

**CITY OF CLARKSBURG, WEST VIRGINIA  
A CLASS II MUNICIPALITY IN HARRISON COUNTY**

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**INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED JUNE 30, 2013**  
*RFP #13-008 (Harrison County)*

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**CITY OF CLARKSBURG, WEST VIRGINIA  
MUNICIPAL OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Office</b>	<b>Name</b>	<b>Term</b>
	<b>Elective</b>	
Mayor	Patsy Trecoast II	07/01/09 – 06/30/13
Vice Mayor	Catherine Goings	07/01/11 – 06/30/15
Council Members	James Hunt	07/01/09 – 06/30/13
	Mary Mayer	07/01/09 – 06/30/13
	Margaret Bailey	07/01/11 – 06/30/15
	Gary Bowden	07/01/11 – 06/30/15
	Sam Lopez	07/01/09 – 06/30/13
	<b>Appointed</b>	
City Manager:	Martin Howe	
Finance Director:	Frank Ferrari	
City Clerk:	Annette Wright	
Municipal Attorney:	Greg Morgan	

CITY OF CLARKSBURG, WEST VIRGINIA  
INDEX OF FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

**MAJOR FUNDS**

**GOVERNMENTAL FUND TYPES**

*General Fund*

*Special Revenue Funds*

Coal Severance Tax Fund

**PROPRIETARY FUND TYPES**

Enterprise Funds

Municipal Building Commission

**NONMAJOR FUNDS**

**GOVERNMENTAL FUND TYPES**

*Special Revenue Funds*

Landfill Composting Facility Fund

Project Life Saver Fund

Urban Renewal Authority

Credit Card Clearing Fund

Park Board

Park Board Special Levy Fund

Police Fund

Dental and Vision Benefit Fund

Capital Levy Improvement Fund

Canine Grant Fund

PEIA Fund

Police National Night Out Fund

Mayors Youth Council Fund

Police Transit Vehicle Grant Fund

Tax Increment Financing District Fund

*Debt Service Fund*

Urban Renewal Authority

**CITY OF CLARKSBURG, WEST VIRGINIA  
INDEX OF FUNDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

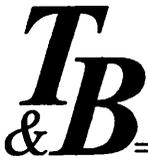
**FIDUCIARY FUND TYPES**

***Pension Trust Funds***

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

**COMPONENT UNITS**

Sanitary Board  
Parking Authority



## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council  
City of Clarksburg  
Clarksburg, West Virginia

### **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 unites, each major fund, and the aggregate remaining fund information of the City of Clarksburg, West Virginia, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City'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.

### ***Opinion***

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 City of Clarksburg, West Virginia as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund and the Coal Severance Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements for the year ended June 30, 2013, the City of Clarksburg, West Virginia adopted new accounting guidance, GASB 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53* and *GASB 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress – Policemen's Pension (PPRF) and Firemen's Pension and Relief Fund (FPRF) 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in a 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 inquired 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.

#### *Other Information*

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the City of Clarksburg, West Virginia'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 City of Clarksburg, West Virginia's internal control over financial reporting and compliance.

*Derrick A. Batten, PHA*

November 25, 2013

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental</u>	<u>Business</u>		<u>Component Units</u>	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>	<u>Sanitary</u>	<u>Parking</u>
		<u>Activities</u>		<u>Board</u>	<u>Authority</u>
<b>Assets</b>					
Cash	\$ 4,588,345	\$ 29,663	\$ 4,618,008	\$ 816,206	\$ 57,246
Receivables	4,019,259	-0-	4,019,259	791,016	-0-
Due to/from other activities	( 32,980)	-0-	( 32,980)	26,343	6,637
Inventory	-0-	-0-	-0-	171,105	-0-
Restricted assets	-0-	-0-	-0-	521,862	-0-
Capital assets, net	15,250,294	7,161,273	22,411,567	9,884,801	6,572,955
Unamortized bond discount and issue cost	-0-	-0-	-0-	-0-	-0-
Total assets	<u>23,824,918</u>	<u>7,190,936</u>	<u>31,015,854</u>	<u>12,211,333</u>	<u>6,636,838</u>
<b>Liabilities</b>					
Accounts payable	401,558	34,000	435,558	49,705	1,126
Accrued payroll	18,390	-0-	18,390	-0-	-0-
Other post employment benefits payable	4,496,316	-0-	4,496,316	907,105	33,156
Deferred revenue	-0-	-0-	-0-	-0-	-0-
Accrued interest payable	-0-	-0-	-0-	3,349	-0-
<b>Long-term liabilities</b>					
Due within one year	782,067	215,022	997,089	1,105,695	2,702
Due in more than one year	<u>14,590,373</u>	<u>5,122,931</u>	<u>19,713,304</u>	<u>2,654,319</u>	<u>-0-</u>
Total liabilities	<u>20,288,704</u>	<u>5,371,953</u>	<u>25,660,657</u>	<u>4,720,173</u>	<u>36,984</u>
<b>Net Assets</b>					
Net investment in capital assets	13,595,381	1,823,320	15,418,701	6,502,919	6,572,955
Restricted	-0-	-0-	-0-	521,862	-0-
Unrestricted	<u>(10,059,167)</u>	<u>( 4,337)</u>	<u>(10,063,504)</u>	<u>466,379</u>	<u>26,899</u>
Total net assets	<u>\$ 3,536,214</u>	<u>\$ 1,818,983</u>	<u>\$ 5,355,197</u>	<u>\$ 7,491,160</u>	<u>\$ 6,599,854</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Assets</u>			<u>Component Units</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Sanitary Board</u>	<u>Parking Authority</u>
<b>Governmental Activities</b>									
General government	\$ 4,543,435	\$ 573,608	\$ 22,000	\$ -0-	\$ ( 3,947,827)	\$ -0-	\$ ( 3,947,827)	\$ -0-	\$ -0-
Public safety	8,810,255	1,585,047	860,527	-0-	( 6,364,681)	-0-	( 6,364,681)	-0-	-0-
Highways and streets	3,523,649	-0-	41,206	-0-	( 3,482,443)	-0-	( 3,482,443)	-0-	-0-
Health and sanitation	394,557	-0-	17,000	-0-	( 377,557)	-0-	( 377,557)	-0-	-0-
Culture and recreation	2,134,949	346,259	111,165	-0-	( 1,677,525)	-0-	( 1,677,525)	-0-	-0-
Community development	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Benefit payments	<u>1,902,842</u>	<u>-0-</u>	<u>2,046,011</u>	<u>-0-</u>	<u>143,169</u>	<u>-0-</u>	<u>143,169</u>	<u>-0-</u>	<u>-0-</u>
Total governmental activities	<u>21,309,687</u>	<u>2,504,914</u>	<u>3,097,909</u>	<u>-0-</u>	<u>(15,706,864)</u>	<u>-0-</u>	<u>(15,706,864)</u>	<u>-0-</u>	<u>-0-</u>
<b>Business-Type Activities</b>									
Municipal Building Commission	<u>322,366</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 322,366)</u>	<u>( 322,366)</u>	<u>-0-</u>	<u>-0-</u>
Total business-type activities	<u>322,366</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 322,366)</u>	<u>( 322,366)</u>	<u>-0-</u>	<u>-0-</u>
Total primary government	\$ <u>21,632,053</u>	\$ <u>2,504,914</u>	\$ <u>3,097,909</u>	\$ <u>-0-</u>	<u>(15,706,864)</u>	<u>( 322,366)</u>	<u>(16,029,230)</u>	<u>-0-</u>	<u>-0-</u>
<b>Component Units</b>									
Sanitary Board	\$ 3,919,287	\$ 4,807,110	\$ -0-	\$ -0-	-0-	-0-	-0-	887,823	-0-
Parking Authority	<u>237,092</u>	<u>194,251</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 42,841)</u>
Total component units	\$ <u>4,156,379</u>	\$ <u>5,001,361</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>887,823</u>	<u>( 42,841)</u>

**CITY OF CLARKSBURG, WEST VIRGINIA  
STATEMENT OF ACTIVITIES (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>			<u>Component Units</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Sanitary Board</u>	<u>Parking Authority</u>
<b>General Revenues</b>									
Taxes and special assessments					\$ 15,026,784	\$ -0-	\$ 15,026,784	\$ -0-	\$ -0-
Licenses					443,941	-0-	443,941	-0-	-0-
Franchises fees					197,173	-0-	197,173	-0-	-0-
Interest and investment earnings					14,706	265	14,971	895	88
Miscellaneous					<u>236,781</u>	<u>-0-</u>	<u>236,781</u>	<u>59,319</u>	<u>35</u>
Total general revenues					<u>15,919,385</u>	<u>265</u>	<u>15,919,650</u>	<u>60,214</u>	<u>123</u>
Change in net position before transfers					212,521	( 322,101)	( 109,580)	948,037	( 42,718)
Transfer of assets to other activities					<u>( 1,123,743)</u>	<u>1,123,743</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in net position					( 911,222)	801,642	( 109,580)	948,037	( 42,718)
Net position – beginning					<u>4,447,436</u>	<u>1,017,341</u>	<u>5,464,777</u>	<u>6,543,123</u>	<u>6,642,572</u>
Net position – ending					\$ <u>3,536,214</u>	\$ <u>1,818,983</u>	\$ <u>5,355,197</u>	\$ <u>7,491,160</u>	\$ <u>6,599,854</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA  
FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>				
Cash	\$ 3,287,682	\$ 819	\$ 1,299,844	\$ 4,588,345
Receivables, net of allowances:				
Accounts	509,914	-0-	-0-	509,914
Taxes	2,873,862	19,253	164,227	3,057,342
Grants	79,801	-0-	-0-	79,801
Other	57,823	-0-	-0-	57,823
Note	262,806	-0-	51,573	314,379
Due to/(from) other funds	( 23,937)	( 800)	( 8,243)	( 32,980)
<b>TOTAL ASSETS</b>	<b>\$ <u>7,047,951</u></b>	<b>\$ <u>19,272</u></b>	<b>\$ <u>1,507,401</u></b>	<b>\$ <u>8,574,624</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 185,674	\$ 7,505	208,379	\$ 401,558
Accrued payroll	5,334	-0-	13,056	18,390
Accrued compensated absences	568,860	-0-	-0-	568,860
Other post employment benefits payable	4,496,316	-0-	-0-	4,496,316
Deferred revenues	<u>522,398</u>	<u>-0-</u>	<u>160,533</u>	<u>682,931</u>
Total liabilities	<u>5,778,582</u>	<u>7,505</u>	<u>381,968</u>	<u>6,168,055</u>
<b>Fund Balances</b>				
Assigned	-0-	11,767	1,127,060	1,138,827
Unassigned	<u>1,269,369</u>	<u>-0-</u>	<u>( 1,627)</u>	<u>1,267,742</u>
Total fund balances	<u>1,269,369</u>	<u>11,767</u>	<u>1,125,433</u>	<u>2,406,569</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>7,047,951</u></b>	<b>\$ <u>19,272</u></b>	<b>\$ <u>1,507,401</u></b>	<b>\$ <u>8,574,624</u></b>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA  
RECONCILIATION OF FUND BALANCE SHEETS OF  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
JUNE 30, 2013**

Fund balance, fund level statement June 30, 2013 \$ 2,406,569

The total fund balance of the City of Clarksburg's governmental funds differs from net position of the governmental activities reported on the Statement of Net Position as follows:

Some liabilities are not due and payable in the current period and therefore, are not reported in the fund level statements:

Obligations under capital leases	( 1,089,844)
Accrued compensated absences	( 1,162,816)
Net pension obligation	(11,985,851)
Notes payable	( 565,069)

Capital assets, that are used in governmental activities and are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. However, the Statement of Net Position includes those assets and their associated accumulated depreciation. 15,250,294

Some assets do not provide current financial resources and are not reported as assets in the fund level statements:

Decrease in deferred revenues	<u>682,931</u>
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Net assets of governmental activities \$ 3,536,214

