

W E S T V I R G I N I A

State Auditor's Office
CHIEF INSPECTOR DIVISION



GLEN B. GAINER III, STATE AUDITOR
EX OFFICIO CHIEF INSPECTOR AND SUPERVISOR OF PUBLIC OFFICES
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State of West Virginia

Office of the State Auditor

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February 26, 2008

The Honorable Lowell Rose, President
Greenbrier County Commission
200 North Court Street
Lewisburg, West Virginia 24901

Dear Mr. Rose:

Enclosed is a copy of the audit report of Greenbrier County for the fiscal year ended June 30, 2006.

As the recipient, you are required to notify all members of the governing body of the receipt of this report and related correspondence and make the contents available for inspection by all such officers. You are also advised that this report, under the provisions of West Virginia Code § 6-9-9a, is considered public information and must be made available for public inspection.

We are pleased to note that the audit report does not contain instances of noncompliance. However, it contains internal control weaknesses, and it remains the responsibility of all members of the governing body to review the audit report and strive to maintain a high quality of service for the community.

If I can be of further assistance, please do not hesitate to contact this office.

Very truly yours,

Stuart T. Stickel, CPA
Deputy State Auditor
Chief Inspector Division

STS/et

cc: Hon. Kevin Hanson
Prosecuting Attorney

Hon. William J. Livesay ✓
County Clerk

Hon. Roger L. Sheppard
Sheriff

Hon. Louvonne Arbuckle
Circuit Clerk

Hon. Steve Keadle
Assessor

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

AUDIT REPORT OF
GREENBRIER 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.

GREENBRIER 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
Arts and Recreation
Tax Increment Finance

BUSINESS-TYPE FUND

MAJOR FUND

Building Commission

NONMAJOR FUNDS

Special Revenue Funds

Dog and Kennel
General School
Magistrate Court
Worthless Check
Emergency Communication 911
Home Confinement
Wireless 911
Prosecuting Attorney Forfeiture
Elmhurst Floodwall
Financial Stabilization
FEMA Relief
Assessor's Valuation
Concealed Weapons
Homeland Security
Jury

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

FIDUCIARY FUND TYPE

Agency Funds

County Offices

State

School

Municipal

Other Agency

DISCRETELY PRESENTED COMPONENT UNIT

Board of Health

GREENBRIER COUNTY, WEST VIRGINIA
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INTRODUCTORY SECTION

GREENBRIER COUNTY, WEST VIRGINIA
COUNTY OFFICIALS

For the Fiscal Year Ended June 30, 2006

OFFICE	NAME	TERM
	<u>Elective</u>	
County Commission:	Betty Crookshanks Lowell Rose Bradley Tuckwiller	01-01-01 / 12-31-06 01-01-03 / 12-31-08 01-01-05 / 12-31-10
Clerk of the County Commission:	W. J. Livesay, Sr.	01-01-05 / 12-31-10
Clerk of the Circuit Court:	Louvonne Arbuckle	01-01-05 / 12-31-10
Sheriff:	Roger Sheppard	01-01-05 / 12-31-08
Prosecuting Attorney:	Kevin Hanson	01-01-05 / 12-31-08
Assessor:	Steven Keadle	01-01-05 / 12-31-08

FINANCIAL SECTION



State of West Virginia

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INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Greenbrier County Commission
Lewisburg, West Virginia 24901

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Greenbrier 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 did not audit the financial statements of Greenbrier County Board of Health. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for Greenbrier County Board of Health is based on the report of the other auditors.

