

**AUDIT REPORT OF
THE MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax

PROPRIETARY FUND TYPE

MAJOR FUND

Building Commission

NONMAJOR FUNDS

Special Revenue Funds

Police Fund
Landfill Composting Facility Fund
Urban Renewal Authority
Credit Card Clearing
Park Board
Park Board Special Levy
Dental and Vision
Capital Levy Improvement Fund
PEIA Fund
Police National Night out
Mayor's Youth Council
Tax Increment Financing District

Debt Service Fund

Urban Renewal Authority

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FIDUCIARY FUND TYPE

Pension Funds

Policemen's Pension and Relief
Firemen's Pension and Relief

COMPONENT UNITS

Blended

Building Commission

Discretely Presented

Sanitary Board
Parking Authority

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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INTRODUCTORY SECTION

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2014

OFFICE	NAME	TERM
	<u>Elective</u>	
Mayor:	Catherine Goings	07-01-11 / 06-30-15
Vice Mayor:	Gary Bowden	07-01-11 / 06-30-15
Council Members:	Margaret Bailey	07-01-11 / 06-30-15
	Robert J. Caplan	07-01-13 / 06-30-17
	Jim Malfregeot	07-01-13 / 06-30-17
	Patsy S. Trecost II	07-01-11 / 06-30-15
	Sam Lopez	07-01-13 / 06-30-17
	<u>Appointive</u>	
City Manager:	Martin Howe	
Finance Director:	Frank Ferrari	
City Clerk:	Annette Wright	
Municipal Attorney:	Greg Morgan	

FINANCIAL SECTION



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Clarksburg
Clarksburg, West Virginia 26301

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Clarksburg, West Virginia (the Municipality), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Municipality'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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Clarksburg, West Virginia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.D.8, the Municipality implemented the provisions of Governmental Accounting Standards Board Statement Number 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

As discussed in Note IV-J, the prior year financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Changes in the Net Pension Liability and Related Ratios and the Schedules of Investment Returns for the Police and Fire Pension Relief Funds on pages 53-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Municipality has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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 GASB 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 Municipality's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)*, the discretely presented component unit fund financial statements of the Parking Authority, the combining financial statements for nonmajor funds, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards as required by the Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)*, the discretely presented component unit fund financial statements for the Parking Authority, and the combining financial statements for the nonmajor funds are the responsibility of management and are derived from and relates 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, the discretely presented component unit fund financial statements for the Parking Authority, and the combining fund financial statements of the nonmajor funds are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the Municipality'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 Municipality's internal control over financial reporting and compliance.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

December 22, 2014

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2014

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Parking Authority</u>	<u>Sanitary Board</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,824,222	\$ 33,096	\$ 4,857,318	\$ 60,465	\$ 707,688
Receivables:					
Accounts	585,255	--	585,255	3,532	753,993
Taxes	3,020,792	--	3,020,792	--	--
Loans	249,379	--	249,379	--	--
Grants	90,651	--	90,651	--	--
Due from:					
Primary government	--	--	--	--	33,603
Component units	10,000	--	10,000	--	--
Other governments	8,000	--	8,000	--	--
Inventory, at cost	--	--	--	--	173,633
Total current assets	8,788,299	33,096	8,821,395	63,997	1,668,917
Noncurrent assets:					
Regular account	--	--	--	--	77,374
Reserve account	--	--	--	--	444,413
Renewal and replacement	--	--	--	--	1,236,979
Reserve for construction	--	18,050	18,050	--	--
Capital assets:					
Nondepreciable:					
Land	710,527	--	710,527	2,543,901	84,065
Construction in progress	--	--	--	--	2,550,111
Depreciable:					
Buildings	--	10,357,391	10,357,391	7,663,710	1,532,698
Structures and improvements	8,411,407	--	8,411,407	259,496	7,020,334
Infrastructure	17,784,939	--	17,784,939	--	--
Transmission and distribution	--	--	--	--	15,728,384
Machinery and equipment	6,832,580	30,514	6,863,094	278,135	--
Less: accumulated depreciation	(18,257,268)	(2,467,341)	(20,724,609)	(4,270,897)	(16,821,793)
Total noncurrent assets	15,482,185	7,938,614	23,420,799	6,474,345	11,852,565
Total assets	24,270,484	7,971,710	32,242,194	6,538,342	13,521,482
DEFERRED OUTFLOWS					
	--	--	--	--	--
Total deferred outflows of resources	--	--	--	--	--

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Parking Authority	Sanitary Board
LIABILITIES					
Current liabilities payable					
from current assets:					
Accounts payable	\$ 222,641	\$ --	\$ 222,641	\$ --	\$ 48,784
Payroll payable	24,601	--	24,601	--	--
Other accrued expenses	22,436	--	22,436	--	--
Accrued interest payable	--	--	--	--	3,349
Compensated absences payable	580,598	--	580,598	--	--
Other postemployment benefits payable	4,622,464	--	4,622,464	34,284	934,647
Due to:					
Primary government	--	--	--	10,000	--
Component unit	33,603	--	33,603	--	--
	5,506,343	--	5,506,343	44,284	986,780
Total current liabilities					
Noncurrent liabilities due within one year:					
Bonds payable	--	244,289	244,289	--	416,671
Notes payable	--	--	--	--	--
Leases payable	136,937	--	136,937	--	18,600
Noncurrent liabilities due in more than one year:					
Bonds payable	--	5,311,487	5,311,487	--	3,608,668
Notes payable	400,000	--	400,000	--	--
Leases payable	882,125	--	882,125	--	38,877
Net pension obligation	12,795,984	--	12,795,984	--	--
Compensated absences payable	1,047,600	--	1,047,600	--	284,013
	15,262,646	5,555,776	20,818,422	--	4,366,829
Total noncurrent liabilities					
	20,768,989	5,555,776	26,324,765	44,284	5,353,609
Total liabilities					
	--	--	--	--	--
DEFERRED INFLOWS					
	--	--	--	--	--
Total deferred inflows of resources					
	--	--	--	--	--
NET POSITION					
Net investment in capital assets	14,063,123	2,364,788	16,427,911	6,474,345	6,010,983
Restricted for:					
Debt service	--	18,050	18,050	--	521,787
Renewal and replacement	--	--	--	--	1,276,979
Unrestricted	(10,561,628)	33,096	(10,528,532)	19,713	358,124
	14,063,123	2,364,788	16,427,911	6,474,345	6,010,983
Total net position	\$ 3,501,495	\$ 2,415,934	\$ 5,917,429	\$ 6,494,058	\$ 8,167,873

See accompanying notes to the financial statements.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2014

Functions / Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Parking Authority	Sanitary Board
Primary government:									
Governmental activities:									
Public safety	\$ 4,298,533	\$ 3,674,126	\$ 128,349	\$ 840,029	\$ 343,971	\$ --	\$ 343,971	\$ --	\$ --
Streets and transportation	8,330,742	274,462	770,028	--	(7,286,252)	--	(7,286,252)	--	--
Health and sanitation	3,542,092	--	--	--	(3,542,092)	--	(3,542,092)	--	--
Culture and recreation	373,114	--	--	--	(373,114)	--	(373,114)	--	--
Benefits paid	2,827,187	--	32,800	100,000	(2,694,387)	--	(2,694,387)	--	--
Social services	1,786,903	--	--	--	(1,786,903)	--	(1,786,903)	--	--
Economic development	19,200	--	--	--	(19,200)	--	(19,200)	--	--
	893,125	--	--	--	(893,125)	--	(893,125)	--	--
Total governmental activities	22,070,896	3,948,588	931,177	940,029	(16,251,102)	--	(16,251,102)	--	--
Business-type activities:									
Municipal Building Commission	555,220	--	--	--	--	(555,220)	(555,220)	--	--
Total business-type activities	555,220	--	--	--	--	(555,220)	(555,220)	--	--
Total primary government	\$ 22,626,116	\$ 3,948,588	\$ 931,177	\$ 940,029	\$ (16,251,102)	\$ (555,220)	\$ (16,806,322)	\$ --	\$ --
Component units:									
Parking Authority	261,481	158,998	--	--	--	--	--	(102,483)	979,544
Sanitary Board	3,938,570	4,918,114	--	--	--	--	--	--	979,544
Total component units	\$ 4,200,051	\$ 5,077,112	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (102,483)	\$ 979,544
General revenues:									
Ad valorem property taxes					3,638,434	--	3,638,434	--	--
Business & occupation tax					9,628,593	--	9,628,593	--	--
Alcoholic beverages tax					100,993	--	100,993	--	--
Utility services tax					636,763	--	636,763	--	--
Hotel occupancy tax					693,632	--	693,632	--	--
Animal tax					4,811	--	4,811	--	--
Gas and oil severance tax					190,077	--	190,077	--	--
Other taxes					98,407	--	98,407	--	--
Coal severance tax					64,280	--	64,280	--	--
Unrestricted investment earnings					11,346	13	11,359	169	3,560
Refunds					635,524	--	635,524	--	--
Reimbursement					1,393,616	--	1,393,616	--	--
Miscellaneous					36,457	--	36,457	--	57,876
Transfers					(531,732)	531,732	--	--	--
Total general revenues and transfers					16,601,201	531,745	17,132,946	169	61,436
Change in net position					350,099	(23,475)	326,624	(102,314)	1,040,980
Net position - beginning, as restated (See Note III.J)					3,151,396	2,439,409	5,590,805	6,596,372	7,126,893
Net position - ending					\$ 3,501,495	\$ 2,415,934	\$ 5,917,429	\$ 6,494,058	\$ 8,167,873