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>				
Taxes and special assessments	\$ 13,833,096	\$ -0-	\$ 1,191,016	\$ 15,024,112
Licenses and permits	443,941	-0-	-0-	443,941
Charges for services	1,716,745	-0-	437,351	2,154,096
Fines and forfeits	275,901	-0-	2,234	278,135
Franchise fees	197,173	-0-	-0-	197,173
Interest	9,348	45	5,313	14,706
Donations	100,310	-0-	17,403	117,713
Intergovernmental:				
Federal	834,327	-0-	23,505	857,832
State	53,128	72,683	23,000	148,811
Local	-0-	-0-	225	225
Contributions from employees	-0-	-0-	295,107	295,107
Contribution from employer	-0-	-0-	1,750,904	1,750,904
Other	<u>327,515</u>	<u>-0-</u>	<u>2,019</u>	<u>329,534</u>
Total revenues	<u>17,791,484</u>	<u>72,728</u>	<u>3,748,077</u>	<u>21,612,289</u>
<b>Expenditures</b>				
General government	4,647,581	11,895	17,796	4,677,272
Public safety	7,640,181	35,719	405,526	8,081,426
Highways and streets	2,560,033	23,142	330,359	2,913,534
Health and sanitation	414,386	6,582	-0-	420,968
Culture and recreation	1,289,245	8,000	666,057	1,963,302
Benefit payments	-0-	-0-	<u>1,902,842</u>	<u>1,902,842</u>
Total expenditures	<u>16,551,426</u>	<u>85,338</u>	<u>3,322,580</u>	<u>19,959,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,240,058</u>	<u>(12,610)</u>	<u>425,497</u>	<u>1,652,945</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	52,000	-0-	-0-	52,000
Operating transfers in	289,910	-0-	232,838	522,748
Operating transfers (out)	<u>(1,022,153)</u>	<u>-0-</u>	<u>(624,338)</u>	<u>(1,646,491)</u>
Total other financing sources (uses)	<u>(680,243)</u>	<u>-0-</u>	<u>(391,500)</u>	<u>(1,071,743)</u>
Net change in fund balance	559,815	(12,610)	33,997	581,202
Fund balance at beginning of year	<u>709,554</u>	<u>24,377</u>	<u>1,091,436</u>	<u>1,825,367</u>
Fund balance at end of year	\$ <u>1,269,369</u>	\$ <u>11,767</u>	\$ <u>1,125,433</u>	\$ <u>2,406,569</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY 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 YEAR ENDED JUNE 30, 2013**

Net change in fund balances – total governmental funds \$ 581,202

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period. (660,697)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenue (142,382)

Capital leases provide current financial resources to governmental funds, but entering into capital leases increases long-term liabilities in the Statement of Net Position. Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Repayment of obligation under capital lease 214,054

Notes payable provide current financial resources to governmental funds, but entering into notes payable increases long-term liabilities in the Statement of Net Position. Repayment of notes payable is an expenditure of the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Repayments of notes payable 29,204

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:

Change in net pension obligation (908,398)  
Accrued compensated absences ( 24,205)

Change in Net Position of Governmental Activities \$ (911,222)

The accompanying independent auditor's report and notes are an integral part of this statement.

CITY OF CLARKSBURG, WEST VIRGINIA  
 FUND BALANCE SHEETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2013

	<u>Business-Type Activities</u>		<u>Component Units</u>	
	<u>Municipal Building Commission</u>	<u>Total</u>	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 29,663	\$ 29,663	\$ 816,206	\$ 57,246
Receivables, net of allowances:				
Accounts	-0-	-0-	791,016	-0-
Due to/from other funds	-0-	-0-	26,343	6,637
Inventory	-0-	-0-	171,105	-0-
Total current assets	<u>29,663</u>	<u>29,663</u>	<u>1,804,670</u>	<u>63,883</u>
<b>Noncurrent Assets</b>				
Restricted assets	<u>-0-</u>	<u>-0-</u>	<u>521,862</u>	<u>-0-</u>
<b>Capital Assets</b>				
Land	-0-	-0-	84,065	2,543,901
Construction in process	-0-	-0-	1,839,195	-0-
Buildings	8,875,560	8,875,560	1,524,498	5,967,787
Machinery and equipment	-0-	-0-	7,020,334	278,135
Treatment and disposal	-0-	-0-	12,522,610	-0-
Collecting mains and accessories	-0-	-0-	3,340,404	-0-
Parking lots and improvements	-0-	-0-	-0-	259,496
Less: Accumulated depreciation	<u>(1,714,287)</u>	<u>(1,714,287)</u>	<u>(16,446,305)</u>	<u>(2,476,364)</u>
Net capital assets	<u>7,161,273</u>	<u>7,161,273</u>	<u>9,884,801</u>	<u>6,572,955</u>
<b>Other Assets</b>				
Unamortized bond discount and issue costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>7,190,936</u></b>	<b>\$ <u>7,190,936</u></b>	<b>\$ <u>12,211,333</u></b>	<b>\$ <u>6,636,838</u></b>

	<u>Business-Type Activities</u>		<u>Component Units</u>	
	<u>Municipal</u>		<u>Sanitary</u>	<u>Parking</u>
	<u>Building</u>	<u>Total</u>	<u>Board</u>	<u>Authority</u>
	<u>Commission</u>		<u>Fund</u>	<u>Fund</u>
<b>LIABILITIES</b>				
<b>Current Liabilities (payable from current assets)</b>				
Current portion obligation under capital lease	\$ -0-	\$ -0-	\$ 17,459	\$ -0-
Note payable	-0-	-0-	585,902	-0-
Accounts payable	34,000	34,000	49,705	1,126
Accrued compensated absences	-0-	-0-	92,905	2,702
Accrued post employment benefits payable	<u>-0-</u>	<u>-0-</u>	<u>907,105</u>	<u>33,156</u>
Total current liabilities (payable from current assets)	<u>34,000</u>	<u>34,000</u>	<u>1,653,076</u>	<u>36,984</u>
<b>Current Liabilities (payable from restricted assets)</b>				
Revenue bonds payable	215,022	215,022	409,429	-0-
Accrued revenue bond interest payable	<u>-0-</u>	<u>-0-</u>	<u>3,349</u>	<u>-0-</u>
Total current liabilities (payable from restricted assets)	<u>215,022</u>	<u>215,022</u>	<u>412,778</u>	<u>-0-</u>
<b>Long-Term Liabilities (net of current portion)</b>				
Revenue bonds payable	5,122,931	5,122,931	2,311,615	-0-
Obligation under capital lease	-0-	-0-	57,477	-0-
Accrued compensated absences	<u>-0-</u>	<u>-0-</u>	<u>285,227</u>	<u>-0-</u>
Total long-term liabilities	<u>5,122,931</u>	<u>5,122,931</u>	<u>2,654,319</u>	<u>-0-</u>
Total liabilities	<u>5,371,953</u>	<u>5,371,953</u>	<u>4,720,173</u>	<u>36,984</u>
<b>Net Position</b>				
Net investment in capital assets	1,823,320	1,823,320	6,502,919	6,572,955
Restricted	-0-	-0-	521,862	-0-
Unrestricted	( 4,337)	( 4,337)	466,379	26,899
Total net position	\$ <u>1,818,983</u>	\$ <u>1,818,983</u>	\$ <u>7,491,160</u>	\$ <u>6,599,854</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>		<u>Component Units</u>	
	<u>Municipal Building Commission</u>	<u>Total</u>	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
<b>Operating Revenues</b>				
Charges for services	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>4,807,110</u>	\$ <u>194,251</u>
Total operating revenues	<u>-0-</u>	<u>-0-</u>	<u>4,807,110</u>	<u>194,251</u>
<b>Operating Expenses</b>				
Collecting	-0-	-0-	1,384,757	-0-
Treatment and disposal	-0-	-0-	1,456,678	-0-
Billing and collection	-0-	-0-	198,534	-0-
Heat, light and power	-0-	-0-	-0-	30,111
General government	-0-	-0-	386,247	109,598
Depreciation	<u>120,814</u>	<u>120,814</u>	<u>396,003</u>	<u>97,383</u>
Total operating expenses	<u>120,814</u>	<u>120,814</u>	<u>3,822,219</u>	<u>237,092</u>
Operating income (loss)	( <u>120,814</u> )	( <u>120,814</u> )	<u>984,891</u>	( <u>42,841</u> )
<b>Nonoperating Revenues (Expenses)</b>				
Interest	265	265	895	88
Miscellaneous income	-0-	-0-	59,319	35
Interest and fiscal charges	( <u>201,552</u> )	( <u>201,552</u> )	( <u>97,068</u> )	<u>-0-</u>
Total nonoperating revenues (expenses)	( <u>201,287</u> )	( <u>201,287</u> )	( <u>36,854</u> )	<u>123</u>
Change in net position	( <u>322,101</u> )	( <u>322,101</u> )	<u>948,037</u>	( <u>42,718</u> )
Contributions from other funds	<u>1,123,743</u>	<u>1,123,743</u>	<u>-0-</u>	<u>-0-</u>
Change in net position after nonoperating grants	801,642	801,642	948,037	( <u>42,718</u> )
Total net position – beginning	<u>1,017,341</u>	<u>1,017,341</u>	<u>6,543,123</u>	<u>6,642,572</u>
Total net position – ending	\$ <u>1,818,983</u>	\$ <u>1,818,983</u>	\$ <u>7,491,160</u>	\$ <u>6,599,854</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>		<u>Component Units</u>	
	<u>Municipal Building Commission</u>	<u>Total</u>	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ -0-	\$ -0-	\$ 4,738,258	\$ 194,828
Receipts from other sources	-0-	-0-	59,319	-0-
Payments to suppliers	-0-	-0-	(2,322,631)	( 93,261)
Payment to employees	<u>-0-</u>	<u>-0-</u>	<u>(1,193,800)</u>	<u>( 55,689)</u>
Net cash provided by operating activities	<u>-0-</u>	<u>-0-</u>	<u>1,281,146</u>	<u>45,878</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Contributions from other funds	<u>1,123,743</u>	<u>1,123,743</u>	<u>-0-</u>	<u>-0-</u>
Net cash provided by noncapital financing activities	<u>1,123,743</u>	<u>1,123,743</u>	<u>-0-</u>	<u>-0-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
(Increase) decrease in restricted assets	-0-	-0-	( 207)	-0-
Repayment of revenue bonds	( 175,431)	( 175,431)	( 402,329)	-0-
Repayment of obligation under capital lease	-0-	-0-	( 16,936)	( 7,416)
Repayment of short term borrowing	-0-	-0-	425,021	-0-
Proceeds from revenue bonds	2,150,000	2,150,000	-0-	-0-
Acquisition of capital assets	(3,206,423)	(3,206,423)	( 788,464)	-0-
Interest expense	<u>( 201,552)</u>	<u>( 201,552)</u>	<u>( 99,143)</u>	<u>-0-</u>
Net cash (used in) capital and related financing activities	<u>(1,433,406)</u>	<u>(1,433,406)</u>	<u>( 882,058)</u>	<u>( 7,416)</u>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	<u>265</u>	<u>265</u>	<u>895</u>	<u>88</u>
Net cash provided by investing activities	<u>265</u>	<u>265</u>	<u>895</u>	<u>88</u>
Net (decrease) increase in cash	( 309,398)	( 309,398)	399,983	38,550
Cash at beginning of year	<u>339,061</u>	<u>339,061</u>	<u>416,043</u>	<u>18,696</u>
Cash at end of year	\$ <u>29,663</u>	\$ <u>29,663</u>	\$ <u>816,026</u>	\$ <u>57,246</u>