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Greenbrier 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 January 31, 2008, 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 required parts 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

January 31, 2008

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

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Total
			Board of Health
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,306,864	\$ 15,081	\$ 5,321,945
Receivables:			
Taxes	522,628	--	522,628
Accounts	371,157	--	371,157
Accrued interest	--	--	--
Prepaid expenses	3,961	--	3,961
Capital assets:			
Land	99,000	--	99,000
Buildings	1,606,200	--	1,606,200
Machinery and equipment	797,992	--	797,992
Less: accumulated depreciation	(1,703,223)	--	(1,703,223)
Total assets	\$ 7,004,579	\$ 15,081	\$ 7,019,660
			235,657
LIABILITIES			
Current liabilities payable			
from current assets:			
Accounts payable	34,087	--	34,087
Noncurrent liabilities:			
Compensated absences payable	146,443	--	146,443
Total liabilities	180,530	--	180,530
			24,334
NET ASSETS			
Invested in capital assets			
(net of related debt)	799,969	--	799,969
Unrestricted	6,024,080	15,081	6,039,161
Total net assets	6,824,049	15,081	6,839,130
			211,323
Total liabilities and net assets	\$ 7,004,579	\$ 15,081	\$ 7,019,660
			235,657

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

GREENBRIER COUNTY, WEST VIRGINIA

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2006

Component Unit	Net (Expense) Revenues and Changes in Net Assets			Program Revenues		
	Primary Government	Business-type	Total	Operating	Charges for	Expenses
Board of Health	Governmental	Activities	Contributions	Grants and	Services	
Public safety	(3,369,465)	--	--	(3,369,465)	--	3,369,465
Health and sanitation	(63,630)	--	--	(63,630)	--	63,630
Culture and recreation	(1,738,534)	--	--	(1,738,534)	--	1,738,534
Social services	(28,893)	--	--	(28,893)	--	28,893
Capital projects	(204,466)	--	--	(204,466)	--	204,466
Total governmental activities	(7,093,821)	--	--	(7,093,821)	1,467,865	9,273,032
Business-type activities:						
Building Commission	(155)	(155)	--	--	--	155
Total business-type activities	(155)	(155)	--	--	--	155
Total primary government	(7,093,976)	(155)	(7,093,821)	711,346	1,467,865	9,273,187
Component unit:						
Board of Health	--	--	--	412,654	130,241	530,545
Total component units	--	--	--	412,654	130,241	530,545
General revenues:						
Ad valorem property taxes	5,197,166	--	5,197,166			
Alcoholic beverages tax	18,919	--	18,919			
Hotel occupancy tax	1,923,567	--	1,923,567			
Animal tax	12,130	--	12,130			
Gas and oil severance tax	21,896	--	21,896			
Other taxes	613,578	--	613,578			
Coal severance tax	178,362	--	178,362			
Licenses and permits	24,298	--	24,298			
Payment in lieu of taxes	135,166	--	135,166			
Unrestricted investment earnings	93,872	205	93,872			
Refunds	57	--	57			
Miscellaneous	29,346	--	29,346			
Total general revenues	8,248,357	205	8,248,562			
Change in net assets	1,154,536	50	1,154,586			
Net assets - beginning	5,669,513	15,031	5,684,544			
Net assets - ending	\$ 6,824,049	\$ 15,081	\$ 6,839,130			

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

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

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Arts and Recreation</u>	<u>Tax Increment Finance</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Current:						
Cash and cash equivalents	\$ 1,472,222	\$ 278,820	\$ 1,992,236	\$ 712,482	\$ 851,104	\$ 5,306,864
Receivables:						
Taxes	453,326	--	--	69,302	--	522,628
Accounts	160,462	--	51,910	--	158,785	371,157
Prepaid expenses	3,961	--	--	--	--	3,961
Total assets	<u>\$ 2,089,971</u>	<u>\$ 278,820</u>	<u>\$ 2,044,146</u>	<u>\$ 781,784</u>	<u>\$ 1,009,889</u>	<u>\$ 6,204,610</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	34,087	--	--	--	--	34,087
Deferred revenues:						
Taxes	373,326	--	--	68,500	--	441,826
Total liabilities	<u>407,413</u>	<u>--</u>	<u>--</u>	<u>68,500</u>	<u>--</u>	<u>475,913</u>
Fund balances:						
Unreserved, reported in:						
General fund	1,682,558	--	--	--	--	1,682,558
Special revenue funds	--	278,820	2,044,146	713,284	1,009,889	4,046,139
Total fund balances	<u>1,682,558</u>	<u>278,820</u>	<u>2,044,146</u>	<u>713,284</u>	<u>1,009,889</u>	<u>5,728,697</u>
Total liabilities and fund balances	<u>\$ 2,089,971</u>	<u>\$ 278,820</u>	<u>\$ 2,044,146</u>	<u>\$ 781,784</u>	<u>\$ 1,009,889</u>	<u>\$ 6,204,610</u>