See accompanying notes to the financial statements.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	General	Coal Severance Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS				
Assets:				
Current:				
Cash and cash equivalents	\$ 3,193,233	\$ 4,536	\$ 1,626,453	\$ 4,824,222
Receivables:				
Taxes	2,833,094	20,552	167,146	3,020,792
Accounts	580,568	--	4,687	585,255
Grants	90,651	--	--	90,651
Loans	197,806	--	51,573	249,379
Due from:				
Other funds	218,613	--	281,272	499,885
Other governments	8,000	--	--	8,000
Component units	10,000	--	--	10,000
Total assets	7,131,965	25,088	2,131,131	9,288,184
Deferred Outflows:				
Total deferred outflows of resources	--	--	--	--
Total assets and deferred outflows of resources	\$ 7,131,965	\$ 25,088	\$ 2,131,131	\$ 9,288,184
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	186,719	7,005	28,917	222,641
Payroll payable	7,283	--	17,318	24,601
Compensated absences payable	580,598	--	--	580,598
Other accrued expenses	16,085	--	6,351	22,436
Other postemployment benefits payable	4,622,464	--	--	4,622,464
Due to:				
Component unit	33,603	--	--	33,603
Other funds	220,767	--	279,118	499,885
Total liabilities	5,667,519	7,005	331,704	6,006,228
 Deferred Inflows:				
Taxes	259,425	--	148,043	407,468
Total deferred inflows of resources	259,425	--	148,043	407,468
Total liabilities and deferred inflows of resources	5,926,944	7,005	479,747	6,413,696
 Fund balances:				
Committed	--	18,083	--	18,083
Assigned	--	--	1,651,384	1,651,384
Unassigned	1,205,021	--	--	1,205,021
Total fund balances	1,205,021	18,083	1,651,384	2,874,488
Total liabilities, deferred inflows and fund balances	\$ 7,131,965	\$ 25,088	\$ 2,131,131	\$ 9,288,184

See accompanying notes to the financial statements.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2014

Total fund balances on the governmental fund's balance sheet	\$ 2,874,488
--	--------------

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (Note III.C).	15,482,185
--	------------

Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds (Note III.B).	407,468
--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note III.F.G.).

Notes payable	(400,000)
Leases payable	(1,019,062)
Net pension obligation	(12,795,984)
Compensated absences	<u>(1,047,600)</u>

Net position of governmental activities	<u>\$ 3,501,495</u>
---	---------------------

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	General	Coal Severance Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Ad valorem property taxes	\$ 2,761,248	\$ --	\$ 1,152,649	\$ 3,913,897
Business & occupation tax	9,628,593	--	--	9,628,593
Alcoholic beverages tax	100,993	--	--	100,993
Utility services tax	636,763	--	--	636,763
Hotel occupancy tax	693,632	--	--	693,632
Animal tax	4,811	--	--	4,811
Gas and oil severance tax	190,077	--	--	190,077
Other taxes	98,407	--	--	98,407
Coal severance tax	--	64,280	--	64,280
Licenses and permits	345,344	--	--	345,344
Intergovernmental:				
Federal	647,867	--	116,411	764,278
State	905,134	--	6,000	911,134
Local	63,244	--	21,855	85,099
Charges for services	1,548,661	--	1,584,169	3,132,830
Fines and forfeits	268,998	--	5,464	274,462
Interest and investment earnings	9,562	23	1,761	11,346
International registration plan fees	70,195	--	565,329	635,524
Rents and concessions	2,868	--	1,390,748	1,393,616
Franchise fees	195,952	--	--	195,952
Contributions and donations	93,500	--	17,195	110,695
Miscellaneous	28,566	679	7,212	36,457
Total revenues	18,294,415	64,982	4,868,793	23,228,190
EXPENDITURES				
Current:				
General government	5,290,647	7,527	34,343	5,332,517
Public safety	7,611,314	22,741	82,580	7,716,635
Streets and transportation	3,025,805	18,970	--	3,044,775
Health and sanitation	363,273	1,428	--	364,701
Culture and recreation	1,206,776	8,000	1,471,079	2,685,855
Benefits paid	--	--	1,786,903	1,786,903
Social services	19,200	--	--	19,200
Economic development	--	--	893,125	893,125
Total expenditures	17,517,015	58,666	4,268,030	21,843,711
Excess (deficiency) of revenues over expenditures	777,400	6,316	600,763	1,384,479

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 27,699	\$ --	\$ 719,960	\$ 747,659
Transfers (out)	<u>(484,629)</u>	<u>--</u>	<u>(794,762)</u>	<u>(1,279,391)</u>
 Total other financing sources (uses)	 <u>(456,930)</u>	 <u>--</u>	 <u>(74,802)</u>	 <u>(531,732)</u>
 Net change in fund balances	 320,470	 6,316	 525,961	 852,747
 Fund balances - beginning, as restated (See Note III.J)	 <u>884,551</u>	 <u>11,767</u>	 <u>1,125,423</u>	 <u>2,021,741</u>
 Fund balances - ending	 <u><u>\$ 1,205,021</u></u>	 <u><u>\$ 18,083</u></u>	 <u><u>\$ 1,651,384</u></u>	 <u><u>\$ 2,874,488</u></u>

MUNICIPALITY OF CLARKSBURG, 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, 2014

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

Net change in fund balances - total governmental funds	\$	852,747
<p>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 (Note III.C).</p>		
		1,073,152
<p>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 (Note III.C).</p>		
		(841,261)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (Note III.B). This is the difference in deferred revenues from prior year.</p>		
		(275,473)
<p>The issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note III.G).</p>		
Lease principal payments		235,851
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (Note III.G).</p>		
Change in compensated absences		115,216
Change in net pension obligation		<u>(810,133)</u>
Change in net position of governmental activities	\$	<u><u>350,099</u></u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual	Adjustments	Actual	Variance with
	<u>Original</u>	<u>Final</u>	Modified Accrual Basis	Budget Basis	Amounts Budget Basis	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 2,166,750	\$ 2,166,750	\$ 2,761,248	\$ --	\$ 2,761,248	\$ 594,498
Business & occupation tax	9,516,000	9,641,000	9,628,593	(1,905)	9,626,688	(14,312)
Alcoholic beverages tax	88,000	88,000	100,993	--	100,993	12,993
Utility services tax	854,400	854,400	636,763	--	636,763	(217,637)
Hotel occupancy tax	493,000	576,000	693,632	--	693,632	117,632
Animal tax	4,600	4,600	4,811	--	4,811	211
Gas and oil severance tax	15,000	15,000	190,077	--	190,077	175,077
Other taxes	108,000	108,000	98,407	--	98,407	(9,593)
Licenses and permits	228,975	233,975	345,344	--	345,344	111,369
Intergovernmental:						
Federal	5,000	74,843	647,867	--	647,867	573,024
State	595,054	1,208,207	905,134	(550,000)	355,134	(853,073)
Local	4,600	4,600	63,244	(50,000)	13,244	8,644
Charges for services	1,524,980	1,508,980	1,548,661	(627,128)	921,533	(587,447)
Fines and forfeits	85,000	94,000	268,998	--	268,998	174,998
Interest earnings	1,800	1,800	9,562	(7,185)	2,377	577
International registration plan fee	25,000	47,000	70,195	--	70,195	23,195
Rents and concessions	5,000	3,000	2,868	--	2,868	(132)
Franchise fees	200,000	192,000	195,952	--	195,952	3,952
Contributions and donations	--	--	93,500	--	93,500	93,500
Miscellaneous	109,900	118,818	28,566	(15,207)	13,359	(105,459)
Total revenues	16,031,059	16,940,973	18,294,415	(1,251,425)	17,042,990	102,017
EXPENDITURES						
Current:						
General government	3,794,475	4,614,186	5,290,647	(1,593,509)	3,697,138	917,048
Public safety	7,654,978	7,563,231	7,611,314	--	7,611,314	(48,083)
Streets and transportation	2,910,205	3,149,391	3,025,805	--	3,025,805	123,586
Health and sanitation	366,198	375,339	363,273	--	363,273	12,066
Culture and recreation	1,194,003	1,266,947	1,206,776	--	1,206,776	60,171
Social services	19,200	21,700	19,200	--	19,200	2,500
Total expenditures	15,939,059	16,990,794	17,517,015	(1,593,509)	15,923,506	1,067,288
Excess (deficiency) of revenues over expenditures	92,000	(49,821)	777,400	342,084	1,119,484	1,169,305

See accompanying notes to the financial statements.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual	Adjustments	Actual	Variance with
	<u>Original</u>	<u>Final</u>	Modified Accrual Basis	Budget Basis	Amounts Budget Basis	Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 106,500	\$ 106,500	\$ 27,699	\$ --	\$ 27,699	\$ (78,801)
Transfers (out)	(400,000)	(515,000)	(484,629)	--	(484,629)	30,371
Proceeds from the sale of assets	1,500	--	--	--	--	--
Total other financing sources (uses)	<u>(292,000)</u>	<u>(408,500)</u>	<u>(456,930)</u>	<u>--</u>	<u>(456,930)</u>	<u>(48,430)</u>
Net change in fund balance	(200,000)	(458,321)	320,470	342,084	662,554	1,120,875
Fund balance - beginning	<u>200,000</u>	<u>458,321</u>	<u>884,551</u>	<u>(3,129,536)</u>	<u>(2,244,985)</u>	<u>(2,703,306)</u>
Fund balance - ending	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>1,205,021</u></u>	\$ <u><u>(2,787,452)</u></u>	\$ <u><u>(1,582,431)</u></u>	\$ <u><u>(1,582,431)</u></u>

See accompanying notes to the financial statements.