**CITY OF CLARKSBURG, WEST VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>		<u>Component Units</u>	
	<u>Municipal Building Commission</u>	<u>Total</u>	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income	\$ ( 120,814)	\$ ( 120,814)	\$ 984,891	\$ ( 42,841)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	120,814	120,814	396,003	97,383
Miscellaneous income	-0-	-0-	59,319	35
(Increase) decrease in:				
Accounts receivable	-0-	-0-	( 68,852)	3,275
Due to/from other funds	-0-	-0-	( 59,900)	( 8,597)
Inventory	-0-	-0-	( 6,444)	-0-
Increase (decrease) in:				
Accounts payable	-0-	-0-	( 23,917)	( 1,771)
Accrued compensated absences	-0-	-0-	( 26,024)	144
Accrued post employment benefits payable	-0-	-0-	26,070	948
Deferred revenues	-0-	-0-	-0-	( 2,698)
Net cash provided by operating activities	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,281,146</u>	\$ <u>45,878</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –  
GENERAL FUND – BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>Basis)</u>	<u>GAAP</u> <u>Difference</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>With Final</u> <u>Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>						
Taxes (including interest and penalties)						
General property taxes	\$ 2,085,624	\$ 2,085,624	\$ 2,208,398	\$ 1,394	\$ 2,209,792	\$ 122,774
Other taxes – business and public service	<u>11,140,400</u>	<u>11,140,400</u>	<u>11,624,698</u>	<u>1,278</u>	<u>11,625,976</u>	<u>484,298</u>
Total taxes	13,226,024	13,226,024	13,833,096	2,672	13,835,768	607,072
Licenses and permits	259,185	259,185	443,941	-0-	443,941	184,756
Charges for services	1,558,586	1,547,029	1,716,745	-0-	1,716,745	169,716
Fines and forfeitures	114,000	114,000	275,901	-0-	275,901	161,901
Donations	-0-	25,000	100,310	-0-	100,310	75,310
Interest	1,800	1,800	9,348	-0-	9,348	7,548
Franchise fees	200,000	200,000	197,173	-0-	197,173	( 2,827)
Intergovernmental:						
State	436,712	2,276,087	53,128	-0-	53,128	(2,222,959)
Federal	12,000	325,874	834,327	-0-	834,327	508,453
Other	4,600	4,600	-0-	-0-	-0-	( 4,600)
Miscellaneous	<u>209,700</u>	<u>342,695</u>	<u>379,515</u>	<u>(111,701)</u>	<u>267,814</u>	<u>36,820</u>
Total revenues	<u>16,022,607</u>	<u>18,322,294</u>	<u>17,843,484</u>	<u>(109,029)</u>	<u>17,734,455</u>	<u>( 478,810)</u>
<b>Expenditures</b>						
General government	4,340,267	6,724,798	5,804,734	(268,837)	5,535,897	920,064
Public safety	7,497,205	7,592,757	7,590,181	241,559	7,831,740	2,576
Highways and streets	2,868,299	2,842,429	2,560,033	610,115	3,170,148	282,396
Sanitation	370,415	331,367	329,386	58,589	387,975	1,981
Culture and recreation	<u>1,238,421</u>	<u>1,325,291</u>	<u>1,289,245</u>	<u>171,646</u>	<u>1,460,891</u>	<u>36,046</u>
Total expenditures	<u>16,314,607</u>	<u>18,816,642</u>	<u>17,573,579</u>	<u>813,072</u>	<u>18,386,651</u>	<u>1,243,063</u>
(Deficiency) excess of revenues (under) over expenditures	( 292,000)	( 494,348)	269,905	704,043	( 652,196)	764,253
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	92,000	92,000	289,910	-0-	289,910	197,910
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>92,000</u>	<u>92,000</u>	<u>289,910</u>	<u>-0-</u>	<u>289,910</u>	<u>197,910</u>
Net change in fund balance	( 200,000)	( 402,348)	559,815	704,043	( 362,286)	962,163
Fund balance at beginning of year	<u>200,000</u>	<u>402,348</u>	<u>709,554</u>	<u>(564,011)</u>	<u>145,543</u>	<u>307,206</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,269,369</u>	\$ <u>140,032</u>	\$ <u>(216,743)</u>	\$ <u>1,269,369</u>

**CITY OF CLARKSBURG, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - BUDGETARY BASIS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Explanation of Differences:**

- (1) The City budgets for compensated absences only to the extent expected to be paid, rather than on the accrual basis of accounting.
- (2) The City budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the accrual basis of accounting.
- (3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**COAL SEVERANCE FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Difference</u>	<u>GAAP Basis</u>	<u>Budget</u>
						<u>Favorable</u>
						<u>(Unfavorable)</u>
<b>Revenues</b>						
Interest	\$ 100	\$ 100	\$ 45	\$ -0-	\$ 45	\$ ( 55)
Intergovernmental:						
State	<u>75,000</u>	<u>72,000</u>	<u>72,683</u>	<u>-0-</u>	<u>72,683</u>	<u>683</u>
Total revenues	<u>75,100</u>	<u>72,100</u>	<u>72,728</u>	<u>-0-</u>	<u>72,728</u>	<u>628</u>
<b>Expenditures</b>						
General government	21,389	14,462	11,895	-0-	11,895	2,567
Public safety	40,631	41,952	35,719	-0-	35,719	6,233
Highways and streets	33,400	29,400	23,142	-0-	23,142	6,258
Health and sanitation	7,680	8,030	6,582	-0-	6,582	1,448
Culture and recreation	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-0-</u>	<u>8,000</u>	<u>-0-</u>
Total expenditures	<u>111,100</u>	<u>101,844</u>	<u>85,338</u>	<u>-0-</u>	<u>85,338</u>	<u>16,506</u>
Net change in fund balance	( 36,000)	( 29,744)	(12,610)	-0-	(12,610)	17,134
Fund balance at beginning of year	<u>36,000</u>	<u>29,744</u>	<u>24,377</u>	<u>-0-</u>	<u>24,377</u>	<u>( 5,367)</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>11,767</u>	\$ <u>-0-</u>	\$ <u>11,767</u>	\$ <u>11,767</u>

**Explanation of Differences:**

- (1) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**FIDUCIARY RESPONSIBILITIES**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2013**

	<u>Total</u>
<b>Assets</b>	
Cash	\$ 76,986
Investments	8,167,275
Receivables:	
Accrued interest	<u>5,591</u>
Total assets	<u>8,249,852</u>
<b>Liabilities</b>	
Accounts payable	<u>-0-</u>
Total liabilities	<u>-0-</u>
<b>Net Position</b>	
Held in trust for pension benefits	\$ <u>8,249,852</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA  
 FIDUCIARY RESPONSIBILITIES  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Total</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 1,481,345
Employee	294,651
Insurance premium tax allocation	<u>943,560</u>
Total contributions	<u>2,719,556</u>
Investment income:	
Net appreciation in fair value of investments	605,773
Interest and dividends	<u>122,376</u>
Total investment income	<u>728,149</u>
Total additions	<u>3,447,705</u>
<b>Deductions</b>	
General and administrative	32,147
Benefit payments	<u>2,296,713</u>
Total deductions	<u>2,328,860</u>
Net increase	1,118,845
Net position – beginning of year	<u>7,131,007</u>
Net position – end of year	\$ <u>8,249,852</u>

The accompanying independent auditor's report and notes are an integral part of this statement.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Significant Accounting Policies**

The City of Clarksburg, West Virginia is incorporated under the provisions of the State of West Virginia. The City operates under a Council - Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, water, waste, recreation, education, public improvements, planning and zoning, and general administrative services.

The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2013.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

During the year ended June 30, 2013, the City adopted the following GASB statements:

***GASB 60 – Accounting and Financial Reporting for Service Concession Arrangements –***

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public – private or public – public partnership. This statement had no effect on the accompanying financial statements.

***GASB 61 – The Financial Reporting Entity: Omnibus an amendment of GASB Statements***

***No. 14 and No. 34*** – This Statement modifies certain requirements for inclusion of component units in the financial reporting entities financial statements.

***GASB 62 – Codification of Accounting and Financial Reporting Guidance Contained in***

***Pre-November 30, 1989 FASB and AICPA Pronouncements*** – The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations.
2. Accounting Principles Board Opinions.
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Principles.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

**GASB 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*** – The purpose of this Statement was to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

**GASB 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*** – The purpose of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and the hedge accounting should continue to be applied. This statement had no effect on the accompanying financial statements.

**GASB 65 – *Items Previously Reported as Assets and Liabilities*** – The purpose of this Statement was to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**Basic Financial Statements – Government Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks, public works and general administrative services are classified as governmental activities. The City's sewer and parking services are classified as business-type activities.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position are reported in three parts – not invested in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

**(a) Reporting Entity**

The Municipality of Clarksburg is a municipal corporation governed by an elected mayor and six 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 recreation programs, and other governmental services.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

The City complies with GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*". This statement established standards for defining and reporting component units in the financial statements of the reporting entity. It defines component units as legally separate organizations for which the component unit not only has a fiscal dependency on the reporting entity but also a financial benefit or burden relationship must be present between the reporting entity and the entity that is to be included as a component unit. In addition, an entity may be included as a component unit in the financial statements of the reporting entity, if the reporting entity's management determines that it would be misleading to exclude them.

***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 Development Authority develops property and demolishes condemned structures on behalf of the Municipality and is reported as a debt service fund.

***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. 14 (as amended by GASB Statement No. 39). The discretely presented component units are presented on the government-wide statements.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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 other 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 within the Municipality.

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

**(b) Government-Wide Financial Statements**

The government-wide financial statements report information on all the nonfiduciary activities of the government. For the most part, the effect of internal activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants whose purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 governmental-wide statements. Major individual funds are reported as separate columns in the fund statements.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**(c) Measurement Focus and Financial Statement Presentation – Government-Wide Financial Statements**

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”. Governmental funds are used to account for governmental activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public through service charges or user fees. Fiduciary funds are used to account for assets held by the City in a trustee or agency capacity. The fund types used by the City of Clarksburg are described as follows:

**Governmental Fund Types**

**General Fund:** The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for capital purposes.

**Debt Service Funds:** The Debt Service Funds are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for debt retirement.

**Proprietary Fund Types**

**Enterprise Funds:** Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City of Clarksburg reports the following major governmental funds:

General Fund and Coal Severance Fund

**General Fund:** The General Fund is the general operating fund of the municipality.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

The City of Clarksburg reports the following major proprietary funds:

The Municipal Building Commission and the Aquatic Center Fund.

**(d) Funds and Account Groups – Fund Financial Statements**

The accounts of the City are organized into funds and account groups, each of which is considered to be a separate accounting entity. The major fund categories and account groups for the fund financial statements are:

**Governmental Fund Types**

Governmental funds are accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

***General Fund:*** The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

***Special Revenue Funds:*** Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

***Capital Project Funds:*** Capital project funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary trust funds.

***Debt Service Funds:*** The Debt Service Funds are used to account for proceeds for specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for debt retirement.

**Proprietary Fund Types**

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

***Enterprise Funds:*** Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Funds**

Fiduciary funds account for assets held by the City in a trustee or agency capacity.

Pension trust funds are accounted for in essentially the same manner as proprietary funds.

**(e) Cash, Cash Equivalents and Investments**

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash and cash equivalent in the accompanying financial statements.

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: (a) obligations of the United States or any agency thereof, (b) certificates of deposit (which mature in less than one year), (c) general and direct obligations of the State of West Virginia, (d) obligations of the Federal National Mortgage Association, (e) indebtedness secured by first lien deed of trust for property situated within the State if the payment is substantially insured or guaranteed by the federal government, (f) pooled mortgage trusts (subject to limitations), (g) indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades, (h) interest earning deposits which are fully insured or collateralized, and (i) mutual funds registered with the Security and Exchange Commission which have fund assets over three hundred million dollars. State statute limitations concerning the aforementioned investments include the following:

- (1) at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporations 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.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

- (2) at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association.
- (3) at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Investment risk is categorized as follows:

**Interest rate risk** – The risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Custodial credit risk** – The risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**(f) Receivables**

All receivables are shown net of allowance for uncollectibles.

**(g) Capital Assets**

The accounting and reporting treatment applied to capital assets and long-term liabilities associated with a fund are determined by its measurement focus. The City of Clarksburg records the purchase of capital assets used in governmental fund type operations as expenditures in the governmental funds. The government-wide financial statements of the City of Clarksburg are accounted for on a cost of service or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the statement of net assets.

All proprietary funds and pension trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increase (revenues) and decreases (expenses) in net total assets.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
 FOR THE YEAR ENDED JUNE 30, 2013**

Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the statements of net assets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

**Governmental Funds**

Buildings and improvements	20 - 50 years
Infrastructure	20 - 65 years
Machinery and equipment	5 - 20 years
Vehicles	8 - 10 years

**Proprietary Funds**

Buildings	25 - 50 years
Improvements	10 - 20 years
Utility plant	10 - 20 years
Equipment	3 - 10 years

The City has defined capital assets with an initial cost of over \$5,000 and an estimated useful life of greater than one year. Capital assets donated to the City are recorded at their estimated fair value at the date of the donation.

**(h) Basis of Accounting**

**Fund Financial Statements**

**Modified Accrual Basis of Accounting**

The City used the modified accrual basis of accounting for governmental fund types.

The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means that amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: business & occupation tax, hotel/motel tax, wine tax, liquor tax, property taxes, fire service fees, intergovernmental revenues, and investment income.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Accrual Basis of Accounting**

The accrual basis of accounting is used in proprietary fund types and the pension trust funds. The accrual basis of accounting recognized revenues when earned. Expenses are recorded when incurred. Plan member contributions to the pension trust funds are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds (when appropriate) 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 in which they are levied. Grants and similar items are recognized as revenues 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. 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 are recorded only when payment is due.

Taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**(i) Budgets and Budgetary Accounting**

All municipalities within West Virginia, are required by statute to prepare annual budgets (levy estimates) on prescribed forms for the General and Coal Severance Funds and submit these for approval to the State Tax Commissioner. These budgets are prepared in accordance with the following procedures:

1. 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.
2. The budget is then forthwith submitted to the State Tax Commissioner for approval.
3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

Revisions are authorized only with the prior written approval of the State Tax Commissioner. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

- A) Unused appropriations for all of the above annually budgeted funds lapse at the year end.
- B) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**(j) Committed – Fund Financial Statements**

Encumbrance accounting is used for the General Fund and special revenue funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**(k) Inventories**

The municipality considers inventories of materials and supplies utilized in governmental fund types operations as expended at the time of purchase therefore, they do not appear in the municipality's financial statements. Inventories of materials and supplies utilized in the proprietary fund type operation, are considered expended at the time of consumption; therefore, balances on hand at year end, valued at cost (first-in, first-out) are presented in the municipality's financial statements.