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

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

Total fund balances on the governmental fund's balance sheet	\$ 5,728,697
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.	799,969
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds.	441,826
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	<u>(146,443)</u>
Net assets of governmental activities	<u>\$ 6,824,049</u>

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

GREENBRIER 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>Arts and Recreation</u>	<u>Tax Increment Finance</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 4,096,907	\$ --	\$ --	\$ 711,044	\$ 234,467	\$ 5,042,418
Alcoholic beverages tax	18,919	--	--	--	--	18,919
Hotel occupancy tax	1,355,326	--	568,241	--	--	1,923,567
Animal tax	--	--	--	--	12,130	12,130
Gas and oil severance tax	21,896	--	--	--	--	21,896
Other taxes	613,578	--	--	--	--	613,578
Coal severance tax	--	178,362	--	--	--	178,362
Licenses and permits	--	--	--	--	24,298	24,298
Intergovernmental:						
Federal	--	--	--	--	263,586	263,586
State	372,469	--	--	--	47,625	420,094
Local	24,000	--	3,666	--	--	27,666
Charges for services	425,616	--	--	--	932,135	1,357,751
Fines and forfeits	--	--	--	--	110,114	110,114
Interest and investment earnings	20,600	451	60,811	2,240	9,770	93,872
Refunds	57	--	--	--	--	57
Payments in lieu of taxes	135,166	--	--	--	--	135,166
Miscellaneous	9,370	--	--	--	19,976	29,346
Total revenues	<u>7,093,904</u>	<u>178,813</u>	<u>632,718</u>	<u>713,284</u>	<u>1,654,101</u>	<u>10,272,820</u>
EXPENDITURES						
Current:						
General government	3,793,681	52,209	--	--	73,846	3,919,736
Public safety	3,065,435	--	--	--	403,164	3,468,599
Health and sanitation	63,630	--	--	--	--	63,630
Culture and recreation	1,409,878	--	328,656	--	--	1,738,534
Social services	28,893	--	--	--	--	28,893
Capital projects	204,466	--	--	--	--	204,466
Total expenditures	<u>8,565,983</u>	<u>52,209</u>	<u>328,656</u>	<u>--</u>	<u>477,010</u>	<u>9,423,858</u>
Excess (deficiency) of revenues over (under) expenditures	(1,472,079)	126,604	304,062	713,284	1,177,091	848,962
OTHER FINANCING SOURCES (USES)						
Transfers in	893,683	--	--	--	--	893,683
Transfers (out)	--	--	--	--	(893,683)	(893,683)
Total other financing sources (uses)	<u>893,683</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(893,683)</u>	<u>--</u>
Net change in fund balances	(578,396)	126,604	304,062	713,284	283,408	848,962
Fund balances - beginning	2,260,954	152,216	1,740,084	--	726,481	4,879,735
Fund balances - ending	<u>\$ 1,682,558</u>	<u>\$ 278,820</u>	<u>\$ 2,044,146</u>	<u>\$ 713,284</u>	<u>\$ 1,009,889</u>	<u>\$ 5,728,697</u>

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

GREENBRIER 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	\$ 848,962
Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year.	245,212
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year.	(93,714)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. See Note II.B.	154,748
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. See Note II. B.	<u>(672)</u>
Change in net assets of governmental activities	<u>\$ 1,154,536</u>