MUNICIPALITY OF CLARKSBURG, 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, 2014

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Modified Accrual Basis	Final Budget Positive (Negative)
REVENUES				
Taxes:				
Coal severance tax	\$ 75,000	\$ 64,000	\$ 64,280	\$ 280
Interest earnings	100	100	23	(77)
Miscellaneous	--	--	679	679
	<u>75,100</u>	<u>64,100</u>	<u>64,982</u>	<u>882</u>
Total revenues				
EXPENDITURES				
Current:				
General government	12,500	12,695	7,527	5,168
Public safety	30,200	28,070	22,741	5,329
Streets and transportation	29,800	33,767	18,970	14,797
Health and sanitation	3,600	1,640	1,428	212
Culture and recreation	8,000	8,000	8,000	--
	<u>84,100</u>	<u>84,172</u>	<u>58,666</u>	<u>25,506</u>
Total expenditures				
Net change in fund balance	(9,000)	(20,072)	6,316	26,388
Fund balance - beginning	<u>9,000</u>	<u>20,072</u>	<u>11,767</u>	<u>(8,305)</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 18,083</u>	<u>\$ 18,083</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2014

Business-type
 Activities -
Enterprise Fund
 Municipal
 Building
 Commission

ASSETS

Current:

Cash and cash equivalents \$ 33,096

Total current assets 33,096

Noncurrent assets:

Restricted assets:

Reserve for construction 18,050

Total restricted assets 18,050

Capital assets:

Depreciable:

Buildings 10,357,391

Machinery and equipment 30,514

Less: accumulated depreciation (2,467,341)

Total capital assets (net of
 accumulated depreciation) 7,920,564

Total noncurrent assets 7,938,614

Total assets 7,971,710

DEFERRED OUTFLOWS

Total deferred outflows of resources --

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2014

Business-type
 Activities -
Enterprise Fund
 Municipal
 Building
 Commission

LIABILITIES

Current liabilities payable
 from current assets:

Bonds payable \$ 244,289

Total current liabilities payable
 from current assets

244,289

Noncurrent liabilities

Bonds payable 5,311,487

Total noncurrent liabilities

5,311,487

Total liabilities

5,555,776

DEFERRED INFLOWS

Total deferred inflows of resources

--

NET POSITION

Net investment in capital assets

2,364,788

Restricted for construction

18,050

Unrestricted

33,096

Total net position

\$ 2,415,934

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - <u>Enterprise Fund</u> Municipal Building Commission
Operating expenses:	
Depreciation	\$ <u>266,649</u>
Total operating expenses	<u>266,649</u>
Operating income (loss)	<u>(266,649)</u>
Nonoperating revenues (expenses):	
Interest revenue	13
Bond issuance costs	(36,862)
Interest and fiscal charges	<u>(251,709)</u>
Total nonoperating revenues (expenses)	<u>(288,558)</u>
Income (loss) before operating transfers and contributions	<u>(555,207)</u>
Transfers in	<u>531,732</u>
Change in net position	(23,475)
Net position at beginning of year, as restated (See Note III.J)	<u>2,439,409</u>
Net position at end of year	<u>\$ <u>2,415,934</u></u>

See accompanying notes to the financial statements.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

Business-type
 Activities -
Enterprise Fund
 Municipal
 Building
 Commission

Cash flows from operating activities:

Cash paid for goods and services \$ (34,000)

Net cash provided (used) by operating activities (34,000)

Cash flows from noncapital financing activities:

Transfers in 531,732

Net cash provided (used) by noncapital financing activities 531,732

Cash flows from capital and related financing activities:

Proceeds from capital debt 429,817

Purchases of capital assets (405,514)

Principal paid on capital debt (211,994)

Interest paid on capital debt (251,709)

Bond issuance costs (36,862)

Net cash provided (used) by capital and related financing activities (476,262)

Cash flows from investing activities:

Interest received 13

Net cash provided (used) by investing activities 13

Net increase (decrease) in cash and cash equivalents 21,483

Cash and cash equivalents, July 1, 2013 29,663

Cash and cash equivalents, June 30,
 (including \$18,050 in restricted accounts) \$ 51,146

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - <u>Enterprise Fund</u> Municipal Building <u>Commission</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (266,649)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	266,649
Increase (decrease) in accounts payable	<u>(34,000)</u>
Net cash provided by operations	<u>\$ (34,000)</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	<u>Pension Trust Funds</u>
ASSETS	
Non-pooled cash	\$ <u>891,888</u>
Total cash	<u>891,888</u>
Investments, at fair value:	
Federal government securities	638,486
Certificates of deposit	150,366
Common stock	984,638
Mutual funds	6,073,310
Corporate bonds	<u>883,488</u>
Total investments	<u>8,730,288</u>
Receivables:	
Interest	<u>5,591</u>
Total receivables	<u>5,591</u>
Total assets	<u>9,627,767</u>
DEFERRED OUTFLOWS	
Total deferred outflows of resources	<u>--</u>
DEFERRED INFLOWS	
Total deferred inflows of resources	<u>--</u>
NET POSITION	
Net position restricted for pension benefits	\$ <u><u>9,627,767</u></u>

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,599,852
Plan members	286,046
Insurance premium surtax	<u>855,470</u>
Total contributions	<u>2,741,368</u>
Investment income:	
Net increase (decrease) in fair value of investments	826,676
Net gain (loss) on sale of investments	196,624
Interest and dividends	134,117
Less: investment expense	<u>79</u>
Net investment income	<u>1,157,496</u>
Total additions	<u>3,898,864</u>
DEDUCTIONS	
Benefits	2,453,161
Administrative expenses	53,652
Refunds of contributions	13,500
Miscellaneous	<u>636</u>
Total deductions	<u>2,520,949</u>
Change in net assets	1,377,915
Net position restricted for pension benefits:	
Beginning of year	<u>8,249,852</u>
End of year	<u>\$ 9,627,767</u>

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Municipality of Clarksburg is a municipal corporation governed by an elected mayor, vice mayor, and five-member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the Municipality, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units as required by the accounting principles generally accepted in the United States. 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 Municipality.

Blended Component Units

The entities below are legally separate from the Municipality and meet GAAP criteria for component units. These entities are blended with the primary government because they provide services entirely or almost entirely to the Municipality.

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

The *Clarksburg Urban Renewal Authority* serves Municipality of Clarksburg, West Virginia, and is governed by a board comprised of five-members appointed by the Municipality for a term of five years each. The Clarksburg Urban Renewal Authority develops property and demolishes condemned structures on behalf of the Municipality and is reported as a special revenue fund.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the Municipality, but are financially accountable to the Municipality, or whose relationship with the Municipality is such that exclusion would cause the Municipality's financial statements to be misleading or incomplete. Because of the nature of services they provide and the Municipality's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 61. The discretely presented component units are presented on the government-wide statements.

The *Clarksburg Sanitary Board* serves all the citizens of the Municipality of Clarksburg and is governed by a three member board comprised of the City Manager and two members appointed by council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *Clarksburg Parking Authority* serves Municipality of Clarksburg, West Virginia, and is governed by a board comprised of five-members appointed by the Municipality for a term of three years each. The Clarksburg Parking Authority provides parking areas with the Municipality.

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

B. Government-Wide and Fund Financial Statements

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

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

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

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

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

The government reports the following major governmental funds:

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

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

The government reports the following major proprietary funds:

The *Municipal Building Commission* fund serves the Municipality by providing facilities that provide facilities to the public. The legally separate entity leases these facilities to the primary government in accordance to lease agreements. The Board promulgates rules and regulations governing the usage and maintenance of the facilities.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Additionally, the government reports the following fund types:

The *Pension Trust funds* account for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.

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 revenue of the Municipal Building Commission (enterprise fund) is lease payments from the primary government. Expenses for the enterprise fund include the administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Deposits and Investments

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

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

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien 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 in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute §8-13-22c places limitations on 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.

Municipal Pension Funds are governed as to type of investments by *West Virginia Code* §8-22-22. Pension funds are permitted to invest in all of the above mentioned types of investments with the exceptions of: (1) Direct and general obligations of the State and (2) Pooled mortgage trusts. Additionally, pension funds are permitted to invest funds in the following categories of investments: (1) Repurchase agreements and (2) Common stock, securities convertible into common stocks, or warrants and rights to purchase such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolios and are separate and distinct from the limitations mentioned above: (1) fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed five percent of the total pension fund assets; and (2) at no time can the nonreal estate equity portion of the portfolio exceed seventy-five percent of the total portfolio.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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".

Trade Receivables

All trade receivables are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Property Tax Receivable

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.

All municipalities 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, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2014, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy
Class II	\$ 173,781,220	25.00 cents	12.50 cents
Class IV	\$ 380,510,202	50.00 cents	25.00 cents

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 2014

The Municipality of Clarksburg, West Virginia held a special election on September 25, 2011. The Municipality was authorized to lay an excess levy to provide approximately \$996,796 annually during the next five fiscal years ended June 30, 2012 through June 30, 2016, for the purpose of improvements, maintenance, repairs, and capital projects for public parks, playgrounds and facilities operated by the City of Clarksburg board of park commissioners; for improvements, maintenance, repairs to streets, alleys, sidewalks and bridges, for demolition of dilapidated residential and nonresidential structures located within the city limits of Clarksburg and for purchase of various vehicles and equipment for the police and fire departments.

3. Restricted Assets

Certain proceeds of the Municipal Building Commission enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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

4. Capital Assets and Depreciation

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40 - 50
Structures and Improvements	5 - 50
Infrastructure	40 - 50
Machinery and Equipment	5 - 40

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees accrue 1.25 sick days per month to a maximum of 40 days. Employees meeting certain criteria can convert sick leave into cash. Vacation is accrued up to certain limits based on years of service.

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**.

When a permanent full time employee retires, the employee may elect to have any accrued sick leave converted to insurance benefits based on the formula of two days sick leave for one month single coverage insurance premium or three days sick leave for one month family coverage insurance premium.

6. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are recognized as an expense in the period incurred.

7. Fund Balances

In the governmental fund financial statements, fund balance is reported in five classifications.

- | | |
|---------------------------|---|
| Nonspendable fund balance | Inventories and prepaid amounts represent fund balance amounts that are not in spendable form. |
| Restricted | The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation. |

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government does not have any committed fund balance this fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the City Council/other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The City Council is the government's highest level of decision-making authority. The Council would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is in the best interest of the Municipality.

8. Change in Accounting Principle

Effective July 1, 2013, the Municipality adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. This Statement establishes accounting and financial reporting standards that requires the reporting of the net pension liability and required note disclosures including required supplementary information for defined benefit pension plans. This change was incorporated in the government's financial statements; however, there was no effect on beginning net position for the pension plans or governmental activities.

