County, West Virginia also held a special election on May 11, 2004. The County was authorized to lay an excess levy to provide approximately \$371,277 annually during the next three fiscal years ended June 30, 2005 through June 30, 2007, for the purpose of providing funding for Fire Protection Service, Firefighter Training and Economic Development. A total of 73% of the revenue generated shall be divided equally among the county's eight fire departments and fire training academy. The remaining 27% shall be utilized by the County Commission for the purposes of economic development.

3. Inventories and Prepaid Items

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

The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Certain assets of the FEMA Grant, the FEMA / DRCG Grant, the FEMA Hazard Mitigation Grant, the FEMA DR 1455 WV Grant, and the Byrne FY05 EBMJAGP Grant, all special revenue funds are classified as restricted assets because their use is restricted by their grant agreements.

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

5. Capital Assets and Depreciation

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

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

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

<u>Asset</u>	<u>Straight-line Years</u>	<u>Inventory Purposes</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	\$ 1	\$ Capitalize only
Land improvement	not applicable	1	Capitalize only
Building	40 years	1	50,000.00
Building improvements	20 to 25 years	1	50,000.00
Construction in progress	not applicable	1	Capitalize only
Equipment (except as noted below)	5 to 10 years	1,000	5,000.00
Outdoor Equipment	20 years	1,000	5,000.00
Custodial Equipment	12 years	1,000	5,000.00
Grounds Equipment	15 years	1,000	5,000.00
Vehicles (except as noted below)	5 to 10 years	1,000	5,000.00
Fire Truck	15 years	1,000	5,000.00
Infrastructure (except as noted below)	40 to 50 years	50,000	250,000.00
Land fill Disposal Systems	25 years	50,000	250,000.00
Sewerage treatment plants	25 years	50,000	250,000.00

6. Compensated Absences

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

**CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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.

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.

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

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$1,186,749) difference are as follows:

Capital leases payable	\$ (255,316)
Compensated absences	(505,039)
Notes payable	<u>(426,394)</u>
 Net adjustment to decrease fund balance- total governmental funds to arrive at net assets-governmental activities	 <u><u>\$ (1,186,749)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation for the current period". The details of the \$851,401 difference are as follows:

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Capital outlays	\$ 1,599,881
Depreciation expense	<u>(748,480)</u>
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 851,401</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets". The details of this \$8,981 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.	
	<u>\$ 8,981</u>
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 8,981</u>

Another element of that reconciliation states that "The issuance of long-term debt (i.e. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$91,212 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (23,760)
Notes payable	(265,671)
Principal repayments:	
Notes payable	263,470
Capital lease financing	<u>117,173</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 91,212</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds". The details of this (\$77,869) difference are as follows:

Compensated absences	\$ <u>(77,869)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (77,869)</u>

**CABELL COUNTY, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2006**

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.

Cabell County, West Virginia prepares its budget on the "modified cash plus encumbrances" basis of accounting, with monthly accruals being made for 60-day estimates of property tax and for payroll expenses. Since additional accruals are normally made for the modified accrual basis a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund.

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

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

<u>Description</u>	<u>Amount</u>
General Government Expenditure Increase	\$ 444,796
Public Safety Expenditure Increase	2,046,964
Culture and Recreation Expenditure Increase	<u>163,596</u>
 Total	 \$ <u>2,655,356</u>

(Revenue was also increased by an equivalent amount.)

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

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

At year end, the primary government's and fiduciary funds bank balances were \$15,899,818. The bank balance was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

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

Cash and cash equivalents	\$ 15,899,818
Total	<u>\$ 15,899,818</u>
Cash and cash equivalents	\$ 10,165,607
Cash and cash equivalents-restricted governmental activities	\$ 302,039
Cash and cash equivalents-restricted	5,432,172
Total	<u>\$ 15,899,818</u>

B. Receivables

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

Receivables:	Taxes	Accounts	Grants	Other Fees, etc	Total
General County	\$ 1,259,345	\$ -	\$ 29,230	\$ 212,229	\$ 1,500,804
Special Ambulance	-	3,965,796	-	-	3,965,796
CCERC (E-911)	-	-	-	337,441	337,441
CCEMS	246,566	-	-	2,439	249,005
JP Fines Fund (General School)	-	-	-	23,733	23,733
Magistrate Court	-	-	-	5,598	5,598
Worthless Check	-	-	-	1,550	1,550
Legislative Digest	-	-	2,500	-	2,500
Senior Citizens	17,637	-	-	-	17,637
Fire & Economic Levy	33,747	-	-	-	33,747
TTA (County)	105,823	-	-	-	105,823
Green Acres	57,321	-	-	-	57,321
	<u>\$ 1,720,439</u>	<u>\$ 3,965,796</u>	<u>\$ 31,730</u>	<u>\$ 582,990</u>	<u>\$ 6,300,955</u>
Gross Receivables					