**(l) Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual sick and accrued vacations. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payment upon termination are included.

**(m) Pension Plans**

The City provides separate defined benefit pension plans for uniformed police and fire department personnel. It is the City's policy to fund the normal cost and amortization of the unfunded prior service cost.

All other eligible employees are covered under the West Virginia Public Employee Retirement System due to the City's electing to be a participating public employer.

**(n) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**(o) Equity Classification**

Effective July 1, 2010, the City adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards for accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

Net Position Classifications:

***GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*** – divided net position for Government-wide net position into three components:

- a. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position – consists of net position that is restricted by the Authority's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- c. Unrestricted – all other net position is reported in this category

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of the City's code, state or federal laws, or externally imposed conditions by grantors or creditors.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by the City's council.
- d. Assigned – Amounts that are designed by the City's council for a particular purpose but are not spendable until there is a majority vote approval by the City's council.
- e. Unassigned – All amounts not included in other spendable classifications.

**(p) Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**(q) Restricted Assets**

Certain proceeds of the water and sewer enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

**(r) Accounts Receivable**

Accounts receivable are shown net of allowance for doubtful accounts of \$38,009.

**2. Reconciliation of Government-Wide and Fund Financial Statements**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported on the government-wide statement of net assets. The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental fund and changes in net assets of governmental activities as reported in the government – wide statement of activities. The individual elements of those reconciliations are included with the statements.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**3. Deposits and Investments**

The City reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Exceptions include the City of Clarksburg, West Virginia's Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund which classify only cash as cash equivalents in order to appropriately report investment activity.

**Deposits**

It is the City's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

The City's deposits are categorized to give an indication of the level of risk assumed by the City at June 30, 2013. The categories are described as follows:

**Category 1** – Insured or collateralized with securities held by the entity or by its agent in the entity's name.

**Category 2** – Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

**Category 3** – Uncollateralized.

	<u>Bank</u> <u>Balance</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>
General Fund	\$ 3,614,437	\$ 153,128	\$ 3,461,309	\$ -0-	\$ 3,287,682
Special Revenue Funds	756,258	46,591	709,667	-0-	710,777
Debt Service Funds	589,886	24,991	564,895	0-	589,886
Enterprise Funds	29,663	2,498	27,165	-0-	29,663
Enterprise Funds – Component Units	<u>927,239</u>	<u>39,283</u>	<u>887,956</u>	<u>-0-</u>	<u>873,452</u>
 Total deposits	 \$ <u>5,917,483</u>	 \$ <u>266,491</u>	 \$ <u>5,650,992</u>	 \$ <u>-0-</u>	 \$ <u>5,491,460</u>

	<u>Bank</u> <u>Balance</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>
Fiduciary Funds		\$ <u>79,396</u>	\$ <u>79,396</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
			\$ <u>76,986</u>		\$ <u>76,986</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Investments**

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: (a) obligations of the United States or any agency thereof, (b) certificates of deposit (which mature in less than one year), (c) general and direct obligations of the State of West Virginia, (d) obligations of the Federal National Mortgage Association, (e) indebtedness secured by first lien deeds of trust for property situated within the State if the payment is substantially insured or guaranteed by the federal government, (f) pooled mortgage trusts (subject to limitations), (g) indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades, (h) interest earning deposits which are fully insured or collateralized, and (i) mutual funds registered with the Security and Exchange Commission which have fund assets over three hundred million dollars. State statute limitations concerning the aforementioned investments include the following:

- (1) at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporations 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.
- (2) at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association.
- (3) at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

The City's investments are categorized to give an indication of the level of risk assumed by the City at June 30, 2013. The categories are described as follows:

**Category 1** – Insured or registered, or securities held by the City or its agent in the City's name.

**Category 2** – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

**Category 3** – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Type of Investments</u>	<u>Category</u>			<u>Market Value</u>	<u>Cost</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Type of investments	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ -0-	\$ -0-
Investments in municipal bond commission				<u>521,862</u>	<u>521,862</u>
Total investments				\$ <u>521,862</u>	\$ <u>521,862</u>

**Fiduciary Funds**

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investments made by the City are summarized below. The investments that are presented by specific identifiable investment securities are classified as to credit risk by the three categories.

**Category 1** – Insured or registered, securities held by the City or its agent in the entity's name.

**Category 2** – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

**Category 3** – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

<u>Type of Investments</u>	<u>Category</u>			<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
<b><u>Restricted Investments</u></b>						
Money Market Funds	\$ 214,244	\$ -0-	\$ -0-	\$ 214,244	\$ 214,244	\$ -0-
Corporate Stocks	2,522,379	-0-	-0-	2,522,379	1,735,702	786,677
Corporate Bonds	598,050	-0-	-0-	598,050	607,002	( 8,952)
Certificates of Deposit	149,764	-0-	-0-	149,764	150,000	( 236)
Mutual Funds	3,975,078	-0-	-0-	3,975,078	3,716,935	258,143
U.S. Treasury Obligations	<u>707,760</u>	<u>-0-</u>	<u>-0-</u>	<u>707,760</u>	<u>719,993</u>	<u>( 12,233)</u>
	\$ <u>8,167,275</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>8,167,275</u>	\$ <u>7,143,876</u>	\$ <u>1,023,399</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Credit Risk**

State law limits investments. It is the government's policy that no investment be purchased which do not conform to the State of West Virginia Fiduciaries Code Chapter 8, Article 22, Section 22. As of June 30, 2013, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

As of June 30, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Money Market	\$ 214,244	BBB+-AAA	A1-AAA
Corporate Stocks	2,522,379	N/A	N/A
Corporate Bonds	598,050	BBB+-AAA	A1-AAA
Certificates of Deposit	149,764	N/A	N/A
Mutual Funds	3,975,078	BBB+-AAA	A1-AAA
U.S. Treasury Obligations	<u>707,760</u>	AAA	AAA
Total fair value	\$ <u>8,167,275</u>		

**Interest Rate Risk**

As of June 30, 2013, the City had the following investments and maturities exposed to interest rate risk:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Corporate Bonds	\$ 598,050	\$ -0-	\$ 208,577	\$ 196,208	\$ 193,265
Certificates of Deposit	149,764	-0-	98,983	-0-	50,781
U.S. Treasury obligations	<u>707,760</u>	<u>51,630</u>	<u>59,683</u>	<u>532,610</u>	<u>63,837</u>
	\$ <u>1,455,574</u>	\$ <u>51,630</u>	\$ <u>367,243</u>	\$ <u>728,818</u>	\$ <u>307,883</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**4. Property Taxes**

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. 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 become delinquent on October first, and the second installment is payable on the first day of 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 taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent annum is added from the date they become delinquent until 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¢); on Class II property, twenty-five cents (25.0¢); and on Class IV property, fifty cents (50.0¢). In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The levy rates levied by the City of Clarksburg, West Virginia, per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2013 were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy Expense</u>
Class I	\$ -0-	12.50¢	6.25¢
Class II	167,387,270	25.00¢	12.50¢
Class IV	361,884,796	50.00¢	25.00¢

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2013**

**5. Note Receivable**

**Water Board of the City of Clarksburg**

The \$922,806 note receivable from the Water Board of the City of Clarksburg represents funds borrowed from the City of Clarksburg to aid in construction of the extension project required for the new FBI facility. The note does not bear interest and the maximum borrowing limit under the note is \$1,200,000. The Water Board shall not be obligated to pay sums except from "surplus revenues" which may or may not be available in future years beginning January 1, 1998 at \$5,000 per month. Future repayments are scheduled as follows:

2014		\$ 60,000
2015		60,000
2016		60,000
2017		60,000
2018		<u>22,806</u>
Total		\$ <u>262,806</u>

The City of Clarksburg has issued notes receivable from various citizens for Housing Demolition loans. The loans vary in interest rates from 0% - 3% and in terms. The total repayment of the notes receivable at June 30, 2013 are as follows:

2014		\$ 35,232
2015		7,895
2016		6,863
2017		<u>1,583</u>
		\$ <u>51,573</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**6. Capital Assets and Net Investment in Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Nondepreciable Assets</b>				
Land	\$ <u>710,527</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>710,527</u>
Total nondepreciable assets	<u>710,527</u>	<u>-0-</u>	<u>-0-</u>	<u>710,527</u>
<b>Depreciable Assets</b>				
Structures and improvements	7,292,372	279,006	-0-	7,571,378
Machinery and equipment	2,757,821	33,339	-0-	2,791,160
Vehicles	3,587,456	228,836	-0-	3,816,292
Infrastructure	<u>17,776,944</u>	<u>-0-</u>	<u>-0-</u>	<u>17,776,944</u>
Total at historical cost	<u>31,414,593</u>	<u>541,181</u>	<u>-0-</u>	<u>31,955,774</u>
Less: Accumulated depreciation				
Structures and improvements	3,345,694	310,137	-0-	3,655,831
Machinery and equipment	2,359,181	152,523	-0-	2,511,704
Vehicles	2,823,854	293,964	-0-	3,117,818
Infrastructure	<u>7,685,400</u>	<u>445,254</u>	<u>-0-</u>	<u>8,130,654</u>
Total accumulated depreciation	<u>16,214,129</u>	<u>1,201,878</u>	<u>-0-</u>	<u>17,416,007</u>
Total depreciable assets – net	<u>15,200,464</u>	<u>( 660,697)</u>	<u>-0-</u>	<u>14,539,767</u>
Governmental activities capital assets – net	\$ <u>15,910,991</u>	\$ <u>( 660,697)</u>	\$ <u>-0-</u>	\$ <u>15,250,294</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
<b>Nondepreciable Assets</b>				
Construction in process	\$ <u>658,739</u>	\$ <u>-0-</u>	\$ <u>658,739</u>	\$ <u>-0-</u>
Total nondepreciable assets	<u>658,739</u>	<u>-0-</u>	<u>658,739</u>	<u>-0-</u>
<b>Depreciable Assets</b>				
Buildings	<u>4,976,398</u>	<u>3,899,162</u>	<u>-0-</u>	<u>8,875,560</u>
Total at historical cost	<u>4,976,398</u>	<u>3,899,162</u>	<u>-0-</u>	<u>8,875,560</u>
Less: Accumulated depreciation				
Buildings	<u>1,593,473</u>	<u>120,814</u>	<u>-0-</u>	<u>1,714,287</u>
Total accumulated depreciation	<u>1,593,473</u>	<u>120,814</u>	<u>-0-</u>	<u>1,714,287</u>
Total depreciable assets – net	<u>3,382,925</u>	<u>3,778,348</u>	<u>-0-</u>	<u>7,161,273</u>
Business-type activities capital assets – net	\$ <u>4,041,664</u>	\$ <u>3,778,348</u>	\$ <u>658,739</u>	\$ <u>7,161,273</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-Type Activities – Component Unit Parking Authority</b>				
<b>Nondepreciable Assets</b>				
Land	\$ <u>2,543,901</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>2,543,901</u>
Total nondepreciable assets	<u>2,543,901</u>	<u>-0-</u>	<u>-0-</u>	<u>2,543,901</u>
<b>Depreciable Assets</b>				
Buildings	5,967,787	-0-	-0-	5,967,787
Machinery and equipment	278,135	-0-	-0-	278,135
Parking lots and improvements	<u>259,496</u>	<u>-0-</u>	<u>-0-</u>	<u>259,496</u>
Total at historical cost	<u>6,505,418</u>	<u>-0-</u>	<u>-0-</u>	<u>6,505,418</u>
Less: Accumulated depreciation				
Buildings	1,901,630	90,864	-0-	1,992,494
Machinery and equipment	245,256	5,914	-0-	250,450
Parking lots and improvements	<u>232,095</u>	<u>1,325</u>	<u>-0-</u>	<u>233,420</u>
Total accumulated depreciation	<u>2,378,981</u>	<u>97,383</u>	<u>-0-</u>	<u>2,476,364</u>
Total depreciable assets – net	<u>4,126,437</u>	<u>(97,383)</u>	<u>-0-</u>	<u>4,029,054</u>
Business-type activities capital assets – net	\$ <u>6,670,338</u>	\$ <u>(97,383)</u>	\$ <u>-0-</u>	\$ <u>6,572,955</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<b>Business-Type Activities – Component Units</b>				
<b>Sanitary Board</b>				
<b>Nondepreciable Assets</b>				
Land	\$ 84,065	\$ -0-	\$ -0-	\$ 84,065
Construction in process	<u>1,373,835</u>	<u>465,360</u>	<u>-0-</u>	<u>1,839,195</u>
Total nondepreciable assets	<u>1,457,900</u>	<u>465,360</u>	<u>-0-</u>	<u>1,923,260</u>
<b>Depreciable Assets</b>				
Buildings	1,524,498	-0-	-0-	1,524,498
Machinery and equipment	6,904,485	115,849	-0-	7,020,334
Treatment and disposal	12,522,610	-0-	-0-	12,522,610
Collecting mains and accessories	<u>3,133,149</u>	<u>207,255</u>	<u>-0-</u>	<u>3,340,404</u>
Total at historical cost	<u>24,084,742</u>	<u>323,104</u>	<u>-0-</u>	<u>24,407,846</u>
Less: Accumulated depreciation				
Buildings	1,200,311	115,477	-0-	1,315,788
Machinery and equipment	6,344,975	126,346	-0-	6,471,321
Treatment and disposal	6,268,598	126,764	-0-	6,395,362
Collecting mains and accessories	<u>2,236,418</u>	<u>27,416</u>	<u>-0-</u>	<u>2,263,834</u>
Total accumulated depreciation	<u>16,050,302</u>	<u>396,003</u>	<u>-0-</u>	<u>16,446,305</u>
Total depreciable assets – net	<u>8,034,440</u>	<u>( 72,899)</u>	<u>-0-</u>	<u>7,961,541</u>
Business-type activities capital assets – net	\$ <u>9,492,340</u>	\$ <u>392,461</u>	\$ <u>-0-</u>	\$ <u>9,884,801</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<b>Business-Type Activities – Component Units</b>				
<b>Nondepreciable Assets</b>				
Land	\$ 2,627,966	\$ -0-	\$ -0-	\$ 2,627,966
Construction in process	<u>1,373,835</u>	<u>465,360</u>	<u>-0-</u>	<u>1,839,195</u>
Total nondepreciable assets	<u>4,001,801</u>	<u>465,360</u>	<u>-0-</u>	<u>4,467,161</u>
<b>Depreciable Assets</b>				
Buildings	7,492,285	-0-	-0-	7,492,285
Machinery and equipment	7,182,620	115,849	-0-	7,298,469
Treatment and disposal	12,522,610	-0-	-0-	12,522,610
Collecting mains and accessories	3,133,149	207,255	-0-	3,340,404
Parking lots and improvements	<u>259,496</u>	<u>-0-</u>	<u>-0-</u>	<u>259,496</u>
Total at historical cost	<u>30,590,160</u>	<u>323,104</u>	<u>-0-</u>	<u>30,913,264</u>
Less: Accumulated depreciation				
Buildings	3,101,941	206,341	-0-	3,308,282
Machinery and equipment	6,590,231	131,540	-0-	6,721,771
Treatment and disposal	6,268,598	126,764	-0-	6,395,362
Collecting mains and accessories	2,236,418	27,416	-0-	2,263,834
Parking lots and improvements	<u>232,095</u>	<u>1,325</u>	<u>-0-</u>	<u>233,420</u>
Total accumulated depreciation	<u>18,429,283</u>	<u>493,386</u>	<u>-0-</u>	<u>18,922,669</u>
Total depreciable assets – net	<u>12,160,877</u>	<u>(170,282)</u>	<u>-0-</u>	<u>11,990,595</u>
Business-type activities capital assets – net	\$ <u>16,162,678</u>	\$ <u>295,078</u>	\$ <u>-0-</u>	\$ <u>16,457,756</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 3,125
Public safety	268,635
Highways and streets	716,785
Health and sanitation	12,139
Culture and recreation	<u>201,194</u>
Total depreciation expense	\$ <u>1,201,878</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**7. Long-Term Debt**