9. Deferred Outflows/inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

10. Stabilization Arrangements

The government has created a stabilization arrangement in accordance with West Virginia Code §8-37-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for any unforeseen shortfalls. The stabilization balance at fiscal year-end was \$2,787,452.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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, except that the amounts held for stabilization are not included for budgeting purposes. All annual appropriations lapse at fiscal year end.

The governing body of the Municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

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

General Fund

<u>Amount</u>	<u>Description</u>
\$ 819,711	General Government Expenditure Increase
(91,747)	Public Safety Expenditure Decrease
239,186	Streets and Transportation Expenditure Increase
9,141	Health and Sanitation Expenditure Increase
72,944	Culture and Recreation Expenditure Increase
2,500	Social Services Expenditure Increase

Coal Severance

<u>Amount</u>	<u>Description</u>
\$ 195	General Government Expenditure Increase
(2,130)	Public Safety Expenditure Decrease
3,967	Streets and Transportation Expenditure Increase
1,960	Health and Sanitation Expenditure Increase

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Policemen's Pension and Relief			
Mutual Funds	\$ 4,852,624	Not rated	Not rated
Total	<u>\$ 4,852,624</u>		

Interest Rate Risk

	0-3 years
Mutual Funds	\$ 4,852,623
Total	<u>\$ 4,852,623</u>

	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Firemen's Pension and Relief			
Federal Government Securities	\$ 638,486	AAA	AAA
Mutual Funds	1,220,687	n/a	n/a
Certificates of Deposit	150,366	n/a	n/a
Corporate Bonds	883,488	BBB+-AAA	A1-AAA
Common Stock	984,638	n/a	n/a
Total	<u>\$ 3,877,665</u>		

Interest Rate Risk

	0-3 years	4-7 years	7-10 years	Over 10 years
Federal Government Securities	\$ 57,586	\$ 192,574	\$ 346,998	\$ 41,328
Mutual Funds	1,220,687	--	--	--
Certificates of Deposit	150,366	--	--	--
Corporate Bonds	208,721	397,014	97,339	180,414
Common Stock	984,638	--	--	--
Total	<u>\$ 2,621,998</u>	<u>\$ 589,588</u>	<u>\$ 444,337</u>	<u>\$ 221,742</u>

Interest Rate Risk

The Municipality of Clarksburg has adopted the provisions of West Virginia Codes §8-13-22a and §8-22-22 (for policemen's pension plans) as its investment policy, the specific provisions of which are more fully described in Note I.D.1.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Credit Risk

State law limit investments as described in Note I.D.1. It is the government's policy to limit its investments as stated in the West Virginia Code. The government does not have a policy for credit risk in addition to governing statutes.

Concentration of Credit Risk

The government's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investment. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the investment in any one issuer equals or exceeds 5% of the total amount of investments. At year end, the government had the following investments held with these issuers:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
Fidelity ADV Industrials - CL C	287,083	5.92%
Fidelity ADV Small Cap - CL C	344,810	7.11%
Fidelity ADV Equity Income - CL C	532,731	10.98%
Fidelity ADV Large Cap - CL C	587,642	12.11%
Fidelity ADV Strategic Income - CL C	698,440	14.39%
Fidelity ADV Mid Cap II - CL C	306,552	6.32%
Fidelity ADV Consumer Staples - CL C	268,207	5.53%
Fidelity ADV Growth Opport - CL C	359,857	7.42%
Fidelity ADV Short Fixed Income - CL C	489,543	10.09%
Fidelity ADV Mid Cap Value - CL C	290,528	5.99%
Fidelity ADV Real Estate Income - CL C	253,570	5.23%
Ishares Russell Midcap Value ETF	289,732	6.14%

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 require a depository bond as collateral for all investments. At year end, the primary government's and fiduciary funds' bank balances were \$5,767,256, which were collateralized with a depository bond.

For deposits, the Parking Authority could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The authority's policy for custodial credit risk is to require a depository bond as collateral for all investments. At year end, the authority's bank balances were \$60,465, which were collateralized with a depository bond.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

For investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government has adopted State Code requirements as its policy for custodial credit risk. At year end, the fiduciary funds' investment balances were \$8,730,288. The entire balance is considered secured.

A reconciliation of cash and investments as shown on the Statement of Net Position of the primary government, the Parking Authority and Statement of Net Position of the Fiduciary Funds is as follows:

Cash and cash equivalents	\$ 5,827,721
Investments - collateralized and secured	8,730,288
Total	\$ 14,558,009
Cash and cash equivalents	\$ 5,809,671
Cash and cash equivalents-restricted	18,050
Investments	8,730,288
Total	\$ 14,558,009

B. Receivables

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

	General	Coal Severance Tax	Other and Nonmajor Fund	Fiduciary Funds	Total
Receivables:					
Accounts	\$ 580,568	\$ --	\$ 4,687	\$ --	\$ 585,255
Accrued interest	--	--	--	5,591	5,591
Taxes	2,833,094	20,552	167,146	--	3,020,792
Loans	197,806	--	51,573	--	249,379
Grants	90,651	--	--	--	90,651
Total					
Receivables	\$ 3,702,119	\$ 20,552	\$ 223,406	\$ 5,591	\$ 3,951,668

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 connections 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:

Property taxes receivable (general fund)	Unavailable \$ 259,425
Property taxes receivable (other nonmajor fund)	148,043
Total deferred/unearned revenue for governmental funds	\$ 407,468

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Accounts receivable for the Parking Authority are \$3,532.

Notes

The City of Clarksburg has assessed receivables against certain properties for demolition of condemned structures within the Municipality. The amounts are paid by the property owners for the removal of the condemned structures and the clearing of the property. The terms of the notes vary, including interest charged, which depends on the costs associated with the removal.

In 1993, the City of Clarksburg loaned up to a maximum of \$1,200,000 to the Clarksburg Water Board to provide funding for the extension of water services to certain developing areas. This loan is interest free and to be repaid at \$5,000 per month only from "surplus revenues" which may or may not be available in future years. The current balance of the loan is \$197,806.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 710,527	\$ --	\$ --	\$ 710,527
Total capital assets not being depreciated	<u>710,527</u>	<u>--</u>	<u>--</u>	<u>710,527</u>
Capital assets being depreciated:				
Structures and improvements	7,571,378	840,029	--	8,411,407
Machinery and equipment	6,607,452	225,128	--	6,832,580
Infrastructure	17,776,944	7,995	--	17,784,939
Total accumulated depreciation	<u>(17,416,007)</u>	<u>(841,261)</u>	<u>--</u>	<u>(18,257,268)</u>
Total capital assets being depreciated, net	<u>14,539,767</u>	<u>231,891</u>	<u>--</u>	<u>14,771,658</u>
Governmental activities capital assets, net	<u>\$ 15,250,294</u>	<u>\$ 231,891</u>	<u>\$ --</u>	<u>\$ 15,482,185</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Buildings	9,951,877	405,514	--	10,357,391
Machinery and equipment	--	30,514	--	30,514
Less: accumulated depreciation	(2,200,692)	(266,649)	--	(2,467,341)
Total capital assets being depreciated, net	7,751,185	169,379	--	7,920,564
Business-type activities capital assets, net	<u>\$ 7,751,185</u>	<u>\$ 169,379</u>	<u>\$ --</u>	<u>\$ 7,920,564</u>

The beginning balance of capital assets was restated as shown in Note III.J.

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

Governmental activities:		
General government		\$ 1,682
Public safety		185,077
Highways and streets		504,757
Health and sanitation		8,413
Culture and recreation		141,332
Total depreciation expense-governmental activities		<u>\$ 841,261</u>
Business-type activities:		
Municipal Building Commission		<u>\$ 266,649</u>
Total depreciation expense-business-type activities		<u>\$ 266,649</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Discretely Presented Component Unit

Activity related to capital assets for the Parking Authority for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,543,901	\$ --	\$ --	\$ 2,543,901
Total capital assets not being depreciated	<u>2,543,901</u>	<u>--</u>	<u>--</u>	<u>2,543,901</u>
Capital assets, being depreciated:				
Buildings	7,663,710	--	--	7,663,710
Structures and improvements	259,496	--	--	259,496
Machinery and equipment	278,135	--	--	278,135
Less: accumulated depreciation	<u>(4,175,769)</u>	<u>(95,128)</u>	<u>--</u>	<u>(4,270,897)</u>
Total capital assets being depreciated	<u>4,025,572</u>	<u>(95,128)</u>	<u>--</u>	<u>3,930,444</u>
Total capital assets, net	<u>\$ 6,569,473</u>	<u>(\$ 95,128)</u>	<u>\$ --</u>	<u>\$ 6,474,345</u>

The beginning balance of capital assets was restated as shown in Note III.G.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Interfund receivables/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Capital Levy Improvement	General	\$ 220,767
General	Capital Levy Improvement	205,613
General	Dental vision	13,000
Park Board Levy	Capital Levy Improvement	48,505
Capital Levy Improvement	Park Board Levy	12,000
	Total	<u>\$ 499,885</u>

Interfund receivables/payables for the primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
General Fund	Parking Authority	\$ 10,000
Sanitary Board	General Fund	33,603
Total:		<u>\$ 43,603</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Interfund transfers:

	Transfers In				
	General Fund	Nonmajor Governmental	Municipal Building Commission	Urban Renewal Authority	Total Transfers In
Transfers out:					
General fund	\$ --	\$ 178,301	\$ 306,328	\$ --	\$ 484,629
Nonmajor govern- mental funds	<u>27,699</u>	<u>417,659</u>	<u>225,404</u>	<u>124,000</u>	<u>794,762</u>
Total Transfers Out	<u>\$ 27,699</u>	<u>\$ 595,960</u>	<u>\$ 531,732</u>	<u>\$ 124,000</u>	<u>\$ 1,279,391</u>

Interfund transfers provide appropriations to subsidize the funds to support the programs and activities of the government.