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

GREENBRIER 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

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 4,088,920	\$ 4,088,920	\$ 4,096,907	\$ 5,322	\$ 4,102,229	\$ 13,309
Alcoholic beverages tax	7,000	7,000	18,919	--	18,919	11,919
Hotel occupancy tax	1,400,000	1,400,000	1,355,326	--	1,355,326	(44,674)
Gas and oil severance tax	10,000	10,000	21,896	--	21,896	11,896
Other taxes	400,000	600,000	613,578	--	613,578	13,578
Intergovernmental:						
State	230,000	361,733	372,469	--	372,469	10,736
Local	24,000	24,000	24,000	--	24,000	--
Charges for services	354,193	354,193	425,616	--	425,616	71,423
Interest and investment earnings	15,000	15,000	20,600	--	20,600	5,600
Refunds	4,960	4,960	57	--	57	(4,903)
Payments in lieu of taxes	170,000	170,000	135,166	--	135,166	(34,834)
Miscellaneous	215,000	308,924	9,370	251,395	260,765	(48,159)
Total revenues	<u>6,919,073</u>	<u>7,344,730</u>	<u>7,093,904</u>	<u>256,717</u>	<u>7,350,621</u>	<u>5,891</u>
EXPENDITURES						
Current:						
General government	4,013,785	4,473,423	3,793,681	(33,596)	3,760,085	713,338
Public safety	3,275,288	3,418,693	3,065,435	--	3,065,435	353,258
Health and sanitation	63,800	63,800	63,630	--	63,630	170
Culture and recreation	1,435,000	1,435,000	1,409,878	--	1,409,878	25,122
Social services	28,960	28,960	28,893	--	28,893	67
Capital projects	550,000	627,407	204,466	--	204,466	422,941
Total expenditures	<u>9,366,833</u>	<u>10,047,283</u>	<u>8,565,983</u>	<u>(33,596)</u>	<u>8,532,387</u>	<u>1,514,896</u>
Excess (deficiency) of revenues over (under) expenditures	(2,447,760)	(2,702,553)	(1,472,079)	290,313	(1,181,766)	1,520,787
OTHER FINANCING SOURCES (USES)						
Transfers in	942,190	946,090	893,683	--	893,683	(52,407)
Total other financing sources (uses)	<u>942,190</u>	<u>946,090</u>	<u>893,683</u>	<u>--</u>	<u>893,683</u>	<u>(52,407)</u>
Net change in fund balance	(1,505,570)	(1,756,463)	(578,396)	290,313	(288,083)	1,468,380
Fund balances - beginning	1,505,570	1,756,463	2,260,954	(500,649)	1,760,305	3,842
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,682,558</u>	<u>\$ (210,336)</u>	<u>\$ 1,472,222</u>	<u>\$ 1,472,222</u>

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

GREENBRIER 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

	Budgeted Amounts		Actual Amounts		Variance with
	Original	Final	Budget Basis		Final Budget
					Positive
					(Negative)
REVENUES					
Taxes:					
Coal severance tax	\$ 50,000	\$ 50,000	\$ 178,362	\$ 128,362	
Interest and investment earnings	--	--	451	451	
Total revenues	50,000	50,000	178,813	128,813	
EXPENDITURES					
Current:					
General government	57,269	202,216	52,209	150,007	
Total expenditures	57,269	202,216	52,209	150,007	
Net change in fund balance	(7,269)	(152,216)	126,604	278,820	
Fund balances - beginning	7,269	152,216	152,216	--	
Fund balances - ending	\$ --	\$ --	\$ 278,820	\$ 278,820	