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due After</u> <u>One Year</u>
<b>Governmental Activities</b>						
Compensated absences	\$ 1,681,869	\$ 49,807	\$ -0-	\$ 1,731,676	\$ 568,860	\$ 1,162,816
Obligation under capital lease	1,303,898	-0-	214,054	1,089,844	182,800	907,044
Net pension obligation	11,077,453	908,398	-0-	11,985,851	-0-	11,985,851
General obligation notes payable	<u>594,273</u>	<u>-0-</u>	<u>29,204</u>	<u>565,069</u>	<u>30,407</u>	<u>534,662</u>
Governmental activities long-term liabilities	<u>\$ 14,657,493</u>	<u>\$ 958,205</u>	<u>\$ 243,258</u>	<u>\$ 15,372,440</u>	<u>\$ 782,067</u>	<u>\$ 14,590,373</u>

The General Fund of the City of Clarksburg entered into a lease agreement on May 5, 2005 for the acquisition of vehicles and equipment. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of its inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 65,118
Less: Amount representing interest	( <u>1,467</u> )
Present value of future minimum lease payments	\$ <u>63,651</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

The General Fund of the City of Clarksburg entered into a lease agreement on June 28, 2006 for the acquisition of fire equipment. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of its inception. This lease was refinanced on July 29, 2009. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 27,983
2015	27,983
2016	27,983
2017	27,983
2018	27,983
2019	<u>6,996</u>
	146,911
Less: Amount representing interest	<u>( 14,994)</u>
Present value of future minimum lease payments	\$ <u>131,917</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

The General Fund of the City of Clarksburg entered into a lease agreement on December 10, 2009 to finance the lease of energy conversation project (city hall lighting upgrade and boiler upgrade, parking garage lighting upgrade, pike street parking garage lighting upgrade, city wide traffic signals upgrade and street lighting). This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payment as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2013:

Fiscal Year Ending June 30,

2014	\$	74,700
2015		78,500
2016		84,200
2017		86,600
2018		89,000
2019		91,500
2020		95,100
2021		98,700
2022		102,100
2023		103,400
2024		101,038
2025		<u>21,190</u>
		1,026,028
Less: Amount representing interest		<u>( 248,060)</u>
Present value of future minimum lease payments	\$	<u>777,968</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

The General Fund of the City of Clarksburg entered into a lease agreement on December 15, 2010 to finance the lease of telephone equipment. This lease qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the minimum lease payment as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 6,514
Less: Amount representing interest	( <u>63</u> )
Present value of future minimum lease payments	\$ <u>6,451</u>

The General Fund of the City of Clarksburg entered into a lease agreement on February 14, 2012 to finance the lease of storage area network equipment. This lease qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the minimum lease payment as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 48,949
2015	<u>32,633</u>
	81,582
Less: Amount representing interest	( <u>2,894</u> )
Present value of future minimum lease payments	\$ <u>78,688</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

The General Fund of the City of Clarksburg entered into a lease agreement on May 18, 2011 to finance the lease of a skidsteer. This lease qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 8,144
2015	8,144
2016	8,144
2017	<u>8,144</u>
	32,576
Less: Amount representing interest	( 1,407)
 Present value of future minimum lease payments	 \$ <u>31,169</u>

The following is a schedule of the total future minimum lease payments required under all of the capital leases and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 231,408
2015	147,260
2016	120,327
2017	122,727
2018	116,983
2019	98,496
2020	95,100
2021	98,700
2022	102,100
2023	103,400
2024	101,038
2025	<u>21,190</u>
	1,358,729
Less: Amount representing interest	( 268,885)
 Present value of future minimum lease payments	 1,089,844
Less: Current portion	<u>182,800</u>
 Non-current portion	 \$ <u>907,044</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**General Obligation Notes Payable**

General obligation notes payable at June 30, 2013, is comprised of the following:

**West Virginia Housing Development Fund**

\$400,000 loan obligation from West Virginia Housing Development Fund. Interest rate is 2.00%. Secured by the cash flows from the project. The loan matures March 21, 2018.

\$ 400,000

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ -0-	\$ -0-	\$ -0-
2015	-0-	-0-	-0-
2016	-0-	-0-	-0-
2017	-0-	-0-	-0-
2018	<u>459,005</u>	<u>400,000</u>	<u>59,005</u>
	\$ <u>459,005</u>	\$ <u>400,000</u>	\$ <u>59,005</u>

**West Union Bank**

\$300,000 loan obligation from West Union Bank. Interest rate is 4.00%. Secured by a fire truck. Matures 6/19/2018.

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 36,643	\$ 30,407	\$ 6,236
2015	36,643	31,658	4,985
2016	36,643	32,953	3,690
2017	36,643	34,319	2,324
2018	<u>36,643</u>	<u>35,732</u>	<u>911</u>
	\$ <u>183,215</u>	\$ <u>165,069</u>	\$ <u>18,146</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

The following is a summary of the future debt retirement based on current financing arrangements.

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 36,643	\$ 30,407	\$ 6,236
2015	36,643	31,658	4,985
2016	36,643	32,953	3,690
2017	36,643	34,319	2,324
2018	<u>495,648</u>	<u>435,732</u>	<u>59,916</u>
	<u>\$ 642,220</u>	<u>\$ 565,069</u>	<u>\$ 77,151</u>

The following is a summary of long-term debt activity for business-type activities at June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
<b>Business-Type Activities</b>						
<b>Bonds and Notes payable:</b>						
United States Department of Agriculture	\$ 2,473,206	\$ -0-	\$ 130,887	\$ 2,342,319	\$ 136,422	\$ 2,205,897
United States Department of Agriculture	127,255	-0-	9,714	117,541	10,110	107,431
United States Department of Agriculture	629,351	-0-	16,167	613,184	16,512	596,672
United States Department of Agriculture	83,572	-0-	2,083	81,489	2,129	79,360
Lease Revenue Bonds Series 2012	<u>50,000</u>	<u>2,150,000</u>	<u>16,580</u>	<u>2,183,420</u>	<u>49,849</u>	<u>2,133,571</u>
<b>Total bonds and notes payable</b>	<u>\$ 3,363,384</u>	<u>\$ 2,150,000</u>	<u>\$ 175,431</u>	<u>\$ 5,337,953</u>	<u>\$ 215,022</u>	<u>\$ 5,122,931</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**United States Department of Agriculture**

\$3,767,000 bond obligation from Rural Economic and Community Development. Monthly payments of \$20,870.

Matures 2/6/2026. Interest rate of 5%. Secured by revenues from a lease agreement between the City of Clarksburg, West Virginia and the City of Clarksburg, West Virginia Municipal Building Commission and a deed of trust on real estate. Interest payments only for the first two years

\$ 2,342,319

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 250,440	\$ 136,422	\$ 114,018
2015	250,440	143,402	107,038
2016	250,440	150,739	99,701
2017	250,440	158,451	91,989
2018	250,440	166,557	83,883
2019 – 2023	1,252,200	969,668	282,532
2024 – 2026	<u>659,862</u>	<u>617,080</u>	<u>42,782</u>
	\$ <u>3,164,262</u>	\$ <u>2,342,319</u>	\$ <u>821,943</u>

\$200,000 bond obligation from Rural Economic and Community Development. Monthly payments of \$1,266. Matures April 2023. Interest rate is 4.50%. Secured by deed of trust on real estate.

\$ 117,541

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 15,192	\$ 10,110	\$ 5,082
2015	15,192	10,574	4,618
2016	15,192	11,060	4,132
2017	15,192	11,568	3,624
2018	15,192	12,099	3,093
2019 – 2023	<u>68,790</u>	<u>62,130</u>	<u>6,660</u>
	\$ <u>144,750</u>	\$ <u>117,541</u>	\$ <u>27,209</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

\$700,000 bond obligation from Rural Economic and Community Development. Monthly payments of \$3,458. Matures May 2036. Interest rate is 4.125%. Secured by deed of trust on real estate. \$ 613,184

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 41,496	\$ 16,512	\$ 24,984
2015	41,496	17,206	24,290
2016	41,496	17,930	23,566
2017	41,496	18,683	22,813
2018	41,496	19,469	22,027
2019 – 2023	207,480	110,330	97,150
2024 – 2028	207,480	135,554	71,926
2029 – 2033	207,480	166,546	40,934
2034 – 2036	<u>117,766</u>	<u>110,954</u>	<u>6,812</u>
	\$ <u>947,686</u>	\$ <u>613,184</u>	\$ <u>334,502</u>

\$92,600 bond obligation from Rural Economic and Community Development. Monthly payments of \$471. Matures May 2036. Interest rate is 4.375%. Secured by deed of trust on real estate. \$ 81,489

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 5,652	\$ 2,129	\$ 3,523
2015	5,652	2,224	3,428
2016	5,652	2,324	3,328
2017	5,652	2,427	3,225
2018	5,652	2,536	3,116
2019 – 2023	28,260	14,480	13,780
2024 – 2028	28,260	18,014	10,246
2029 – 2033	28,260	22,410	5,850
2034	<u>15,822</u>	<u>14,945</u>	<u>877</u>
	\$ <u>128,862</u>	\$ <u>81,489</u>	\$ <u>47,373</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Lease Revenue Bonds Series 2013**

This \$2,200,000 issue was authorized on February 21, 2012 for the purpose of financing costs of the design, acquisition, construction and equipping of a new family aquatics center at the existing site of the City of Clarksburg Municipal Swimming Pool facility located at the Veteran's Memorial Park, City of Clarksburg, West Virginia, together with all necessary appurtenances and the payment of costs of issuance of such bonds. The bonds are issued as draw-down bonds with MVB Bank, Inc. advancing a portion of the purchase price and authorized principal amount thereof as necessary to pay costs of issuance of the bonds and costs of the project as incurred.