E. Fund Balance Detail

At year-end, the detail of the government's fund balances is as follows:

	General Fund	Coal Severance	Nonmajor Funds	Total
Committed:				
Public safety	--	10,000	--	10,000
Streets and transportation	--	8,083	--	8,083
Assigned:				
General government	--	--	1,221,913	1,221,913
Public safety	--	--	143,183	143,183
Culture and recreation	--	--	286,288	286,288
Unassigned	<u>1,205,021</u>	--	--	<u>1,205,021</u>
Total fund balances	<u>\$ 1,205,021</u>	<u>\$ 18,083</u>	<u>\$ 1,651,384</u>	<u>\$ 2,874,488</u>

F. Leases

Capital Leases

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

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery, equipment and vehicles	\$ 1,564,026
Less: accumulated depreciation	(658,826)
Total	\$ 905,200

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30	Governmental Activities
2015	\$ 183,904
2016	156,970
2017	159,837
2018	153,566
2019	98,553
2020 - 2024	500,338
2025 - 2029	13,319
Total minimum lease payments	\$ 1,266,487
Less: amount representing interest	(247,425)
Present value of minimum lease payments	\$ 1,019,062

G. Long-term Debt

Notes Payable

The Municipality entered into a loan agreement with Urban Renewal Authority Bank to finance demolition projects within City limits. The Municipality is currently making only interest payments on the note with the entire principal amount due in 2017.

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2014
Governmental activities:					
Urban Renewal Authority - Demolition	2017	2.00%	\$ 400,000	\$ --	\$ 400,000
Total notes payable			\$ 400,000	\$ --	\$ 400,000

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Debt service requirements to maturity are as follows:

Year Ended	Governmental Activities	
	Principal	Interest
2015	\$ --	\$ 8,000
2016	--	8,000
2017	400,000	8,000
Totals	\$ 400,000	\$ 24,000

Revenue Bonds

The Municipal Building Commission issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

The bonds are secured by a pledge of lease payments, which are required to be in sufficient amount to pay principal and interest on the bonds when due. Revenue Bonds outstanding at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2014
Business-type activities:					
Series 1996	2026	5.000%	\$ 3,767,000	\$ 1,559,133	\$ 2,207,867
Series 2002	2023	4.500%	200,000	92,480	\$ 107,520
Series 2006 A	2036	4.125%	700,000	102,903	597,097
Series 2006 B	2036	4.375%	92,600	13,180	79,420
Series 2012	2034	3.500%	2,183,420	49,365	2,134,055
Series 2013	2027	3.500%	429,817	--	429,817
Total revenue bonds			\$ 7,372,837	\$ 1,817,061	\$ 5,555,776

Year Ended	Business-type Activities	
	Principal	Interest
2015	\$ 244,289	\$ 249,735
2016	265,268	246,368
2017	278,002	233,634
2018	291,094	220,542
2019	304,667	206,969
2020 - 2024	1,737,499	799,209
2025 - 2029	1,105,316	413,292
2030 - 2034	751,279	214,501
2035 - 2039	578,362	94,506
Totals	\$ 5,555,776	\$ 2,678,756

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Utility Pledged Revenues

The Municipality has pledged future lease revenues to repay \$3,767,000 in revenue bonds issued in Series 1996. Proceeds from the bonds provided financing for the construction of City Hall. The bonds are payable solely from lease revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require less than 48 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,905,672. Principal and interest paid for the current year and total lease revenues were \$250,440 and \$531,732, respectively.

The Municipality has pledged future lease revenues to repay \$200,000 in revenue bonds issued in Series 2002. Proceeds from the bonds provided financing for the construction of the central fire station. The bonds are payable solely from lease revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than three percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$130,448. Principal and interest paid for the current year and total customer net revenues were \$15,192 and \$531,732 respectively.

The Municipality has pledged future lease revenues to repay \$700,000 in revenue bonds issued in Series 2006 A. Proceeds from the bonds provided financing for the construction of the North View Fire Station. The bonds are payable solely from lease revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than eight percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$909,930. Principal and interest paid for the current year and total customer net revenues were \$41,496 and \$531,732, respectively.

The Municipality has pledged future lease revenues to repay \$92,600 in revenue bonds issued in Series 2006 B. Proceeds from the bonds provided financing for the construction of the north view fire station. The bonds are payable solely from lease revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than two percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$121,866. Principal and interest paid for the current year and total customer net revenues were \$5,652 and \$531,732, respectively.

The Municipality has pledged future lease revenues to repay \$2,183,420 in revenue bonds issued in Series 2012. Proceeds from the bonds provided financing for the construction of the new aquatic center. The bonds are payable solely from lease revenues and are payable through 2034. Annual principal and interest payments on the bonds are expected to require less than two percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,504,192. Principal and interest paid for the current year and total customer net revenues were \$146,008 and \$531,732, respectively.

The Municipality has pledged future lease revenues to repay \$429,817 in revenue bonds issued in Series 2013. Proceeds from the bonds provided financing for the acquisition and construction of Jackson Square. The bonds are payable solely from lease revenues and are payable through 2027. The total principal and interest remaining to be paid on the bonds is \$662,424. The Municipality is still in the process of drawing down the funds. Principal and interest paid for the current year and total customer net revenues were \$0 and \$531,732, respectively.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 1,254,913	\$ --	\$ (235,851)	\$ 1,019,062	\$ 136,937
Net pension obligation	11,985,851	810,133	--	12,795,984	--
Notes payable	400,000	--	--	400,000	--
Compensated absences	1,162,816	--	(115,216)	1,047,600	--
Governmental activities Long-term liabilities	<u>\$ 14,803,580</u>	<u>\$ 810,133</u>	<u>\$ (351,067)</u>	<u>\$ 15,262,646</u>	<u>\$ 136,937</u>
	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 5,337,953	\$ 429,817	\$ (211,994)	\$ 5,555,776	\$ 244,289
Business-type activities Long-term liabilities	<u>\$ 5,337,953</u>	<u>\$ 429,817</u>	<u>\$ (211,994)</u>	<u>\$ 5,555,776</u>	<u>\$ 244,289</u>

H. Restricted Assets

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

	Business-type Activities
Revenue bond construction account	\$ 18,050
Total restricted assets	<u>\$ 18,050</u>

I. Benefits Funded by the State of West Virginia

For the year ended June 30, 2014, the State of West Virginia contributed estimated payments on behalf of the governments public safety employees as follows:

Plan	Amount
Policemen's Pension and Relief Fund	\$ 448,194
Firemen's Pension and Relief Fund	407,276
Total	<u>\$ 855,470</u>

State contributions are funded by allocations of the State's insurance premium tax.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

J. Prior Period Adjustment

The following fund balance/net position of the primary government and discretely presented component unit required restatement at the beginning of the year as follows:

	Municipal Building Commission			
	General Fund	Governmental Activities	Business-type Activities	Parking Authority
Fund balance/Net position, as previously stated	\$ 1,269,369	\$ 3,536,214	\$ 1,818,983	\$ 6,599,854
Add:				
Prior year liabilities	202,807	202,807	--	--
Capital assets	--	--	620,426	--
Subtract:				
Prior year receivables	(587,625)	(587,625)	--	--
Capital assets	--	--	--	(3,482)
Net position, restated	<u>\$ 884,551</u>	<u>\$ 3,151,396</u>	<u>\$ 2,439,409</u>	<u>\$ 6,596,372</u>

IV. 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 Commercial Insurance Company for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010. Workers compensation coverage is provided for this entity by Brickstreet Insurance.

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

B. Subsequent Events

The Municipal officials applied to receive Home Rule status from the West Virginia Home Rule Review Board. The Home Rule application for the Municipality was approved on October 6, 2014.

The Municipality is in the process of building a Conference Center and the anticipated completion date is expected to be in fiscal year 2016. In October 2014, the Municipality purchased the Robinson Grand Theater to renovate the facility to provide additional recreational and cultural services for the community.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

C. Contingent Liabilities

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.

D. 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.

V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information, and Funding Policies

The Municipality of Clarksburg, West Virginia participates in two single employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. The PPRF's Board consists of a chairman which is the city manager and four members from the municipal police department. The Municipality is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2014.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. The FPRF's Board consists of a chairman which is the city manager and four members from the municipal fire department. The Municipality is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2014.

Actuarial valuations are required to be performed once every three years per state statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF and FPRF's Board.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

The investment policies of the PPRF and the FPRF are restricted by State Code as detailed in Note I.D.1 and may be restricted further as determined by the Boards. For additional information relating to basis of accounting and reported investment values, see Notes I.C., I.D.1. and IV.I. There were no significant changes in the investment policies for the current year.

Memberships of the plans are as follows:

<u>Group</u>	<u>PPRF</u>	<u>FPRF</u>	<u>Totals</u>
Active Employees	42	42	84
Inactive, Non-retired members	4	-	4
Retirees and Beneficiaries Currently Receiving Benefits	44	58	102
Total	<u>90</u>	<u>100</u>	<u>190</u>

These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions.

	<u>PPRF</u>	<u>FPRF</u>
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years in accordance with West Virginia State code §8-22-10. However, municipalities may utilize an alternative contribution method which allows the City to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method as authorized by West Virginia State code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary. The Municipality contributes 107% of the prior year's contributions for both the police and fire pension plans.	
Plan Members	7% of covered payroll	7% of covered payroll
Period Required to Vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.	
Post-Retirement Benefit Increases	Cost of living adjustment after two years of retirement. Adjustment calculated on the first \$15,000 of the total annual benefit in the first year and then the cumulative index for the preceding year. The supplemental pension benefit shall not exceed four percent.	
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.	
Provisions for:	<u>PPRF</u>	<u>FPRF</u>
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Actuarial Assumptions and Rate of Return

The total pension liability was determined by an actuarial valuation as of June 30, 2014 for both plans, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2014. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

	Policemen's Pension & Relief <u>Fund</u>	Firemen's Pension & Relief <u>Fund</u>
Actuarial assumptions		
Inflation rate	3.00%	3.00%
Salary increases	2.0 percent on average	2.0 percent on average
Investment Rate of Return	5.50%	5.00%

Mortality rates were based on the 1994 Group Annuity Mortality for Males or Females, as appropriate, with adjustments for mortality improvements based upon the status of members.