(No allowances for uncollectible receivables have been calculated)

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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

	Unavailable
Grants receivable not received within 60-day period (General Fund)	\$ 21,960
Delinquent property taxes receivable (General Fund)	955,839
Delinquent property taxes receivable (CCEMS Fund)	188,473
Delinquent property taxes receivable (Senior Citizens Fund)	13,776
Delinquent property taxes receivable (Fire & Economic Development Levy Fund)	31,951
Delinquent property taxes receivable (TTA(County) Fund)	93,395
Delinquent property taxes receivable (Green Acres Fund)	50,589
Delinquent property taxes receivable (Special Ambulance Fund)	3,891,920
Total deferred revenue for governmental funds	\$ 5,247,903

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 801,644	\$ 437,488	\$ -	\$ 1,239,132
Construction in progress	-	186,105	-	186,105
Total capital assets not being depreciated	801,644	623,593	-	1,425,237
Capital assets being depreciated:				
Buildings and improvements	1,578,490	144,400	-	1,722,890
Machinery and equipment	5,494,559	831,888	(991,747)	5,334,700
Less: Total accumulated depreciation	(4,558,187)	(748,480)	997,321	(4,309,346)
Total capital assets being depreciated, net	2,514,862	227,808	5,574	2,748,244
Governmental activities capital assets, net	\$ 3,316,506	\$ 851,401	\$ 5,574	\$ 4,173,481

**CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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

Governmental activities:	
General government	\$ 291,262
Public safety	457,218
	<hr/>
Total depreciation expense-governmental activities	\$ 748,480
	<hr/> <hr/>

Construction in Progress

The government has active construction projects as of June 30, 2006. The projects include a new Ambulance Station on Norway Avenue in Huntington, WV. At year end the amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Funded</u>	<u>Spent-to Date</u>
Ambulance Station	CCEMS and Special Ambulance Funds	\$ 186,105
		<hr/>
		\$ 186,105
		<hr/> <hr/>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006 is as follows:

Interfund Transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General County Fund	Medical Insurance Fund	To cover medical expenditures	\$ 1,162,252
CCERC (E-911) Fund	Medical Insurance Fund	To cover medical expenditures	154,537
CCEMS Fund	Medical Insurance Fund	To cover medical expenditures	563,197
Assessor's Valuation Fund	Medical Insurance Fund	To cover medical expenditures	73,370
Research Fee Fund	General County Fund	To close out fund	1,792
JP Fine Fund	General County Fund	To make annual remittance	302,241
Magistrate Court Fund	General County Fund	To make annual remittance	68,392
Worthless Check Fund	General County Fund	To make annual remittance	31,270
BJA Grant Trust #3	General County Fund	To close out fund	536
Special Ambulance Fund	CCEMS Fund	To cover operating expenditures	1,900,000
General County Fund	CCERC (E-911) Fund	To cover payroll expenditures	37,508
Home Confinement Fund	General County Fund	To cover payroll expenditures	104,212
			<hr/>
Total			\$ 4,399,307
			<hr/> <hr/>

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the office equipment and public safety equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date. Notes payable include the acquisition of electronic voting equipment with a stated interest rate of 4.5% that expires in 2008, which have an option-out clause. This was acquired through funds which were made available through the State of

The assets acquired through capital leases are as follows:

<u>Assets:</u>	<u>Governmental Activities</u>
Machinery, equipment and vehicles	\$ 590,112
Less: accumulated depreciation	<u>(348,127)</u>
Total	<u>\$ 241,985</u>

The future minimum lease obligations and the net present value of these minimum lease payments and the debt service requirements to maturity for notes payable as of June 30, 2006 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities Capital Leases</u>	<u>Governmental Activities Notes payable</u>
2007	\$ 123,357	\$ 99,679
2008	98,291	93,020
2009	42,331	53,136
2010	-	53,136
2011	-	53,136
2012 - 2016	<u>-</u>	<u>79,695</u>
Total minimum lease payments	263,979	431,802
Less: amount representing interest	<u>(8,663)</u>	<u>(5,408)</u>
Present value of minimum lease payments	<u>\$ 255,316</u>	<u>\$ 426,394</u>

