

**Independent Auditors' Report
and Related Financial Statements**

BERKELEY COUNTY FARMLAND PROTECTION BOARD

For the Year Ended June 30, 2011

**Teed & Associates, PLLC
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Charleston, West Virginia 25304
304-925-8752**



BERKELEY COUNTY FARMLAND PROTECTION BOARD

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BERKELEY COUNTY FARMLAND PROTECTION BOARD

Board Officials

For the Year Ended June 30, 2011

<u>Office</u>	<u>Appointive</u>
Chairman	Floyd Kursey
Vice Chairman	Eric Goff
Secretary	Susan Whalton
Treasurer	Steve Christian
Board Member	Carla Kitchen
Board Member	Richard Malsbury
County Representative	Anthony Petrucci

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants
Member, West Virginia Society of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants
Member, Chartered Global Management Accountant

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INDEPENDENT AUDITORS' REPORT

To the Board Members
Berkeley County Farmland Protection Board
Martinsburg, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Berkeley County Farmland protection Board, West Virginia (Board), as of and for the year ended June 30, 2011, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Berkeley County Farmland Protection Board, West Virginia as of June 30, 2011, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

To the Board Members
Berkeley County Farmland Protection Board
Martinsburg, West Virginia
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The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2014, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Reed & Associates, PLLC

Charleston, West Virginia
April 14, 2014

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Governmental Fund Balance Sheet and the Statement of Net Position

June 30, 2011

	General Fund	Adjustments	Statement of Net Position
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 1,049,345	\$ -	\$ 1,049,345
Transfer taxes receivable	57,004	-	57,004
Prepaid expenses and deposits	1,931	-	1,931
Total current assets	<u>1,108,280</u>	<u>-</u>	<u>1,108,280</u>
Capital assets:			
Land	-	1,684,945	1,684,945
Buildings	-	575,791	575,791
Conservation easements	-	18,640,023	18,640,023
Total capital assets	<u>-</u>	<u>20,900,759</u>	<u>20,900,759</u>
Other assets:			
Deferred costs	-	44,757	44,757
Total assets	<u>\$ 1,108,280</u>	<u>\$ 20,945,516</u>	<u>\$ 22,053,796</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,175	\$ -	\$ 6,175
Total current liabilities	<u>6,175</u>	<u>-</u>	<u>6,175</u>
FUND BALANCE / NET POSITION:			
Fund balance:			
Nonspendable	1,931	(1,931)	-
Committed	556,247	(556,247)	-
Assigned	543,927	(543,927)	-
Total fund balance	<u>1,102,105</u>	<u>(1,102,105)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,108,280</u>	<u>(1,102,105)</u>	<u>6,175</u>
Net position:			
Capital assets, net		20,900,759	20,900,759
Unrestricted		1,146,862	1,146,862
Total net position		<u>22,047,621</u>	<u>22,047,621</u>
Total liabilities and net position		<u>\$ 20,945,516</u>	<u>\$ 22,053,796</u>

The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Reconciliation of the Balance Sheet –Government Funds to the Statement of Net Position

June 30, 2011

Total Fund Balance in the governmental fund balance sheet \$ 1,102,105

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Purchases of capital assets are expensed in fund-level
financial statements but reported at cost in the
governmental-wide Statement of Net Position as follows:

Conservation easements	\$ 18,640,023	
Buildings	575,791	
Land	<u>1,684,945</u>	
		20,900,759

Easement pre-acquisition costs are expensed in fund-level financial statements but reported as deferred costs in the government-wide Statement of Net Position	<u>44,757</u>
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Total net position of governmental activities as reported in the Statement of Net Position	<u>\$ 22,047,621</u>
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The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities

For the Year Ended June 30, 2011

	General Fund	Adjustments	Statement of Activities
Expenditures / Expenses:			
Farmland Protection administration	\$ 120,162	\$ 7,607	\$ 127,769
Capital outlays	1,518,421	(1,518,421)	-
Total expenditures / expenses	1,638,583	(1,510,814)	127,769
Program revenues:			
Transfer taxes	651,775	-	651,775
Capital grants and contributions:			
Federal	727,110	-	727,110
Rents	10,079	-	10,079
Total program revenues	1,388,964	-	1,388,964
Net program revenue (expense)	(249,619)	1,510,814	1,261,195
General revenues:			
Operating grants	1,034	-	1,034
Contributions - operating	297	-	297
Investment income	15,747	-	15,747
Total general revenues	17,078	-	17,078
Excess (deficit) of revenues over (under) expenditures / change of net position	(232,541)	1,510,814	1,278,273
Fund balance / net position at beginning of year	1,334,646	19,434,702	20,769,348
Fund balance / net position at end of year	\$ 1,102,105	\$ 20,945,516	\$ 22,047,621