Rate of return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 16.88 percent for the PPRF and 10.78 percent for the FPRF. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments will be measured quarterly on a total rate of return basis and will be related to the overall objectives and the market return as evidenced by various market return indices. A complete market cycle (generally 5 years or more) will be used to evaluate investment performance. The pension plans' target asset allocation as of June 30, 2014, are summarized in the following chart:

<u>Investment</u>	PPFR's Target <u>Allocation</u>	FPRF's Target <u>Allocation</u>
Federal Government Securities	30-50%	0.0%
Equities	40-60%	Not to exceed 60%
Mutual Funds	0.0%	40-100%
Cash	1-5%	1-5%

Net Pension Liability, Reserves and Discount Rate

Current year net pension liability for the PPRF and FPRF are shown below. The annual required contributions were made in accordance with State Code by both the PPRF or FPRF.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Reserves

There are no assets legally reserved for purposes other than the payment of plan members benefits for either plan.

Net pension liability

The Municipality's net pension liability for the Policemen's and Firemen's Pension and Relief funds are as follows:

	<u>PPRF</u>	<u>FPRF</u>
Total pension liability	\$ 24,979,330	\$ 30,701,330
Plan fiduciary net position	(4,907,162)	(4,720,605)
Net pension liability	<u>\$ 20,072,168</u>	<u>\$ 25,980,725</u>
 Plan fiduciary net position as a percentage of the total pension liability	 19.64%	 15.38%

Discount rate

The discount rate used to measure the total pension liability was 5.50 percent for the PPRF and 5.00 for the FPRF, and the municipal bond rate of 4.29% for both plans. The projection of cash flows used to determine these discount rates assumed that the plans sponsor would make the statutory required contribution in accordance with alternative funding method which is 107% of the prior year's contribution as allowed by West Virginia State Code. Based on those assumptions, the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	<u>1%</u>	Current	<u>1%</u>
	Decrease	Discount Rate	Increase
PPRF's net pension liability	\$ 23,779,241	\$ 20,072,168	\$ 17,071,987
FPRF's net pension liability	\$ 30,487,173	\$ 25,980,725	\$ 22,328,059

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Pension Trust Funds Financial Statements

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
ASSETS		
Non-pooled cash	\$ 54,539	\$ 837,349
Total cash	<u>54,539</u>	<u>837,349</u>
Investments, at fair value:		
Federal government securities	--	638,486
Certificates of deposit	--	150,366
Common stock	--	984,638
Mutual Funds	4,852,623	1,220,687
Corporate bonds	<u>--</u>	<u>883,488</u>
Total investments	<u>4,852,623</u>	<u>3,877,665</u>
Receivables:		
Interest receivable	<u>--</u>	<u>5,591</u>
Total receivables	<u>--</u>	<u>5,591</u>
Total assets	<u>4,907,162</u>	<u>4,720,605</u>
DEFERRED OUTFLOWS		
Total deferred outflows of resources	<u>--</u>	<u>--</u>
DEFERRED INFLOWS		
Total deferred inflows of resources	<u>--</u>	<u>--</u>
NET POSITION		
Net position held in trust for pension benefits	<u>\$ 4,907,162</u>	<u>\$ 4,720,605</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
ADDITIONS		
Contributions:		
Employer	\$ 796,654	\$ 803,198
Plan members	151,027	135,019
Insurance premium surtax	<u>448,194</u>	<u>407,276</u>
 Total contributions	 <u>1,395,875</u>	 <u>1,345,493</u>
Investment income:		
Net increase (decrease) in fair value of investments	451,999	374,677
Net gain (loss) on sale of investments	171,201	25,423
Interest and dividends	47,957	86,160
Less: investment expense	<u>--</u>	<u>79</u>
 Net investment income	 <u>671,157</u>	 <u>486,339</u>
 Total additions	 <u>2,067,032</u>	 <u>1,831,832</u>
DEDUCTIONS		
Benefits	1,150,677	1,302,484
Administrative expenses	38,364	15,288
Refunds of contributions	7,500	6,000
Miscellaneous	<u>--</u>	<u>636</u>
 Total deductions	 <u>1,196,541</u>	 <u>1,324,408</u>
 Change in net position	 870,491	 507,424
Net position held in trust for pension benefits:		
Beginning of year	<u>4,036,671</u>	<u>4,213,181</u>
 End of year	 <u>\$ 4,907,162</u>	 <u>\$ 4,720,605</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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

Public Employees Retirement System (PERS)

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

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

Public Employees Retirement System (PERS)

Eligibility to participate	All Municipality 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%
Municipality's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

V.B.2. Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2014	\$ 426,636	100%
2013	\$ 395,929	100%
2012	\$ 274,526	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Ave S.E., Charleston, WV 25304.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

VI. RETIREMENT HEALTH PLAN (RHP)

VI.1. Plan Description:

The Municipality contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia, 25305-0710.

VI.2. Authority Establishing the Plan and Funding Policy

Chapter 5, Article 16D of the West Virginia Code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members are currently required to contribute \$270 per month per active health policy. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT board sets the employer contribution rate based on the annual required contributions of the plan (ARC), and amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The entity's contribution to RHBT for the year ended June 30, 2014, was \$238,304, which represents 69% of the required contribution this year.

VI.3. Trend Information

West Virginia Retiree Health Benefits Trust Fund (RHBT)

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>
2014	\$ 365,580	69%
2013	\$ 462,600	65%
2012	\$ 1,172,223	18%

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

I. SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Policemen's Pension and Relief Fund (PPRF)

	2014
Total pension liability	
Service cost	\$ 666,702
Interest	1,332,234
Benefits payments, including refunds of member contributions	(1,150,677)
Net change in total pension liability	848,259
Total pension liability-beginning	24,131,071
Total pension liability-ending (a)	\$ 24,979,330
 Plan fiduciary net position	
Contributions-employer	\$ 1,189,034
Contributions-members	151,027
Net investment income	632,587
Benefit payments, including refunds of member contributions	(1,150,677)
Administrative expenses	(7,500)
Other	206
Net change in plan fiduciary net position	814,677
Plan fiduciary net position - beginning	4,092,485
Plan fiduciary net position-ending (b)	\$ 4,907,162
 Net pension liability - ending (a) - (b)	\$ 20,072,168
 Plan fiduciary net position as a percentage of the total pension liability	19.64%
 Covered employee payroll	\$ 1,958,068
Net pension liability as a percentage of covered employee payroll	1025.10%

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

I. SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(CONTINUED)

Firemen's Pension and Relief Fund (FPRF)

	2014
Total pension liability	
Service cost	\$ 729,815
Interest	1,492,730
Benefits payments, including refunds of member contributions	(1,303,181)
Net change in total pension liability	919,364
Total pension liability-beginning	29,776,375
Total pension liability-ending (a)	\$ 30,695,739
 Plan fiduciary net position	
Contributions-employer	\$ 1,210,474
Contributions-members	135,019
Net investment income	465,521
Benefit payments, including refunds of member contributions	(1,303,181)
Administrative expenses	(6,000)
Other	--
Net change in plan fiduciary net position	501,833
Plan fiduciary net position - beginning	4,213,181
Plan fiduciary net position-ending (b)	\$ 4,715,014
 Net pension liability - ending (a) - (b)	\$ 25,980,725
 Plan fiduciary net position as a percentage of the total pension liability	15.36%
 Covered employee payroll	\$ 1,812,838
Net pension liability as a percentage of covered employee payroll	1433.15%

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

II. SCHEDULES OF INVESTMENT RETURNS

Policemen's Pension and Relief Fund (PPRF)

	2014
Annual money-weighted rate of return, net of investment expense	16.88%

Firemen's Pension and Relief Fund (PFRF)

	2014
Annual money-weighted rate of return, net of investment expense	10.78%

Only one year is presented due to the availability of the information in the application of the reporting requirements prospectively.

III. SCHEDULES OF CONTRIBUTIONS (MULTI-YEAR)

Policemen's Pension and Relief Fund (PPRF)

	2014
Actuarially determined contribution (a)	\$ 1,419,464
Employer contribution (b)	796,654
State contribution (c)	392,380
Percentage contributed [(b)+(c)]/(a)	84%
Covered payroll (f)	1,958,068
Actual contribution as a percent of covered payroll [(b)+(c)]/f	61%

Firemen's Pension and Relief Fund (PFRF)

	2014
Actuarially determined contribution (a)	\$ 1,676,866
Employer contribution (b)	803,198
State contribution (c)	407,276
Percentage contributed [(b)+(c)]/(a)	72%
Covered payroll (f)	1,812,838
Actual contribution as a percent of covered payroll [(b)+(c)]/f	67%

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

NOTES TO SCHEDULES

Significant Actuarial Assumptions

The actuarial assumptions and other information used to determine the annual required contributions are as follows:

	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
Valuation Date	<u>6/30/2014</u>	<u>6/30/2014</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage-of-Pay	Level Percentage-of-Pay
Amortization Period	26 Years (Level Percentage)	28 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	5.500%	5.00%
Projected Salary Increases	9% per year (0-1), 4.5% (1-2), 2% (3-4), 1%	9% per year (0-1), 4.5% (1-2), 2% (3-4), 1% thereafter
Post Retirement Benefit Increases	None	None
Inflation	3.00%	3.00%
Cost of Living Adjustments	3% on first \$15,000 of annual benefit and on the accumulated supplemental pension	3% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior
Mortality	Active: 85 percent of 1994 Group Annuity Mortality, Post-Retirement: 1994 Group Annuity Mortality, Disabled: 1994 Group Annuity set forward 4 years	

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION - COMPONENT UNIT
June 30, 2014