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

GREENBRIER COUNTY, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND

June 30, 2006

ASSETS	
Current:	
Cash and cash equivalents	\$ 15,081
Total current assets	<u>15,081</u>
Total assets	<u><u>15,081</u></u>
NET ASSETS	
Unrestricted	<u>15,081</u>
Total net assets	<u>15,081</u>
Total liabilities and net assets	<u><u>\$ 15,081</u></u>

Business-type
Activities-
Enterprise Funds

Building
Commission

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

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

	Business-type Activities- Enterprise Funds	Building Commission
Operating expenses:		
Administrative and general	\$ 155	
Total operating expenses	155	
Operating income (loss)	(155)	
Nonoperating revenues (expenses):		
Interest revenue	205	
Total nonoperating revenues (expenses)	205	
Change in net assets	50	
Net assets at beginning of year	15,031	
Net assets at end of year	\$ 15,081	

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

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

	<u>Business-type Activities - Enterprise Funds</u>	<u>Building Commission</u>
Cash flows from operating activities:		
Cash paid for goods and services	\$ (155)	
Net cash provided (used) by operating activities	(155)	
Cash flows from investing activities:		
Interest received	205	
Net cash provided (used) by investing activities	205	
Net increase (decrease) in cash and cash equivalents	50	
Cash and cash equivalents, July 1, 2005	15,031	
Cash and cash equivalents, June 30, 2006	\$ 15,081	
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	(155)	
Net cash provided by operations	\$ (155)	

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

GREENBRIER COUNTY, WEST VIRGINIA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2006

	<u>Agency Funds</u>
ASSETS	
Non-pooled cash	\$ 562,544
Total assets	\$ 562,544
LIABILITIES	
Due to: other governments	562,544
Total liabilities	\$ 562,544

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

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

A. Reporting Entity

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

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

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

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

Blended Component Unit

The entity below is legally separate from the County and meets GASB criteria for component units. This entity is blended with the primary government because it provides services entirely or almost entirely to the County.

The Greenbrier County Building Commission serves Greenbrier County, West Virginia, and is governed by a board comprised of 3 members appointed by the County Commission for a term of 3 years each. The Building Commission acquires property and debt on behalf of the County. The Greenbrier County Building Commission is reported as an enterprise fund.

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

Discretely Presented Component Unit

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

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

Complete financial statements for each of the individual component units can be obtained at the entity's administrative offices.

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:

<u>Name of Organization</u>	<u>Operating grant made during the year</u>
Greenbrier County Housing Authority	--
Greenbrier County Airport Authority	--

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and 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.

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

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.

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 and claims and judgments, are recorded only when payment is due.

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

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

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.

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

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 *Arts and Recreation fund*, a special revenue fund, accounts for hotel/motel tax monies received by the county.

The *Tax Increment Financing fund*, a special revenue fund, accounts for certain property monies received by the county.

The government reports the following major proprietary funds:

The *Building Commission fund* provides 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 cash basis of accounting. These funds are used to account for assets that Greenbrier County, West Virginia holds for others in an agency capacity.

Greenbrier 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 building commission (enterprise fund) and the board of health (a discretely presented component unit) are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GREENBRIER 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

Greenbrier 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.

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 100 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.

GREENBRIER 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 were as follows:

Class of Property	Assessed Valuation For	
	Tax Purposes	Current Expense
Class I	\$ 11,351,510	11.98 cents
Class II	463,324,074	23.96 cents
Class III	500,784,850	47.92 cents
Class IV	184,301,672	47.92 cents

3. Inventories and Prepaid Items

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

4. Capital Assets and Depreciation

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

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

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

Asset	Straight-line Years	Inventory Purposes	Capitalize/Depreciate	
			Capitalize only	Depreciate
Land	not applicable	\$ 1	\$ Capitalize only	
Land improvement	20 to 30 years	1	12,500.00	
Building	40 years	1	25,000.00	
Building improvements	20 to 25 years	1	25,000.00	
Construction in progress	not applicable	1	Capitalize only	
Equipment	5 to 10 years	1,000	2,500.00	
Vehicles	5 to 10 years	1,000	15,000.00	
Infrastructure	40 to 50 years	50,000	100,000.00	

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

5. 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.