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

F. Long-Term Debt

Changes in Long-Term Liabilities

	Governmental Activities				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 348,728	\$ 23,760	\$ (117,172)	\$ 255,316	\$ 117,699
Notes payable	424,195	265,671	(263,472)	426,394	95,213
Compensated absences	427,169	505,039	(427,169)	505,039	33,318
Total bonds payable	\$ <u>1,200,092</u>	\$ <u>794,470</u>	\$ <u>(807,813)</u>	\$ <u>1,186,749</u>	\$ <u>246,230</u>

G. Restricted Assets

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

	<u>Governmental Activities</u>
Grant restrictions	\$ <u>302,039</u>
Total restricted assets	\$ <u><u>302,039</u></u>

V. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Scottsdale Insurance Company for umbrella (general liability) insurance for these various risks with payments made to their agent Acordia Insurance Company.

The County pays the BrickStreet Mutual Insurance Company a premium based on a rate per \$100 of salaries for Workers' Compensation coverage. The rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

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

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

B. 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.

C. Deferred Compensation Plan

The government offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457 and two created in accordance with Internal revenue Section 403 (b). The plans, 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.

D. Other Post-employment Benefits

In addition to the pension benefits described in Note VI, the government provides post retirement health benefits for certain retirees and their dependents. The benefits vary depending on the years of service and sick leave accumulated by the retiree and if they and (if applicable) their spouse are eligible for Medicare.

For those employees who choose this option, the government applies 100% 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. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The formula that is used is two days of sick leave equal one month of single coverage and three days of sick leave equal three days of sick leave equal one month of family coverage for those employees who were hired before July 1, 1988; for those who were hired July 1, 1988 through June 30, 2001, the formula is half of this amount, and for those hired July 1, 2001 or later, their only option available is to use their sick leave for additional credit on their pension.

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Employees eligible for the insurance benefit may still choose between it and having their sick leave applied toward an increase in their pension. The formula that is used for this benefit is ten days of sick leave entitle the retiree to credit for one additional month of service.

Other than the above, the government does not provide post employment 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.

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VIA.1 Plan Descriptions Contribution Information and Funding Policies

Public Employees Retirement System

Eligibility to participate	All county full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	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 Benefits	Yes

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

West Virginia Deputy Sheriff Retirement System (WVDRS)

Eligibility to participate	West Virginia Deputy sheriffs first employed after the effective date and any deputy sheriffs hired prior to the effective date who elect to become members.
Authority establishing contribution obligations and benefit provisions	State Statute
Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 10.5%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature. The government's contribution to WVDRS for the current fiscal year ending was \$105,986 for employees' share and \$130,928 for employer's share.
Period required to vest	Five years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equal the annual retirement benefit.
Deferred retirement option	No deferred retirement option is available.
Provisions for cost of living adjustments or death benefits	This plan has no provisions for cost of living adjustments. There are provisions for death benefits.
Annual pension cost and amount contributed:	For the current fiscal year ended, the annual cost was \$236,914 for all covered employees with a contributed percentage of 100%.

**CABELL COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

VI.B.2. Trend Information

<u>Fiscal Year</u>	<u>Public Employees' Retirement System (PERS)</u>		<u>West Virginia Deputy Sheriff Retirement System (WVDRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2006	\$ 1,063,428	100%	\$ 236,914	100%
2005	\$ 1,032,266	100%	\$ 231,229	100%
2004	\$ 1,055,433	100%	\$ 203,530	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.

SUPPLEMENTARY INFORMATION

**CABELL COUNTY, WEST VIRGINIA
BUDGETARY COMPARISON SCHEDULE -
ASSESSOR'S VALUATION FUND
For the Fiscal Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 599,021	\$ 599,021	\$ 649,207	\$ 50,186
Map sales	2,000	2,000	7,382	5,382
Miscellaneous	-	-	100	100
Interest	1,000	1,000	6,256	5,256
	<u>602,021</u>	<u>602,021</u>	<u>662,945</u>	<u>60,924</u>
Total revenues				
Expenditures:				
General government	609,021	677,018	517,044	159,974
Capital outlay	3,000	3,000	1,035	1,965
	<u>612,021</u>	<u>680,018</u>	<u>518,079</u>	<u>161,939</u>
Total expenditures				
Net change in fund balance	(10,000)	(77,997)	144,866	222,863
Fund balance at beginning of year	<u>10,000</u>	<u>77,997</u>	<u>77,997</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,863</u>	<u>\$ 222,863</u>

ACCOMPANYING INFORMATION



State of West Virginia

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

Telephone: (304) 558-2251
FAX: (304) 558-5200
www.wvsao.gov

Glen B. Gainer III
State Auditor

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
Cabell County Commission
Huntington, West Virginia 25701

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cabell County, West Virginia (the County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon, dated February 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1.