The bonds are interest only until February 21, 2013.

Future debt maturities based on current financing arrangements is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 146,008	\$ 49,849	\$ 96,159
2015	146,008	52,113	93,895
2016	146,008	54,228	91,780
2017	146,008	56,943	89,065
2018	146,008	59,530	86,478
2019 – 2023	730,040	340,490	389,550
2024 – 2028	730,040	425,049	304,991
2029 – 2033	730,040	531,022	199,018
2034	<u>681,368</u>	<u>614,196</u>	<u>64,792</u>
	<b>\$ <u>3,601,528</u></b>	<b>\$ <u>2,183,420</u></b>	<b>\$ <u>1,415,728</u></b>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

Total future debt maturities based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 458,788	\$ 215,022	\$ 243,766
2015	458,788	225,519	233,269
2016	458,788	236,281	222,507
2017	458,788	248,072	210,716
2018	458,788	260,191	198,597
2019 – 2023	2,286,770	1,497,098	789,672
2024 – 2028	1,625,642	1,195,697	429,945
2029 – 2033	965,780	719,978	245,802
2034 – 2036	<u>814,956</u>	<u>740,095</u>	<u>72,481</u>
	<u>\$ 7,987,088</u>	<u>\$ 5,337,953</u>	<u>\$ 2,646,755</u>

The following is a summary of long-term debt activity at June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
<b>Bonds and notes payable:</b>						
City National Bank	\$ 160,881	\$ 425,021	\$ -0-	\$ 585,902	\$ 585,902	\$ -0-
1996 Sewer Revenue Bonds	2,223,373	-0-	352,329	1,871,044	359,429	1,511,615
2009A Sewer Revenue Bonds	<u>900,000</u>	<u>-0-</u>	<u>50,000</u>	<u>850,000</u>	<u>50,000</u>	<u>800,000</u>
Total bonds and notes payable	<u>3,284,254</u>	<u>425,021</u>	<u>402,329</u>	<u>3,306,946</u>	<u>995,331</u>	<u>2,311,615</u>
<b>Other long-term debt</b>						
Obligations under capital leases	99,288	-0-	24,352	74,936	17,459	57,477
Accrued compensated absences	<u>406,714</u>	<u>-0-</u>	<u>25,880</u>	<u>380,834</u>	<u>95,607</u>	<u>285,227</u>
Total other long-term debt	<u>506,002</u>	<u>-0-</u>	<u>50,232</u>	<u>455,770</u>	<u>113,066</u>	<u>342,704</u>
Total long-term debt	<u>\$ 3,790,256</u>	<u>\$ 425,021</u>	<u>\$ 452,561</u>	<u>\$ 3,762,716</u>	<u>\$ 1,108,397</u>	<u>\$ 2,654,319</u>

**City National Bank**

4.10%; \$700,000 line of credit maturing April 30, 2014. \$ 566,411

4.25% installment obligation; payable in monthly installments of \$9,941; maturing 11/21/13. \$ 19,491

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Sewer Revenue Bond - Bond Issue of 1996**

This issue was authorized to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the City. The bond was issued in a denomination of \$6,484,243, bearing interest of 2,00% payable quarterly on the first day of September, December, March and June beginning on September 1, 1998.

The outstanding bond of this issue and its maturity dates are as follows:

<u>Maturity Date</u>	<u>Amount</u>
September 1, 2013	\$ 89,186
December 1, 2013	89,632
March 1, 2014	90,080
June 1, 2014	90,531
September 1, 2014	90,983
December 1, 2014	91,438
March 1, 2015	91,895
June 1, 2015	92,355
September 1, 2015	92,817
December 1, 2015	93,281
March 1, 2016	93,747
June 1, 2016	94,216
September 1, 2016	94,687
December 1, 2016	95,160
March 1, 2017	95,636
June 1, 2017	96,114
September 1, 2017	96,595
December 1, 2017	97,077
March 1, 2018	97,563
June 1, 2018	<u>98,051</u>
	<b>\$ <u>1,871,044</u></b>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

Future debt maturity based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 394,165	\$ 359,429	\$ 34,736
2015	394,165	366,671	27,494
2016	394,165	374,061	20,104
2017	394,165	381,597	12,568
2018	<u>394,165</u>	<u>389,286</u>	<u>4,879</u>
	<u>\$ 1,970,825</u>	<u>\$ 1,871,044</u>	<u>\$ 99,781</u>

The 1996 bond issue is secured with a lien and pledge on the net revenues derived from the system.

As required by the 1996 Series Bond Ordinance, a sinking fund has been established with the West Virginia Municipal Bond Commission. Moneys in the sinking fund are to be used only for the purposes of paying principal of and interest on the bonds. Payments are required to be made into the sinking fund to pay interest which will mature and become due on the next succeeding interest payment date and 1/6 of the amount which will be required to redeem 1996 Series bonds prior to their stated dates of maturities. The balance in the sinking fund account with the Municipal Bond Commission at June 30, 2013 was \$462,566.

**Sewer Revenue Bond – Series 2009A**

This issue was authorized to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the City. The bond was issued in a denomination of \$1,000,000 bearing interest of 0.00% payable quarterly on the first day of September, December, March and June beginning on September 1, 2010.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

Future debt maturity based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 50,000	\$ 50,000	\$ -0-
2015	50,000	50,000	-0-
2016	50,000	50,000	-0-
2017	50,000	50,000	-0-
2018	50,000	50,000	-0-
2019 – 2023	250,000	250,000	-0-
2024 – 2028	250,000	250,000	-0-
2029 – 2031	<u>100,000</u>	<u>100,000</u>	<u>-0-</u>
	<u>\$ 850,000</u>	<u>\$ 850,000</u>	<u>\$ -0-</u>

The 2009A bond issue is secured with a lien and pledge on the net revenues derived from the system.

As required by the 2009A Series Bond Ordinance, a sinking fund has been established with the West Virginia Municipal Bond Commission. Moneys in the sinking fund are to be used only for the purposes of paying principal on the bonds. Payments are required to be made into the sinking fund to pay principal which will become due on the next payment date. The balance in the sinking fund account with the Municipal Bond Commission at June 30, 2013 was \$59,146.

The future bond debt maturity based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 444,165	\$ 409,429	\$ 34,736
2015	444,165	416,671	27,494
2016	444,165	424,061	20,104
2017	444,165	431,597	12,568
2018	444,165	439,286	4,879
2019 – 2023	250,000	250,000	-0-
2024 – 2028	250,000	250,000	-0-
2029 – 2031	<u>100,000</u>	<u>100,000</u>	<u>-0-</u>
	<u>\$ 2,820,825</u>	<u>\$ 2,721,044</u>	<u>\$ 99,781</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Obligation Under Capital Lease**

**Sanitary Board**

The Sanitary Board of the City of Clarksburg entered into a capital lease on May 18, 2011 to finance the acquisition of a high pressure washer. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of the future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 19,489
2015	19,489
2016	19,489
2017	<u>19,489</u>
	77,956
Less: Amount representing interest	<u>( 3,020)</u>
	74,936
Less: Current maturities	<u>(17,459)</u>
Noncurrent maturities	\$ <u>57,477</u>

**8. Employees Retirement Systems and Plans**

***Plan Descriptions, Contribution Information, and Finding 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. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2012.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2012.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

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.

Memberships of the plans are as follows:

<u>Group</u>	<u>PPRF</u>	<u>FPRF</u>	<u>Totals</u>
Active employees	46	41	87
Retirees and beneficiaries currently receiving benefits	<u>47</u>	<u>60</u>	<u>107</u>
 Total	 <u>93</u>	 <u>101</u>	 <u>194</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. However, municipalities may utilize an alternative contribution method which allows the Municipality 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. In no event can the employer contribution be less than the normal cost as determined by the actuary.	
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 Increase	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.	

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>PPRF</u>	<u>FPRF</u>
Provisions for:		
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

***Annual Required Contributions and Significant Actuarial Assumptions***

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

	<u>Policemen's Pension &amp; Relief Fund</u>	<u>Firemen's Pension &amp; Relief Fund</u>
Valuation Date	7/1/2012	7/1/2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage Open	Level Percentage Open
Amortization Period	23 Years (Level Percentage)	23 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	5.00%	5.00%
Projected Salary Increases	5.00% per year	5.00% per year
Post Retirement Benefit Increase	None	None
Inflation	3.00%	3.00%
Cost of Living Adjustments	\$15,000 of annual pension is increased by the lesser of inflation and 4%, but 75% of purchasing power is maintained.	\$15,000 of annual pension is increased by the lesser of inflation and 4%, but 75% of purchasing power is maintained.

***Annual Pension Cost, Net Pension Obligation and Reserves***

Current year annual pension costs for the PPRF and FPRF are shown in the trend information. The annual required contributions were made by both the PPRF or FPRF.

***Reserves***

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

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

***Annual Pension Cost and Net Pension Obligation (NPO)***

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

	<u>PPRF</u>	<u>FPRF</u>
Annual required contribution	\$ 1,517,921	\$ 1,603,979
Interest on short-term	255,683	298,190
Adjustment to annual required contribution	( 207,196)	( 241,643)
Annual pension cost	1,566,408	1,660,526
Contributions made	<u>1,156,206</u>	<u>1,162,330</u>
Increase in net pension obligation	410,202	498,196
Net pension obligation at beginning of the year	<u>5,113,652</u>	<u>5,963,801</u>
 Net pension obligation at the end of the year	 \$ <u>5,523,854</u>	 \$ <u>6,461,997</u>

***Trend Information***

**Policemen's Pension and Relief Fund (PPRF)**

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 1,517,921	74%	\$ 5,523,854
2012	\$ 1,455,034	69%	\$ 5,113,652
2011	\$ 1,214,996	52%	\$ 4,654,153
2010	\$ 1,123,291	53%	\$ 4,164,225
2009	\$ 1,099,614	49%	\$ 3,695,724
2008	\$ 907,687	55%	\$ 3,198,207
2007	\$ 916,986	38%	\$ 2,833,274
2006	\$ 826,640	51%	\$ 2,298,772
2005	\$ 813,912	47%	\$ 1,922,652

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Firemen's Pension and Relief Fund (FPRF)**

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 1,660,526	70%	\$ 6,461,997
2012	\$ 1,518,165	70%	\$ 5,963,801
2011	\$ 1,428,959	45%	\$ 5,485,794
2010	\$ 1,581,731	38%	\$ 4,802,124
2009	\$ 1,242,089	44%	\$ 3,884,296
2008	\$ 948,187	53%	\$ 3,250,449
2007	\$ 919,703	38%	\$ 2,850,494
2006	\$ 826,031	52%	\$ 2,316,404
2005	\$ 847,440	46%	\$ 1,945,248

***Funding Progress***

**Policemen's Pension and Relief Fund (PPRF)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liabilities (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % covered payroll (b-a)/c</u>
7/1/12	\$ 3,459,949	\$ 24,966,509	\$ 21,506,560	13.86%	\$ 2,017,329	1066.09%
7/1/11	\$ 3,136,739	\$ 23,488,343	\$ 20,351,604	13.35%	\$ 1,945,720	1045.97%
7/1/08	\$ 2,209,947	\$ 15,419,412	\$ 13,209,465	14.33%	\$ 1,585,968	832.9%

**Firemen's Pension and Relief Fund (FPRF)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liabilities (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % covered payroll (b-a)/c</u>
7/1/12	\$ 3,733,393	\$ 29,089,000	\$ 25,355,607	12.83%	\$ 1,712,139	1408.93%
7/1/11	\$ 3,639,130	\$ 27,615,518	\$ 23,976,388	13.18%	\$ 1,678,365	1428.56%
7/1/08	\$ 3,144,318	\$ 18,552,910	\$ 15,408,592	16.95%	\$ 1,511,100	1019.7%

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

Financial information for Pension and Relief Funds are as follows:

**Statement of Net Assets**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
<b>Assets</b>		
Cash	\$ 61,593	\$ 15,393
Investments	3,975,078	4,192,197
Receivables:		
Accrued interest	<u>-0-</u>	<u>5,591</u>
Total assets	<u>4,036,671</u>	<u>4,213,181</u>
<b>Liabilities</b>		
Accounts payable	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>
<b>Net Assets</b>		
Held in trust for pension benefits	\$ <u>4,036,671</u>	\$ <u>4,213,181</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Statement of Changes in Net Assets**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 737,643	\$ 743,702
Employee	158,481	136,170
Insurance premium tax allocation	<u>470,168</u>	<u>473,392</u>
Total contributions	<u>1,366,292</u>	<u>1,353,264</u>
Investment income:		
Net appreciation in fair value of investments	241,891	363,882
Interest and dividends	<u>43,268</u>	<u>79,108</u>
Total investment income	<u>285,159</u>	<u>442,990</u>
Total additions	<u>1,651,451</u>	<u>1,796,254</u>
<b>Deductions</b>		
General and administrative	11,200	20,947
Benefit payments	<u>1,034,383</u>	<u>1,262,330</u>
Total deductions	<u>1,045,583</u>	<u>1,283,277</u>
Net increase	605,868	512,977
Net assets – beginning of year	<u>3,430,803</u>	<u>3,700,204</u>
Net assets – end of year	\$ <u>4,036,671</u>	\$ <u>4,213,181</u>

***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 accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

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

<u>Public Employees' Retirement System (PERS)</u>	
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	5 years
Benefits and eligibility for distribution	A member who has attained age 50 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

***Trend Information***

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2013	\$ 560,568	100%
2012	\$ 388,682	100%
2011	\$ 319,481	100%
2010	\$ 285,144	100%
2009	\$ 256,201	100%
2008	\$ 230,195	100%
2007	\$ 206,830	100%

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

**Other Post Employment Benefits**

***Plan Description:***

The City of Clarksburg, West Virginia contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit post-employment health care plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. 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 25305-0170.