The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Government Funds to the Statement of Activities

For the Year Ended June 30, 2011

Excess of revenues over expenditures - governmental fund		\$ (232,541)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, the cost of these assets are capitalized and reported as assets in the Statement of Net Position		
Capital Outlays	\$ 1,518,421	
Unrecoverable costs (general monitoring and inspection costs or costs related to unexecuted easements)	<u>(7,607)</u>	
Amount capital outlays exceed unrecoverable costs for the current year		<u>1,510,814</u>
Change in net position of governmental activities		<u>\$ 1,278,273</u>

The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Notes to the Financial Statements

For the Year Ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Berkeley County Farmland Protection Board, a component unit of the Berkeley County Council, was created by West Virginia Code §8-24-72 with the primary purpose to acquire easements from land owners whereby the property is dedicated to preservation for future years.

The Board is governed by a seven-member board which consists of six members appointed by the Berkeley County Council and one representative from the Berkeley County Council. The Board received the majority of its funding from property transfer taxes provided by the Berkeley County Council and capital contributions.

The accompanying financial statements present the reporting entity 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). There are no component units required to be reported as part of the Board's financial statements.

Government-Wide and Fund Financial Statements

For this single purpose government, combined government-wide, and fund financial statements are presented. The government-wide section of the financial statements (i.e., the Statement of Net Position and the Statement of Activities) reports information on all non-fiduciary activities of the primary government's *governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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) property transfer taxes, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide sections, which consist of the Statement of Net Position and Statement of Activities, are reported using the *economic measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund sections, which consist of the general fund balance sheet and general fund statement of revenues, expenditures, and changes in fund balance 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 Board considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property transfer taxes associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year.

The government reports the following major governmental fund:

The *General Fund* is the Board's only operating fund. It accounts for all financial resources of the Board.

Amounts reported as *program revenues* include; 1) property transfer taxes received from the Berkeley County Council, 2) capital grants and contributions, and 3) rent received. Internally dedicated resources are reported as general revenues rather than as program revenues.

Restricted Assets

Restricted assets are generally liquid assets generated from revenues that have third party limitations on their use. If restricted assets are available, the Board will typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project. There were no restricted assets at June 30, 2011.

Cash and Cash Equivalents

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

Property Transfer Taxes Receivable

Property transfer taxes receivable are considered fully collectible as they consist of amounts provided to the Board by the Berkeley County Council.

Estimates

The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Board classifies governmental fund balances within the following categories: Nonspendable fund balance, which includes amounts that cannot be spent because it is not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the Board; assigned fund balance, which includes amounts intended to be used for specific purposes that are neither restricted or committed, however, assigned by non-formal action of the Board; and unassigned fund balance, which is the residual classification for amounts in to the general fund that have not been classified within the other categories.

Capital Assets and Depreciation

Capital assets are defined by the Board as assets with an initial, individual cost of \$25,000 or more and estimated to have a useful life in excess of one year.

Capital outlays are recorded as expenditures of the general fund and as assets in the government-wide financial statements. All of the Board's capital assets are deemed to be nondepreciable.

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

Deferred Costs

Deferred costs represent appraisal, survey, baseline, and legal costs related to unexecuted conservation easements. These costs are transferred to capital assets once conservation easements are executed.

Accrued Costs

Accrued costs represent expenses for conservation easement acquisition that relate to executed easements but are not yet due and payable.

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of any related debt.

Net Position

Governmental equity is classified as net position (governmental activities) and displayed as follows:

Restricted net position – This amount is restricted by external creditors, granters, contributors, and laws or regulations of other governments.

Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Nonexchange Transactions

The Board follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The Board receives voluntary nonexchange transactions through various operating and capital grants from federal and state agencies.

NOTE 2. DEPOSITS AND INVESTMENTS

Risks and Investment Limitations

Custodial risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2011, the Board's cash and cash equivalents were either insured by Federal Depository Insurance or fully collateralized by the financial institutions.