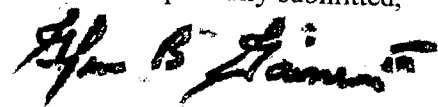
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-2 and 2006-3.

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

Respectfully submitted,



Glen B. Gainer, III
West Virginia State Auditor

February 22, 2007



State of West Virginia

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

Telephone: (304) 558-2251
FAX: (304) 558-5200
www.wvsao.gov

Glen B. Gainer III
State Auditor

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A- 133 AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable Members of the
Cabell County Commission
Huntington, West Virginia 25701

Compliance

We have audited the compliance of Cabell County, West Virginia (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

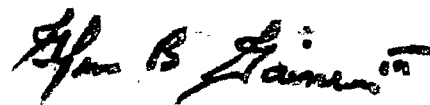
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cabell County, West Virginia as of and for the year ended June 30, 2006, and have issued our report thereon dated February 22, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

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

Respectfully submitted,



Glen B. Gainer, III
West Virginia State Auditor

February 22, 2007

**CABELL COUNTY, WEST VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2006**

	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
U. S. Department of Justice		
Direct Programs:		
<u>Program Title</u>		
Local Law Enforcement Block Grant Program	16.592	\$ 3,181
Edward Byrne Memorial Justice Assistance Grant Program	16.738	33,345
Pass-through Programs From:		
West Virginia Department of Criminal Justice Services		
<u>Program Title</u>		
Juvenile Accountability Incentive Block Grants	16.523	32,000
Crime Victim Assistance	16.575	75,247
Edward Byrne Memorial Formula Grant Program	16.579	32,403
Pass-through Programs From:		
Branches Domestic Violence Shelter		
<u>Program Title</u>		
Violence Against Women Formula Grants	16.588	<u>25,500</u>
Total U. S. Department of Justice		<u>201,676</u>

**CABELL COUNTY, WEST VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2006**

	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
U.S. Department of Homeland Security		
Pass-through Programs From:		
West Virginia Office of Emergency Services		
<u>Program Title</u>		
State Domestic Preparedness Equipment Support Program	97.004	167,167
Hazard Mitigation Grant	97.039	239,644
Map Modernization Management Support	97.070	1,902
Total U.S. Department of Homeland Security		408,713
TOTAL FEDERAL AWARDS EXPENDITURES		\$ 610,389

The accompanying notes are an integral part of this schedule.

CABELL COUNTY, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2006

NOTE 1 - BASIS OF PRESENTATION

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

**CABELL COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2006**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	<u>No</u>
Reportable condition(s) identified that is/are not considered to be material weakness(es)?	<u>Yes</u>
Non compliance material to the financial statements noted?	<u>Yes</u>

Federal Awards

Internal Control over Major Programs:

Material weakness(es) identified?	<u>No</u>
Reportable condition(s) identified that is/are not considered to be material weakness(es)?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with § .510(a) of Circular A-133?	<u>No</u>
Identification of major programs:	

Name of Federal Program

CFDA Numbers

State Domestic Preparedness Equipment Support Program	97.004
Hazard Mitigation Grant	97.039
Dollar threshold used to distinguish between Type A and Type B Program:	\$ 300,000
Auditee qualify as a low-risk auditee?	<u>No</u>

CABELL COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Section II - Financial Statement Findings

Sheriff's Earnings Account
2006-1

CONDITION:

We noted during our audit irregularities in the accounting for the sheriff's earnings account by the sheriff's department. Specifically, bank reconciliations were not being performed properly. In reconciling the account, the sheriff's office used the actual deposit total for the amount for total receipts instead of the amount of actual receipts issued for the month. The total amount shown on the reports were less than the total amount of deposits made.

CRITERIA:

Proper internal controls require the reconciliation of amounts deposited to amounts receipted.

CAUSE:

Controls were not in place to insure that records were being properly reconciled.

EFFECT:

Whenever bank reconciliations are not being properly performed, the risk of a misappropriation of assets increases.