***Authority Establishing the Plan and Fund Policy:***

Chapter 5, Article 16D of the West Virginia State Code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members are currently required to contribute \$900.89 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), an 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.

**Funding Policy:** The City's contribution is based on projected pay-as-you-go financing requirements. Employees are not required to make contributions for basic life insurance.

**Annual OPEB Cost:** The City's annual OPEB cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of 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 to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2013**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information follow in the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table shows the components of the Municipality's annual OPEB cost for the year, the amount actually contributed to the Plans, and changes in the Municipality's net OPEB obligations, as well as the assumptions used to calculate the net OPEB obligation for the covered active and retired employees.

Annual required contribution	\$ 142,200
Interest on net OPEB obligation	-0-
Adjustment to annual required contribution	<u>-0-</u>
Annual OPEB cost	142,200
Contributions made	<u>-0-</u>
Increase (decrease) in net OPEB obligation	142,200
Net OPEB obligation (asset) beginning of year	<u>5,294,377</u>
Net OPEB obligation (asset) end of year	\$ <u>5,436,577</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

Actuarial valuation date	6/30/2010
Actuarial cost method	Entry age
Amortization method	Level dollar
Asset valuation method	Smoothed market approach
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.50%
Projected rate increase	4.60% - 5.60%

**Three-Year Trend Information**

<u>Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2013	\$ 142,200	0%	\$ 5,436,577
June 30, 2012	\$ 1,493,843	0%	\$ 5,294,377
June 30, 2011	\$ 1,472,870	0%	\$ 3,800,534
June 30, 2010	\$ 1,567,549	15.5%	\$ 2,329,269

GASB Statement No. 45 was applied prospectively.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**9. Interfund Balances**

Individual fund interfund receivable and payable balances at June 30, 2013 for fund financial:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 216,429	\$ 240,366
<b>Special revenue funds</b>		
Coal Severance Fund	-0-	800
Credit Card Fund	7,260	8,887
Dental and Vision Benefit Fund	-0-	8,000
Park Board Special Levy Fund	46,193	12,000
Capital Improvement Levy Fund	218,997	251,806
Police Transit Vehicle Grant Fund	-0-	-0-
<b>Enterprise funds – Component Units</b>		
Sanitary Board Fund	33,603	7,260
Parking Authority Fund	<u>8,047</u>	<u>1,410</u>
	<b>\$ <u>530,529</u></b>	<b>\$ <u>530,529</u></b>

**10. Pending Litigation**

The City of Clarksburg has been named defendant in several cases which in the opinion of the municipality's attorney will have no material adverse effect to the City.

**11. Restricted**

Certain enterprise fund assets are restricted for repayment of long-term debt. Reserved net assets include the excess of assets over certain liabilities restricted for the debt service on revenue bonds.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**12. Contingent Liabilities**

During the year ended June 30, 2002, the City of Clarksburg issued \$2,383,850 of Water Revenue Bonds Series 2001A. These bonds are special obligations of the City of Clarksburg and are secured by the revenues of the waterworks system, moneys in the sinking and depreciation funds, and unexpended proceeds of the bonds. At June 30, 2013, \$1,160,559 of the bonds remained outstanding.

During the year ended June 30, 2013, the City of Clarksburg issued \$9,220,000 of Water Refunding Revenue Bonds, Series 2002. These bonds are special obligations of the City of Clarksburg and are secured by the revenues of the waterworks system, moneys in the sinking and depreciation funds, and unexpended proceeds of the bonds. At June 30, 2013, \$9,220,000 of the bonds remained outstanding.

During the year ended June 30, 2004, the City of Clarksburg issued \$1,885,764 of Water Revenue Bonds Series 2004A. These bonds are special obligations of the City of Clarksburg and are secured by the revenues of the waterworks system, moneys in the sinking and depreciation funds, and unexpended proceeds of the bonds. At June 30, 2013, \$1,341,707 of the bonds remained outstanding.

**13. Debt Service Coverage Factor – Sanitary Board Fund (Component Unit)**

The Debt Service Coverage Factor has been calculated as follows:

Operating revenues	\$ 4,807,110
Operating expenses	<u>3,822,219</u>
Operating income (loss)	984,891
 Add: Depreciation expense	 396,003
Interest income	<u>895</u>
 Amount available for debt service and capital expenditures	 \$ <u>1,381,789</u>
 Maximum annual debt service	 \$ <u>444,165</u>
 Calculated debt service coverage factor	 <u>3.11</u>
 Required debt service coverage factor	 <u>1.15</u>

Based on this calculation, it appears that the City of Clarksburg Sanitary Board was in compliance with the provisions set forth in the Bond Ordinance.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**14. Deficit Fund Balances**

It was determined during this examination that the Credit Card Clearing Fund had deficit fund balance at June 30, 2013. The elimination of this deficit fund balance is contingent on increased funding for this fund.

**15. Restatement of Fund Balance/Net Position**

It was determined during this examination that the beginning net position of the Municipal Building Commission required restatement as follows:

Net position as previously reported	\$ 1,052,516
Restatement: Write off of unamortized bond discount in accordance with GASB Statement Number 65	( <u>35,175</u> )
Net position restated	\$ <u>1,017,341</u>

It was determined during this examination that the beginning net position of the Parking Authority required restatement as follows:

Net position as previously reported	\$ 6,638,054
Restatement: Overstatement of accumulated depreciation	<u>4,518</u>
Net position restated	\$ <u>6,642,572</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF CLARKSBURG, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2013**

It was determined during this examination that the beginning net position of the Sanitary Sewer Board required restatement as follows:

Net position as previously reported	\$ 6,562,721
<b>Restatements:</b>	
Understatement of capital assets	17,474
Overstatement of accumulated depreciation	51,607
Understatement of notes payable	( 57,381)
Write off of unamortized bond discount in accordance with GASB Statement Number 65	( <u>31,298</u> )
 Net position restated	 \$ <u>6,543,123</u>

**16. Subsequent Events**

The City has considered all subsequent events through November 25, 2013, the date the financial statements were made available.

The accompanying independent auditor's report is an integral part of these notes.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF CLARKSBURG, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**I. Schedules of Funding Progress**

**Policemen's Pension and Relief Fund (PPRF)**

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (AVA/AAL)</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
7/1/1999	\$ 2,089,199	\$ 10,453,421	\$ 8,364,222	19.99%	\$ 1,088,945	768.10%
7/1/2001	\$ 1,797,040	\$ 11,991,060	\$ 10,194,020	14.99%	\$ 1,009,077	1010.23%
7/1/2003	\$ 1,474,680	\$ 12,732,090	\$ 11,257,410	11.58%	\$ 1,202,313	936.31%
7/1/2005	\$ 1,722,840	\$ 13,666,338	\$ 11,943,498	12.61%	\$ 1,365,579	874.61%
7/1/2008	\$ 2,209,947	\$ 15,419,412	\$ 13,209,465	14.33%	\$ 1,585,968	832.90%
7/1/2011	\$ 3,136,739	\$ 23,488,343	\$ 20,351,604	13.35%	\$ 1,945,720	1045.97%
7/1/2012	\$ 3,459,949	\$ 24,966,509	\$ 21,506,560	13.86%	\$ 2,017,329	1066.09%

**Firemen's Pension and Relief Fund (FPRF)**

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (AVA/AAL)</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
7/1/1999	\$ 3,585,356	\$ 11,991,668	\$ 8,406,312	29.90%	\$ 1,202,199	699.24%
7/1/2001	\$ 3,325,908	\$ 13,931,217	\$ 10,605,309	23.87%	\$ 1,262,090	840.30%
7/1/2003	\$ 2,784,056	\$ 14,961,763	\$ 12,177,707	18.61%	\$ 1,332,153	914.14%
7/1/2005	\$ 2,982,612	\$ 16,053,213	\$ 13,070,601	18.58%	\$ 1,396,891	935.69%
7/1/2008	\$ 3,144,318	\$ 18,552,910	\$ 15,408,592	16.95%	\$ 1,511,100	1019.69%
7/1/2011	\$ 3,639,130	\$ 27,615,518	\$ 23,976,388	13.18%	\$ 1,678,365	1428.56%
7/1/2012	\$ 3,733,393	\$ 29,089,000	\$ 25,355,607	13.83%	\$ 1,712,139	1408.93%

CITY OF CLARKSBURG, WEST VIRGINIA  
 COMBINING FUND BALANCE SHEETS  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Total (Memorandum Only)</u>
<b>ASSETS</b>			
Cash	\$ 709,958	\$ 589,886	\$ 1,299,844
Receivables (net of allowances for uncollectibles of \$7,000)			
Taxes	164,227	-0-	164,227
Notes	17,722	33,851	51,573
Due from/(to) other funds	( 8,243)	-0-	( 8,243)
<b>TOTAL ASSETS</b>	<b>\$ <u>883,664</u></b>	<b>\$ <u>623,737</u></b>	<b>\$ <u>1,507,401</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 208,379	\$ -0-	\$ 208,379
Accrued payroll	13,056	-0-	13,056
Deferred revenues	<u>144,192</u>	<u>16,341</u>	<u>160,533</u>
Total liabilities	<u>365,627</u>	<u>16,341</u>	<u>381,968</u>
<b>Fund Balances</b>			
Assigned	519,664	607,396	1,127,060
Unassigned	( 1,627)	-0-	( 1,627)
Total fund balances	<u>518,037</u>	<u>607,396</u>	<u>1,125,433</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>883,664</u></b>	<b>\$ <u>623,737</u></b>	<b>\$ <u>1,507,401</u></b>

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.

**CITY OF CLARKSBURG, WEST VIRGINIA**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Nonmajor Special Revenue (Memorandum Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Total Only)</u>
<b>Revenues</b>			
Taxes	\$ 1,191,016	\$ -0-	\$ 1,191,016
Charges for services	346,259	91,092	437,351
Fines and forfeits	2,234	-0-	2,234
Interest	1,782	3,531	5,313
Donations	17,403	-0-	17,403
Intergovernmental:			
Federal	23,505	-0-	23,505
State	23,000	-0-	23,000
Local	225	-0-	225
Contributions from employees	295,107	-0-	295,107
Contributions from employer	1,750,904	-0-	1,750,904
Other	<u>2,019</u>	<u>-0-</u>	<u>2,019</u>
Total revenues	<u>3,653,454</u>	<u>94,623</u>	<u>3,748,077</u>
<b>Expenditures</b>			
General government	17,796	-0-	17,796
Public safety	405,526	-0-	405,526
Highways and streets	330,359	-0-	330,359
Culture and recreation	666,057	-0-	666,057
Benefit payments	<u>1,902,842</u>	<u>-0-</u>	<u>1,902,842</u>
Total expenditures	<u>3,322,580</u>	<u>-0-</u>	<u>3,322,580</u>
(Deficiency) excess of revenues (under) over expenditures	<u>330,874</u>	<u>94,623</u>	<u>425,497</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	108,838	124,000	232,838
Operating transfers (out)	( 624,338)	<u>-0-</u>	( 624,338)
Total other financing sources (uses)	<u>( 515,500)</u>	<u>124,000</u>	<u>( 391,500)</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	( 184,626)	218,623	33,997
Fund balance beginning of year	<u>702,663</u>	<u>388,773</u>	<u>1,091,436</u>
Fund balance end of year	\$ <u>518,037</u>	\$ <u>607,396</u>	\$ <u>1,125,433</u>

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.