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Parking Authority</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ 60,465
Receivables:	
Accounts	3,532
Total current assets	<u>63,997</u>
Capital assets:	
Nondepreciable:	
Land	2,543,901
Depreciable:	
Buildings	7,663,710
Structures and improvements	259,496
Machinery and equipment	278,135
Less: accumulated depreciation	<u>(4,270,897)</u>
Total capital assets (net of accumulated depreciation)	<u>6,474,345</u>
Total noncurrent assets	<u>6,474,345</u>
Total assets	<u>6,538,342</u>
DEFERRED OUTFLOWS	
Total deferred outflows of resources	<u>--</u>
LIABILITIES	
Current liabilities payable	
from current assets:	
Other postemployment benefits payable	34,284
Due to:	
Primary government	<u>10,000</u>
Total current liabilities payable	
from current assets	<u>44,284</u>
Total liabilities	<u>44,284</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION - COMPONENT UNIT
June 30, 2014

	<u>Business-type Activities - Enterprise Fund</u>	<u>Parking Authority</u>
DEFERRED INFLOWS		
	\$	--
Total deferred inflows of resources		<u> --</u>
NET POSITION		
Net investment in capital assets		6,474,345
Unrestricted		<u> 19,713</u>
Total net position	\$	<u><u> 6,494,058</u></u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - COMPONENT UNIT
For the Fiscal Year Ended June 30, 2014

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Parking Authority</u>
Operating revenues:	
Sales and services to customers	\$ <u>158,998</u>
Total revenues	<u>158,998</u>
Operating expenses:	
Personal services	81,199
Administrative and general	26,262
Liability insurance	6,962
Materials and supplies	5,770
Utilities	28,015
Depreciation	95,128
Maintenance	18,145
Total operating expenses	<u>261,481</u>
Operating income (loss)	<u>(102,483)</u>
Nonoperating revenues (expenses):	
Interest revenue	<u>169</u>
Total nonoperating revenues (expenses)	<u>169</u>
Change in net assets	(102,314)
Net position at beginning of year (restated note III.J.)	<u>6,596,372</u>
Net position at end of year	<u>\$ <u>6,494,058</u></u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS - COMPONENT UNIT
For the Fiscal Year Ended June 30, 2014

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Parking Authority</u>
Cash flows from operating activities:	
Cash received from customers	\$ 155,466
Cash paid for goods and services	(69,643)
Cash paid to employees	(82,773)
	3,050
Net cash provided (used) by operating activities	3,050
Cash flows from investing activities:	
Interest received	169
	169
Net cash provided (used) by investing activities	169
Net increase (decrease) in cash and cash equivalents	3,219
Cash and cash equivalents, July 1, 2013	57,246
Cash and cash equivalents, June 30, 2014	\$ 60,465
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	(102,483)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	95,128
Decrease (increase) in accounts receivable	(3,532)
Decrease (increase) in due from other funds	6,637
Increase (decrease) in accounts payable	(1,126)
Increase (decrease) in compensated absences	(2,702)
Increase (decrease) in due to primary government	10,000
Increase (decrease) in other postemployment benefits payable	1,128
	1,128
Net cash provided by operations	\$ 3,050

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS			
Assets:			
Current:			
Cash and cash equivalents	\$ 936,565	\$ 689,888	\$ 1,626,453
Receivables:			
Taxes	167,146	--	167,146
Accounts	4,687	--	4,687
Notes	17,722	33,851	51,573
Due from:			
Other funds	<u>281,272</u>	<u>--</u>	<u>281,272</u>
Total assets	<u>1,407,392</u>	<u>723,739</u>	<u>2,131,131</u>
Deferred Outflows:			
	<u>--</u>	<u>--</u>	<u>--</u>
Total deferred outflows of resources	<u>--</u>	<u>--</u>	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 1,407,392</u>	<u>\$ 723,739</u>	<u>\$ 2,131,131</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	12,576	16,341	28,917
Payroll payable	17,318	--	17,318
Other accrued expenses	6,351	--	6,351
Due to:			
Other funds	<u>279,118</u>	<u>--</u>	<u>279,118</u>
Total liabilities	<u>315,363</u>	<u>16,341</u>	<u>331,704</u>
Deferred Inflows:			
Taxes	<u>148,043</u>	<u>--</u>	<u>148,043</u>
Total deferred inflows of resources	<u>148,043</u>	<u>--</u>	<u>148,043</u>
Total liabilities and deferred inflows of resources	<u>463,406</u>	<u>16,341</u>	<u>479,747</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Fund balances:			
Reserved for:			
Assigned	<u>943,986</u>	<u>707,398</u>	<u>1,651,384</u>
Total fund balances	<u>943,986</u>	<u>707,398</u>	<u>1,651,384</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,407,392</u>	<u>\$ 723,739</u>	<u>\$ 2,131,131</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes:			
Ad valorem property taxes	\$ 1,152,649	\$ --	\$ 1,152,649
Intergovernmental:			
Federal	116,411	--	116,411
State	6,000	--	6,000
Local	21,855	--	21,855
Charges for services	715,127	869,042	1,584,169
Fines and forfeits	5,464	--	5,464
Interest earnings	1,676	85	1,761
Contributions from employees	565,329	--	565,329
Contributions from employer	1,390,748	--	1,390,748
Contributions and donations	17,195	--	17,195
Miscellaneous	7,212	--	7,212
	<u>3,999,666</u>	<u>869,127</u>	<u>4,868,793</u>
Total revenues			
EXPENDITURES			
Current:			
General government	34,343	--	34,343
Public safety	82,580	--	82,580
Culture and recreation	1,471,079	--	1,471,079
Benefits paid	1,786,903	--	1,786,903
Economic development	--	893,125	893,125
	<u>3,374,905</u>	<u>893,125</u>	<u>4,268,030</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>624,761</u>	<u>(23,998)</u>	<u>600,763</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	595,960	124,000	719,960
Transfers (out)	<u>(794,762)</u>	<u>--</u>	<u>(794,762)</u>
Total other financing sources (uses)	<u>(198,802)</u>	<u>124,000</u>	<u>(74,802)</u>
Net change in fund balance	425,959	100,002	525,961
Fund balances - beginning	<u>518,027</u>	<u>607,396</u>	<u>1,125,423</u>
Fund balances - ending	<u>\$ 943,986</u>	<u>\$ 707,398</u>	<u>\$ 1,651,384</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014

	Police Fund	Landfill Composting Facility Fund	Urban Renewal Authority	Credit Card Clearing	Park Board
ASSETS AND DEFERRED OUTFLOWS					
Assets:					
Current:					
Cash and cash equivalents	\$ 135,825	\$ --	\$ 27,917	\$ --	\$ 136,199
Receivables:					
Taxes	--	--	--	--	--
Accounts	4,687	--	--	--	--
Notes	--	--	17,722	--	--
Due from:					
Other funds	--	--	--	--	--
Total assets	\$ 140,512	\$ --	\$ 45,639	\$ --	\$ 136,199
Deferred Outflows:					
Total deferred outflows of resources	--	--	--	--	--
Total assets and deferred outflows of resources	\$ 140,512	\$ --	\$ 45,639	\$ --	\$ 136,199
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	--	--	--	--	12,576
Payroll payable	--	--	--	--	17,318
Other accrued expenses	--	--	--	--	--
Due to:					
Other funds	--	--	--	--	--
Total liabilities	--	--	--	--	29,894
Deferred Inflows:					
Taxes	--	--	--	--	--
Total deferred inflows of resources	--	--	--	--	--
Total liabilities and deferred inflows of resources	--	--	--	--	29,894
Fund balances:					
Assigned	140,512	--	45,639	--	106,305
Total fund balances	140,512	--	45,639	--	106,305
Total liabilities, deferred inflows and fund balances	\$ 140,512	\$ --	\$ 45,639	\$ --	\$ 136,199

See accompanying notes to the financial statements.

Park Board Special Levy	Dental and Vision	Capital Levy Improvement Fund	PEIA Fund	Police National Nightout	Mayor's Youth Council	Tax Increment Financing District	Total Nonmajor Special Revenue Funds
\$ 142,188	\$ 16,814	\$ 102,690	\$ 153,535	\$ 2,671	\$ --	\$ 218,726	\$ 936,565
66,858	--	100,288	--	--	--	--	167,146
--	--	--	--	--	--	--	4,687
--	--	--	--	--	--	--	17,722
48,505	--	232,767	--	--	--	--	281,272
<u>\$ 257,551</u>	<u>\$ 16,814</u>	<u>\$ 435,745</u>	<u>\$ 153,535</u>	<u>\$ 2,671</u>	<u>\$ --</u>	<u>\$ 218,726</u>	<u>\$ 1,407,392</u>
--	--	--	--	--	--	--	--
<u>\$ 257,551</u>	<u>\$ 16,814</u>	<u>\$ 435,745</u>	<u>\$ 153,535</u>	<u>\$ 2,671</u>	<u>\$ --</u>	<u>\$ 218,726</u>	<u>\$ 1,407,392</u>
--	--	--	--	--	--	--	12,576
--	--	--	--	--	--	--	17,318
6,351	--	--	--	--	--	--	6,351
12,000	13,000	254,118	--	--	--	--	279,118
18,351	13,000	254,118	--	--	--	--	315,363
59,217	--	88,826	--	--	--	--	148,043
59,217	--	88,826	--	--	--	--	148,043
77,568	13,000	342,944	--	--	--	--	463,406
179,983	3,814	92,801	153,535	2,671	--	218,726	943,986
179,983	3,814	92,801	153,535	2,671	--	218,726	943,986
<u>\$ 257,551</u>	<u>\$ 16,814</u>	<u>\$ 435,745</u>	<u>\$ 153,535</u>	<u>\$ 2,671</u>	<u>\$ --</u>	<u>\$ 218,726</u>	<u>\$ 1,407,392</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2014

	Police Fund	Landfill Composting Facility Fund	Urban Renewal Authority	Credit Card Clearing	Park Board	Park Board Special Levy
REVENUES						
Taxes:						
Ad valorem property taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 54,602
Intergovernmental:						
Federal	16,411	--	--	--	--	100,000
State	--	--	--	--	--	6,000
Local	2,855	--	--	--	--	19,000
Charges for services	--	--	--	--	715,127	--
Fines and forfeits	5,464	--	--	--	--	--
Interest and investment earnings	270	12	114	--	393	402
Contributions from employees	--	--	--	--	--	--
Contributions from employer	--	--	--	--	--	--
Contributions and donations	--	--	--	--	2,000	5,800
Miscellaneous	5,585	--	--	1,627	--	--
Total revenues	30,585	12	114	1,627	717,520	185,804
EXPENDITURES						
Current:						
General government	--	--	21,250	--	--	--
Public safety	70,441	--	--	--	--	--
Culture and recreation	--	--	--	--	626,582	328,470
Benefits paid	--	--	--	--	--	--
Total expenditures	70,441	--	21,250	--	626,582	328,470
Excess (deficiency) of revenues over expenditures	(39,856)	12	(21,136)	1,627	90,938	(142,666)
OTHER FINANCING SOURCES (USES)						
Transfers in	82,311	--	--	--	92,390	417,659
Transfers (out)	--	(15,207)	--	--	(81,546)	(146,008)
Total other financing sources (uses)	82,311	(15,207)	--	--	10,844	271,651
Net change in fund balance	42,455	(15,195)	(21,136)	1,627	101,782	128,985
Fund balances - beginning	98,057	15,195	66,775	(1,627)	4,523	50,998
Fund balances - ending	\$ 140,512	\$ --	\$ 45,639	\$ --	\$ 106,305	\$ 179,983

See accompanying notes to the financial statements.