RECOMMENDATION:

Bank statements should be reconciled in a timely manner on a monthly basis. Any discrepancies between the report total for revenues and the actual deposits should be corrected.

CABELL COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Committee Accounts
2006-2

CONDITION:

The committee account bank account was not reconciled properly during the fiscal year. The discrepancy between the bank balance and the committee report computer balance changed by \$596.01 throughout the year due to various reconciliation items. Further, a commission was charged by the sheriff's office without proper court approval.

CRITERIA:

WV Code §44A-3-3(a) states, in part, that:

"A conservator of a protected person, without the necessity of seeking prior court authorization, shall apply the income and principle of the estate as needed for the protected person's support, care, health, and if applicable, habilitation, education or therapeutic needs..."

Proper internal controls require the monthly reconciliation of bank accounts to the individual committee balances that are maintained on the computer.

CAUSE:

The sheriff's office did not always properly reconcile the committee account bank account to the committee account monthly balances on the computer.

EFFECT:

Several adjustments were required to be made by the auditor, increasing audit time. The risk of a misappropriation of assets is increased without a proper reconciliation of accounts.

RECOMMENDATION:

The Cabell County Sheriff's office is directed to review this statute and comply with the provisions set forth therein. It is also recommended that bank reconciliations be properly performed on a monthly basis. Any discrepancies between the bank account and the computer reports should be investigated and reconciled that month.

**CABELL COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Sheriff Settlement
2006-3**

CONDITION:

It was determined during the audit that several adjustments were necessary to be made to the sheriff's settlement.

Special Ambulance	232.00
Vehicle Licenses	(2.44)
General County	1,874.82
Health	96.00
Jury Voucher	293.47
Payroll	1,070.76
MADR-1445	11.56
School Current	7.16
Committee Accounts	(516.00)
Barboursville Current	(15.99)
Barboursville Excess Levy	(7.91)
Huntington Current	263.17
Huntington Bonds	19.79
Huntington Park	145.11
Huntington TTA	326.80
Tri-State Transit	(126.77)
Women's Self-Defense	20.00
Fire Fee	(0.44)
Writ of Execution	(0.09)
Law Enforcement	40.00
	\$ 3,731.00

CRITERIA:

WV Code §6-8-6 states, in part, that:

"The sheriff shall from time to time make to the county court (county commission) of his county, or other tribunal in lieu thereof, such reports as such court or tribunal may direct, respecting his receipts and disbursements, and the state of the county treasury; or any other matter committed to his charge, or pertaining to the finances of the county. But at the end of the fiscal year he shall render to such court or tribunal, whether especially requested or not, a full statement of his account for that fiscal year, showing the balance due by or to him at the commencement of the account, the amount of money collected by him during the year, and from what sources, and the date and amount of every county order paid, and to whom it was paid, together with such other particulars, if any, as such court or tribunal may specially require."

**CABELL COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Sheriff Settlement
2006-3 (continued)**

CAUSE:

Proper procedures were not followed in preparing the sheriff's settlement. The settlement required adjustments in almost all general areas, including beginning balance, tax revenues, other miscellaneous revenues, expenditures, ending balance, and outstanding checks. The primary cause of this was that accurate accounting was not maintained throughout the year, which would be in the form of a monthly financial statement that properly reconciles book balances to bank balances for individual funds.

EFFECT:

The settlement was adjusted a net total of \$3,731.00 for identified differences between the settlement and the bank. However, after adjustments the bank figure is under the settlement figure by \$15,538.78, which is from prior years.

RECOMMENDATION:

The Cabell County Sheriff's office is directed to make these adjustments to the next sheriff's settlement that is prepared. It is imperative that the sheriff's tax office prepare a monthly financial statement that accurately reconciles with bank balances and cash on hand. If this is done accurately each month, then it would automatically be known if the sheriff's settlement balances for each fund by comparing those balances to the ending balances on the financial statement. A better understanding needs to be acquired on how the sheriff's settlement works, since numerous errors were made in compiling the correct numbers and applying those numbers in the correct areas of the settlement.

CABELL COUNTY, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2006

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
05-1	Exonerations for Homestead Exemptions	Corrected
05-2	Sheriff's Earnings Account	Corrected
05-3	Committee Accounts	Repeated
05-4	Sheriff Settlement Adjustments	Repeated
05-5	Sheriff Settlement Preparation	Repeated
05-6	Missing Records	Repeated
05-7	Cashing Personal Checks	Corrected
05-8	Allowable Costs	Corrected
05-9	Equipment Management	Corrected