6. 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 difference are as follows:

Compensated absences	\$ 146,443
Net adjustment to decrease fund balance- total governmental funds to arrive at net assets-governmental activities	\$ 146,443

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

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 states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds". The details of this difference are as follows:

Current year deferred revenues	\$ 441,826
Prior year deferred revenues	<u>(287,078)</u>
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 154,748</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 difference are as follows:

Compensated absences	\$ <u>(672)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (672)</u>

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.

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

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

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>
<u>General County Fund</u>	
General government expenditure increase	\$ 459,638
Public safety expenditure increase	143,405
Capital projects expenditure increase	77,407
<u>Coal Severance Tax Fund</u>	
General government expenditure increase	\$ 144,947

Encumbrance accounting is not employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be 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.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had no investments.

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to comply with statutory provisions for depository bond coverage which provides that no public money should be deposited until the banking institution designated executes a bond with good and sufficient sureties which may not be less than the maximum sum that is deposited in the depository at any one time. At year end, the primary government's and fiduciary funds' bank balances were \$5,869,408. The bank balance was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

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

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	\$ <u>5,884,489</u>
Total	\$ <u><u>5,884,489</u></u>
Cash and cash equivalents	\$ 5,321,945
Cash and cash equivalents-restricted	<u>562,544</u>
Total	\$ <u><u>5,884,489</u></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:

	General	Arts and Recreation	Tax			Total
			Increment Financing	Other Nonmajor		
Receivables:						
Accounts	\$ 160,462	\$ 51,910	\$ --	\$ 158,785	\$ 371,157	
Taxes	<u>453,326</u>	<u>--</u>	<u>69,302</u>	<u>--</u>	<u>522,628</u>	
Net Total Receivables	<u>\$ 613,788</u>	<u>\$ 51,910</u>	<u>\$ 69,302</u>	<u>\$ 158,785</u>	<u>\$ 893,785</u>	

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
Delinquent property taxes receivable (General Fund)	\$ 373,326
Delinquent property taxes receivable (Tax Increment Financing Fund)	<u>68,500</u>
Total deferred/unearned revenue for governmental funds	\$ <u><u>441,826</u></u>

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

C. Capital Assets

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

	Primary Government		
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>
	<u>Ending Balance</u>		<u>Balance</u>
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 99,000	\$ --	\$ --
Total capital assets not being depreciated	99,000	--	99,000
Capital assets being depreciated:			
Buildings and improvements	1,606,200	--	1,606,200
Machinery and equipment	552,780	245,212	797,992
Less: Total accumulated depreciation	(1,609,509)	(93,714)	(1,703,223)
Total capital assets being depreciated, net	549,471	151,498	700,969
Governmental activities capital assets, net	\$ 648,471	\$ 151,498	\$ 799,969

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

Governmental activities:		
General government	\$ 26,512	
Public safety	67,202	
Total depreciation expense-governmental activities	\$ 93,714	

D. Interfund Receivables, Payables, and Transfers

Interfund Transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General School	General County	Jail Costs	\$ 120,000
Worthless Check	General County	Payroll	32,079
Emergency 911	General County	Payroll	554,005
Assessor Valuation	General County	Payroll	187,599
Total			\$ 893,683

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

E. Long-term Debt

Changes in Long-term Liabilities

	Beginning Balance	Governmental Activities			Ending Balance	Due Within One Year
		Additions	Reductions			
Compensated absences	\$ 145,771	\$ 672	\$ --	\$ 146,443	\$ --	
Governmental activities Long-term liabilities	\$ 145,771	\$ 672	\$ --	\$ 146,443	\$ --	

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 Saint Paul Insurance for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the State. Other private insurance companies may begin to offer coverage to private sector employees beginning July 1, 2008 and to government employers beginning July 1, 2012. For the most part, all employers in the State, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

B. Contingent Liabilities

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

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

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

**GREENBRIER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2006

C. Deferred Compensation Plan

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

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

D. Other Post-employment Benefits

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

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VI.A.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.