Dental and Vision	Capital Levy Improvement Fund	PELA Fund	Police National Nightout	Mayor's Youth Council	Tax Increment Financing District	Total Nonmajor Special Revenue Funds
\$ --	\$ 1,010,464	\$ --	\$ --	\$ --	\$ 87,583	\$ 1,152,649
--	--	--	--	--	--	116,411
--	--	--	--	--	--	6,000
--	--	--	--	--	--	21,855
--	--	--	--	--	--	715,127
--	--	--	--	--	--	5,464
25	435	6	1	--	18	1,676
48,735	--	516,594	--	--	--	565,329
62,072	--	1,328,676	--	--	--	1,390,748
--	--	--	9,395	--	--	17,195
--	--	--	--	--	--	7,212
<u>110,832</u>	<u>1,010,899</u>	<u>1,845,276</u>	<u>9,396</u>	<u>--</u>	<u>87,601</u>	<u>3,999,666</u>
13,093	--	--	--	--	--	34,343
--	--	--	12,139	--	--	82,580
--	516,027	--	--	--	--	1,471,079
<u>95,317</u>	<u>--</u>	<u>1,691,586</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,786,903</u>
<u>108,410</u>	<u>516,027</u>	<u>1,691,586</u>	<u>12,139</u>	<u>--</u>	<u>--</u>	<u>3,374,905</u>
<u>2,422</u>	<u>494,872</u>	<u>153,690</u>	<u>(2,743)</u>	<u>--</u>	<u>87,601</u>	<u>624,761</u>
--	--	--	3,600	--	--	595,960
--	(539,509)	(12,468)	--	(24)	--	(794,762)
--	(539,509)	(12,468)	3,600	(24)	--	(198,802)
2,422	(44,637)	141,222	857	(24)	87,601	425,959
<u>1,392</u>	<u>137,438</u>	<u>12,313</u>	<u>1,814</u>	<u>24</u>	<u>131,125</u>	<u>518,027</u>
<u>\$ 3,814</u>	<u>\$ 92,801</u>	<u>\$ 153,535</u>	<u>\$ 2,671</u>	<u>\$ --</u>	<u>\$ 218,726</u>	<u>\$ 943,986</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUND
June 30, 2014

	<u>Urban Renewal Authority</u>
ASSETS AND DEFERRED OUTFLOWS	
Assets	
Current:	
Cash and cash equivalents	\$ 689,888
Receivables:	
Loans	<u>33,851</u>
Total assets	<u>723,739</u>
Deferred Outflows:	
	<u>--</u>
Total deferred outflows of resources	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 723,739</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
LIABILITIES	
Accounts payable	<u>16,341</u>
Total liabilities	<u>16,341</u>
Deferred Inflows:	
	<u>--</u>
Total deferred inflows of resources	<u>--</u>
Total liabilities and deferred inflows of resources	<u>16,341</u>
FUND BALANCES	
Reserved for:	
Assigned	<u>707,398</u>
Total fund balance	<u>707,398</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 723,739</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2014

	<u>Urban Renewal Authority</u>
REVENUES	
Charges for services	\$ 869,042
Interest and investment earnings	<u>85</u>
Total revenues	<u>869,127</u>
EXPENDITURES	
Current:	
Economic development	<u>893,125</u>
Total expenditures	<u>893,125</u>
Excess (deficiency) of revenues over expenditures	(23,998)
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>124,000</u>
Total other financing sources (uses)	<u>124,000</u>
Net change in fund balance	100,002
Fund balances - beginning	<u>607,396</u>
Fund balances - ending	<u><u>\$ 707,398</u></u>

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES -
 NONMAJOR DEBT SERVICE FUND
 For the Fiscal Year Ended June 30, 2014**

	<u>Urban Renewal Authority</u>
REVENUES	
Charges for services	\$ 869,042
Interest and investment earnings	<u>85</u>
Total revenues	<u>869,127</u>
EXPENDITURES	
Current:	
Economic development	<u>893,125</u>
Total expenditures	<u>893,125</u>
Excess (deficiency) of revenues over expenditures	(23,998)
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>124,000</u>
Total other financing sources (uses)	<u>124,000</u>
Net change in fund balance	100,002
Fund balances - beginning	<u>607,396</u>
Fund balances - ending	<u><u>\$ 707,398</u></u>

ACCOMPANYING INFORMATION



State of West Virginia

Glen B. Gainer III

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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*

Independent Auditor's Report

Honorable Mayor and Council
Municipality of Clarksburg
Clarksburg, West Virginia 26301

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Clarksburg, West Virginia (the Municipality), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality'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 of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 through 2014-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004.

Entity's Response to Findings

The Municipality's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Municipality's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

December 22, 2014



State of West Virginia

Glen B. Gainer III

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Chief Inspector**

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

Independent Auditor's Report

Honorable Mayor and Council
Municipality of Clarksburg
Clarksburg, West Virginia 26301

Report on Compliance for Each Major Federal Program

We have audited the compliance of Municipality of Clarksburg, West Virginia (the Municipality) 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 Municipality's major federal programs for the year ended June 30, 2014. The Municipality'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 Municipality'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 Municipality'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 Municipality's compliance.

Opinion on Each Major Federal Program

In our opinion, the Municipality 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, 2014.

Report on Internal Control Over Compliance

Management of the Municipality 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 Municipality'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 Municipality'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 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.

Honorable Mayor and Council
Municipality of Clarksburg
Page 3

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.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

December 22, 2014

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
U.S. Department of the Interior			
Pass-through Programs From:			
West Virginia Development Office			
<u>Program Title</u>			
Outdoor Recreation Acquisition, Development and Planning	15.916	11LWCF0476	\$ 100,000
Total U.S. Department of the Interior			<u>100,000</u>
U.S. Department of Justice			
Pass-through Programs From:			
West Virginia Division of Justice and Community Services			
<u>Program Title</u>			
Edward Byrne Memorial Formula Grant Program	16.579	2009-DJ-BX-0098	9,820
		13-JAG-10	20,180
		2012-DJ-BX-0306	25,000
Violence Against Women Formula Grants	16.588	2012-WF-AX-0048	5,128
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0091	<u>16,411</u>
Total U.S. Department of Justice			<u>76,539</u>
U.S. Department of Transportation			
Pass-through Programs From:			
West Virginia Department of Transportation			
Division of Motor Vehicles			
<u>Program Title</u>			
Alcohol Open Container Requirements	20.607	F13-HS-05-154AL	114,690
	20.607	F14-HS-05-154AL	133,420
National Priority Safety Programs	20.616	F14-HS-05-405b	16,414
	20.616	F14-HS-05-405e	9,834

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal Control over Financial Reporting:	
Material weaknesses identified?	Yes
Significant deficiency identified that is not considered to be a material weakness?	No
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal Control over Major Programs:

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

Identification of major programs:

CFDA Numbers

20.607
20.600, 20.601, 20.609, 20.613

Name of Federal Program

Alcohol Open Container Requirements
Highway Safety Cluster

Dollar threshold used to distinguish between Type A and Type B Program:	\$ 300,000
Auditee qualify as a low-risk auditee?	No

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Controls Over Financial Statement Preparation
2014-002**

CAUSE:

The Municipality has inadequate policies and procedures related to controls for preparing financial statements that does not minimize the risk of a material misstatement and/or misclassifications.

EFFECT:

A significant potential exists for misstatements to occur in the financial statements without being detected by employees or management in a timely manner.

RECOMMENDATION:

The Municipality should develop policies and procedures to ensure financial statements are prepared in accordance with generally accepted accounting principles.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Municipal officials stated that financial statements will be prepared to avoid significant prior period adjustments to the extent possible in the future.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Accounts Receivable and Accounts Payable - All Funds
2014-003**

CONDITION:

We determined during our examination that the Municipality did not accurately accrue certain accounts receivable and accounts payable at June 30.

CRITERIA:

To properly reflect the correct amount of revenues and expenditures at year end, uncollected fees and unpaid invoices should be accrued as receivables and payables.

CAUSE:

The Municipality failed to implement adequate controls to insure that all revenues and expenditures were recognized during the fiscal year.

EFFECT:

Accounts receivable and accounts payable were not properly accrued and therefore all revenues and all expenditures are not being adequately recorded in the proper time period.

RECOMMENDATION:

The Municipality should properly accrue and adjust all receivables and payables as of the fiscal year end for all funds to properly present the information on the financial statements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Municipal officials stated that all accounts receivables and accounts payables will be accrued and adjusted at fiscal year end for all funds in the future.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2014

There were no findings at the federal program level, therefore no corrective action plan is necessary.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2014

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2013-01	Segregation of Duties	Not Resolved