State statutes authorize the Board 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 federal mortgage associations; indebtedness secured by first lien deeds of trust 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 SEC which have fund assets over three hundred million dollars. The Board has no investment policy that would further limit its investment choices.

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. The Board has no policy that would further limit the amount that they may invest in any one issuer.

NOTE 3. BUDGET

The Board is not legally required to prepare an annual budget but elects to do so for internal control and monitoring purposes.

NOTE 4. CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2011, was as follows:

	<u>Totals</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Totals</u> <u>June 30, 2011</u>
Capital assets not being depreciated				
Conservation easements	\$ 17,160,462	\$ 1,479,561	\$ -	\$ 18,640,023
Buildings	575,791		-	575,791
Land	<u>1,684,945</u>	<u>-</u>	<u>-</u>	<u>1,684,945</u>
 Total capital assets not being depreciated	 <u>19,421,198</u>	 <u>1,479,561</u>	 <u>-</u>	 <u>20,900,759</u>
 Total governmental activities capital assets	 <u>\$ 19,421,198</u>	 <u>\$ 1,479,561</u>	 <u>\$ -</u>	 <u>\$ 20,900,759</u>

Conservation Easements

Conservation easements purchased by the Board are recorded in the Statement of Net Position at cost plus any additional costs incurred to acquire the easements. Easements donated to the Board are recorded at the fair market value of the easement plus any additional costs incurred to acquire the easements. According to the West Virginia State Code, these easements may never be sold or transferred by the Board except by eminent domain for public use.

NOTE 5. OTHER INFORMATION

Risk Management

The Board is exposed to various risks of loss related to torts and theft for which the Board carries insurance for these various risks.

Commitments and Contingencies

Amounts received or receivable from granter agencies are subject to financial and/or compliance audits by the granters or their representatives. Any disallowed claims, including amounts already collected, may result in a liability to the Board.

NOTE 6. IN-KIND CONTRIBUTIONS

The Board is given office space at no charge by the Berkeley County Council. The value of the office space is not reflected in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture		
<i>Direct Programs:</i>		
Farm and Ranch Lands Protection Program	10.913	<u>\$ 727,109</u>
<i>Total U.S. Department of Agriculture</i>		<u>\$ 727,109</u>
Total Expenditures of Federal Awards		<u>\$ 727,109</u>

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Berkeley County Farmland Protection Board and is presented on the 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 Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general-purpose financial statements.

**REPORT ON INTERNAL CONTROL AND
ON COMPLIANCE AND OTHER MATTERS**

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INDEPENDENT AUDITORS' 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

To the Board Members
Berkeley County Farmlands Protection Board
Martinsburg, West Virginia

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of the Berkeley County Farmland Protection Board, West Virginia, as of and for the year ended June 30, 2011, and the related notes to the financial statements, which collectively comprise the Berkeley County Farmland Protection Board, West Virginia's basic financial statements, and have issued our report thereon dated April 14, 2014

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Berkeley County Farmland Protection Board, West Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Berkeley County Farmland Protection Board, West Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berkeley County Farmland Protection Board, West Virginia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial

To the Board Members
Berkeley County Farmlands Protection Board
Martinsburg, West Virginia
Page 2

statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reed & Associates, P.C.

Charleston, West Virginia
April 14, 2014

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board Members
Berkeley County Farmlands Protection Board
Martinsburg, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the Berkeley County Farmland Protection Board, West Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Berkeley County Farmland Protection Board, West Virginia's major federal programs for the year ended June 30, 2011. The Berkeley County Farmland Protection Board, West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Berkeley County Farmland Protection Board, West Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 Berkeley County Farmland Protection Board, West Virginia'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Berkeley County Farmland Protection Board, West Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the Berkeley County Farmland Protection Board, West Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the Berkeley County Farmland Protection Board, West Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Berkeley County Farmland Protection Board, West Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a

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reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Reed & Associates, P.C.

Charleston, West Virginia
April 14, 2014

BERKELEY COUNTY FARMLAND PROTECTION BOARD

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2011

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiency(ies) identified that is/are not considered to be material weakness (es)? Yes No

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified that is/are not considered to be material weakness (es)? Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 Yes No

Identification of major programs:

Name of Federal Program or Cluster

CFDA Number(s)

Farm and Ranch Lands Protection Program

10.913

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 300,000

Auditee qualified as a low-risk auditee?

Yes No