**GREENBRIER COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2006

Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes
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 \$65,301 for employees' share and \$80,667 for employer's share.
Period required to vest	Five years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.
Deferred retirement option	No deferred retirement option is available.
Provisions for cost of living adjustments or death benefits	This plan has no provisions for cost of living adjustments. There are provisions for death benefits.
Annual pension cost and amount contributed:	For the current fiscal year ended, the annual cost was \$145,968 for all covered employees with a contributed percentage of 100%.

**GREENBRIER 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>	Public Employees' <u>Retirement System (PERS)</u>		West Virginia Deputy Sheriff Retirement <u>System (WVDRS)</u>	
	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed
	2006	\$ 301,318	100%	\$ 145,968
2005	\$ 280,103	100%	\$ 138,126	100%
2004	\$ 268,743	100%	\$ 112,187	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

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

	Budgeted Amounts		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other taxes	\$ 222,485	\$ 222,485	\$ 234,467	\$ 11,982
Map sales	4,500	4,500	6,865	2,365
Interest	100	100	279	179
Total revenues	227,085	227,085	241,611	14,526
Expenditures:				
General government	227,085	232,761	200,544	32,217
Total expenditures	227,085	232,761	200,544	32,217
Net change in fund balance	--	(5,676)	41,067	46,743
Fund balance at beginning of year	--	5,676	5,676	--
Fund balance at end of year	--	--	46,743	46,743

ACCOMPANYING INFORMATION



State of West Virginia

Office of the State Auditor

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

Honorable Members of the
Greenbrier County Commission
Lewisburg, West Virginia 24901

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Greenbrier 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 January 31, 2008. Our report was modified to include a reference to other auditors. 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Responses as item 06-1.

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, of the reportable condition described above, we consider item 06-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

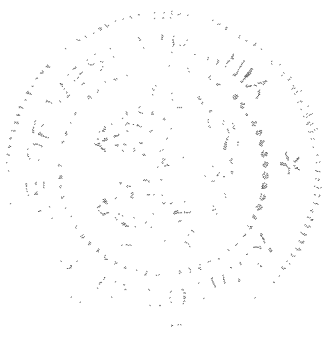
This report is intended solely for the information and use of the audit committee, management, and the Commission and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

January 31, 2008



**GREENBRIER COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Section II -Financial Statement Findings

Major Fund Classification

Reference No. 06 - I

CONDITION:

We noted during our audit that Greenbrier County did not include the Tax Increment Financing Fund as a major fund on its financial statements.

CRITERIA:

Governmental accounting standards require that the focus of governmental financial statements be on major funds. Fund statements should present the financial information of each major fund in a separate column. Categorization as a major fund should be based on these criteria: (a) Total assets, liabilities or expenditures of the individual fund are at least 10 percent of the corresponding element total for all funds of that category or type, and (b) the same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

CAUSE:

Greenbrier County did not have adequate control procedures in place to ensure that all major funds were included on the annual financial statement.

EFFECT:

The Tax Increment Financing Fund was not included as a major fund on the annual financial statement.

RECOMMENDATION:

Greenbrier County should institute proper internal controls that would ensure that all major funds of the county are included on the annual financial statement.

AUDITED AGENCY'S RESPONSE:

The county commission agrees with the finding that the 2006 financial statement omitted information regarding the White Sulphur Springs Tax Increment Financing (TIF) fund and that the TIF fund met the criteria for inclusion. We had addressed the issue with the Sheriff's Tax Office and the County Clerks Office prior to the issuance of the 2007 financial statement, which includes the TIF fund. The commission will continue monitoring those departments and their external accounting service to assure that appropriate funds are included in future reports.