**CITY OF CLARKSBURG, WEST VIRGINIA  
COMBINING FUND BALANCE SHEETS  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Landfill Composting Facility Fund	Project Life Saver Fund	Tax Increment Financing District Fund	Mayor's Youth Council Fund	Credit Card Fund	COC Housing Demolition Fund	Urban Renewal Authority	Park Board	Park Board Special Levy	Police Fund	Capital Improvement Levy Fund	EBMU In Car Camera Fund	Dental and Vision Benefit Funds	PEIA Fund	Canine Grant Fund	Police National Nightout Fund	Police Transit Vehicle Grant Fund	Total (Memorandum Only)
<b>ASSETS</b>																		
Cash	\$ 15,195	\$ -0-	\$ 131,125	\$ 24	\$ -0-	\$ -0-	\$ 49,053	\$ 78,171	\$ 8,791	\$ 98,057	\$ 158,226	\$ -0-	\$ 9,392	\$ 160,110	\$ -0-	\$ 1,814	\$ -0-	\$ 709,958
Receivables (net of allowances for uncollectibles of \$7,000)																		
Taxes	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	65,691	-0-	98,536	-0-	-0-	-0-	-0-	-0-	-0-	164,227
Notes	-0-	-0-	-0-	-0-	-0-	-0-	17,722	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,722
Due from/(to) other funds	-0-	-0-	-0-	-0-	(1,627)	-0-	-0-	-0-	34,193	-0-	(32,809)	-0-	(8,000)	-0-	-0-	-0-	-0-	(8,243)
<b>TOTAL ASSETS</b>	<b>\$ 15,195</b>	<b>\$ -0-</b>	<b>\$ 131,125</b>	<b>\$ 24</b>	<b>\$ (1,627)</b>	<b>\$ -0-</b>	<b>\$ 66,775</b>	<b>\$ 78,171</b>	<b>\$ 108,675</b>	<b>\$ 98,057</b>	<b>\$ 223,953</b>	<b>\$ -0-</b>	<b>\$ 1,392</b>	<b>\$ 160,110</b>	<b>\$ -0-</b>	<b>\$ 1,814</b>	<b>\$ -0-</b>	<b>\$ 883,664</b>
<b>LIABILITIES AND FUND BALANCES</b>																		
<b>Liabilities</b>																		
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 60,592	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 147,787	\$ -0-	\$ -0-	\$ -0-	\$ 208,379
Accrued payroll	-0-	-0-	-0-	-0-	-0-	-0-	-0-	13,056	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	13,056
Deferred revenues	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	57,677	-0-	86,315	-0-	-0-	-0-	-0-	-0-	-0-	144,192
Total liabilities	-0-	-0-	-0-	-0-	-0-	-0-	-0-	73,648	57,677	-0-	86,315	-0-	-0-	147,787	-0-	-0-	-0-	365,627
<b>Fund Balances</b>																		
Assigned	15,195	-0-	131,125	24	-0-	-0-	66,775	4,523	50,998	98,057	137,438	-0-	1,392	12,323	-0-	1,814	-0-	519,664
Unassigned	-0-	-0-	-0-	-0-	(1,627)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(1,627)
Total fund balance	15,195	-0-	131,125	24	(1,627)	-0-	66,775	4,523	50,998	98,057	137,438	-0-	1,392	12,323	-0-	1,814	-0-	518,037
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,195</b>	<b>\$ -0-</b>	<b>\$ 131,125</b>	<b>\$ 24</b>	<b>\$ (1,627)</b>	<b>\$ -0-</b>	<b>\$ 66,775</b>	<b>\$ 78,171</b>	<b>\$ 108,675</b>	<b>\$ 98,057</b>	<b>\$ 223,953</b>	<b>\$ -0-</b>	<b>\$ 1,392</b>	<b>\$ 160,110</b>	<b>\$ -0-</b>	<b>\$ 1,814</b>	<b>\$ -0-</b>	<b>\$ 883,664</b>

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.

**CITY OF CLARKSBURG, WEST VIRGINIA  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

	Landfill Composting Facility Fund	Project Life Saver Fund	Tax Increment Financing District Fund	Mayor's Youth Council Fund	Credit Card Fund	COC Housing Demolition Fund	Urban Renewal Authority	Park Board	Park Board Special Levy	Police Fund	Capital Improvement Levy Fund	EBMI In Car Camera Fund	Dental and Vision Benefit Funds	PEIA Fund	Canine Grant Fund	Police National Nightout Fund	Police Transit Vehicle Grant Fund	Total (Memorandum Only)
<b>Revenues</b>																		
Taxes	\$ -0-	\$ -0-	\$ 46,450	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 458,410	\$ -0-	\$ 686,156	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,191,016
Charges for services	-0-	-0-	-0-	-0-	-0-	-0-	-0-	346,259	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	346,259
Fines and forfeits	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,234	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,234
Interest	23	-0-	17	1	7	-0-	126	160	724	378	310	-0-	25	10	-0-	1	-0-	1,782
Donations	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,855	-0-	6,000	-0-	-0-	-0-	-0-	-0-	7,548	-0-	17,403
Intergovernmental:																		
Federal	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,505	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,505
State	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	16,000	-0-	-0-	-0-	-0-	-0-	-0-	23,000
Local	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	225	-0-	-0-	-0-	-0-	-0-	-0-	-0-	225
Contributions from employees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	53,543	241,564	-0-	-0-	-0-	295,107
Contributions from employer	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	64,920	1,685,984	-0-	-0-	-0-	1,750,904
Other	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,843	-0-	-0-	-0-	-0-	176	-0-	-0-	-0-	-0-	2,019
Total revenues	<u>23</u>	<u>-0-</u>	<u>46,467</u>	<u>1</u>	<u>7</u>	<u>-0-</u>	<u>126</u>	<u>352,117</u>	<u>466,134</u>	<u>32,342</u>	<u>702,466</u>	<u>-0-</u>	<u>118,664</u>	<u>1,927,558</u>	<u>-0-</u>	<u>7,549</u>	<u>-0-</u>	<u>3,653,454</u>
<b>Expenditures</b>																		
General government	-0-	-0-	-0-	-0-	256	-0-	1,554	-0-	-0-	-0-	-0-	-0-	15,986	-0-	-0-	-0-	-0-	17,796
Public safety	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	190,099	202,424	-0-	-0-	-0-	-0-	13,003	-0-	405,526
Highways and streets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	330,359	-0-	-0-	-0-	-0-	-0-	-0-	330,359
Culture and recreation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	394,515	266,542	-0-	5,000	-0-	-0-	-0-	-0-	-0-	-0-	666,057
Benefit payments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	104,322	1,798,513	-0-	-0-	-0-	1,902,842
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>256</u>	<u>-0-</u>	<u>1,554</u>	<u>394,515</u>	<u>266,542</u>	<u>190,099</u>	<u>537,783</u>	<u>-0-</u>	<u>120,315</u>	<u>1,798,513</u>	<u>-0-</u>	<u>13,003</u>	<u>-0-</u>	<u>3,322,580</u>
(Deficiency) excess of revenues (under) over expenditures	<u>23</u>	<u>-0-</u>	<u>46,467</u>	<u>1</u>	<u>( 249)</u>	<u>-0-</u>	<u>( 1,428)</u>	<u>( 42,398)</u>	<u>199,592</u>	<u>(157,757)</u>	<u>164,683</u>	<u>-0-</u>	<u>( 1,651)</u>	<u>129,045</u>	<u>-0-</u>	<u>( 5,454)</u>	<u>-0-</u>	<u>330,874</u>

CITY OF CLARKSBURG, WEST VIRGINIA  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS (CONTD)  
 FOR THE YEAR ENDED JUNE 30, 2013

	Landfill Composting Facility Fund	Protest Life Saver Fund	Tax Increment Financing District Fund	Mayor's Youth Council Fund	COC Housing Demolition Fund	Urban Renewal Authority	Park Board	Park Special Levy	Police Fund	Capital Improvement Levy Fund	FBI/In Car Camera Fund	Dental and Vision Benefit Funds	PEIA Fund	Canine Grant Fund	Police National Nightout Fund	Police Transit Vehicle Grant Fund	Total (Memorandum Only)
Other Financing Sources (Uses)																	
- Operating transfers in	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 9,000	\$ 95,744	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,600	\$ 494	\$ 108,838
- Operating transfers (out)	-0-	(1,102)	-0-	(700)	-0-	-0-	(498,536)	-0-	-0-	(124,000)	-0-	-0-	-0-	-0-	-0-	-0-	(624,338)
Total other financing sources (uses)	-0-	(1,102)	-0-	(700)	-0-	-0-	(489,536)	-0-	95,744	(124,000)	-0-	-0-	-0-	-0-	3,600	494	(515,500)
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	23	(1,102)	46,467	(699)	-0-	(1,428)	(42,398)	(289,944)	(62,013)	40,683	-0-	(1,651)	129,045	-0-	(1,854)	494	(184,626)
Fund balance beginning of year - restated	15,172	1,102	84,658	723	-0-	68,203	46,921	340,942	160,070	96,755	-0-	3,043	(116,722)	-0-	3,668	(494)	702,663
Fund balance end of year	\$ 15,195	\$ -0-	\$ 131,125	\$ 24	\$ (1,627)	\$ 66,775	\$ 4,523	\$ 50,998	\$ 98,057	\$ 137,438	\$ -0-	\$ 1,392	\$ 12,323	\$ -0-	\$ 1,814	\$ -0-	\$ 518,037

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.

CITY OF CLARKSBURG, WEST VIRGINIA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUND  
 JUNE 30, 2013

Urban  
Renewal  
Authority

**ASSETS**

Cash	\$ 589,886
Receivables (net of allowances for uncollectible of \$7,000)	
Notes	<u>33,851</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>623,737</u></b>

**LIABILITIES AND FUND BALANCES**

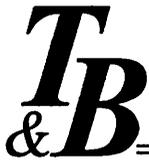
<b>Liabilities</b>	
Deferred revenues	\$ <u>16,341</u>
Total liabilities	<u>16,341</u>
<b>Fund Balances</b>	
Assigned	<u>607,396</u>
Total fund balances	<u>607,396</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>623,737</u></b>

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.

**CITY OF CLARKSBURG, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - NONMAJOR DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Urban Renewal Authority</u>
<b>Revenues</b>	
Charges for services	\$ 91,092
Interest	<u>3,531</u>
Total revenues	<u>94,623</u>
<b>Expenditures</b>	
Community development	<u>-0-</u>
Total expenditures	<u>-0-</u>
Excess of revenues over expenditures	<u>94,623</u>
<b>Other Financing Sources (Uses)</b>	
Operating transfers in	<u>124,000</u>
Total other financing sources (uses)	<u>124,000</u>
Excess of revenues and other financing sources over expenditures and other financing uses	218,623
Fund balance beginning of year - restated	<u>388,773</u>
Fund balance end of year	\$ <u>607,396</u>

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.



**Tetrick & Bartlett, PLLC**

Certified Public Accountants  
Consultants

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com  
1517 Mary Lou Retton Drive • Fairmont, WV 26554 • (304) 366-2992 • Fax: (304) 366-2370

**INDEPENDENT AUDITOR'S 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***

The Honorable Mayor and Council  
City of Clarksburg  
Clarksburg, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Clarksburg, West Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Clarksburg, West Virginia's basic financial statements and have issued our report thereon dated November 25, 2013.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a material weakness.

### **Compliance and Other Matters**

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

### **City of Clarksburg, West Virginia's Response to Findings**

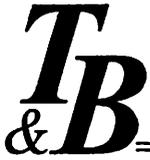
City of Clarksburg, West Virginia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Clarksburg, West Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Stucke & Bantel, PLLC*

November 25, 2013



## **Tetrick & Bartlett, PLLC**

*Certified Public Accountants  
Consultants*

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

The Honorable Mayor and Council  
City of Clarksburg  
Clarksburg, West Virginia

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Clarksburg, West Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Clarksburg, West Virginia's major federal programs for the year ended June 30, 2013. The City of Clarksburg, West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Clarksburg, West Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Clarksburg, West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Clarksburg, West Virginia's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, City of Clarksburg, West Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of City of Clarksburg, West Virginia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Clarksburg, West Virginia'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 City of Clarksburg, West Virginia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Teluck + Basler, PLLC*

November 25, 2013

**CITY OF CLARKSBURG, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**A. Summary of Audit Results**

***Financial Statements***

Type of auditor's report issued:	<u>Unqualified Opinion</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>Yes</u>
Deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Deficiency(s) identified that are not considered to be material weaknesses?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified Opinion</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	<u>No</u>
Identification of major programs:	
United States Department of Transportation/National Traffic Safety Administration	CFDA #20.600
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee	<u>    </u> yes <u>  X  </u> no

**CITY OF CLARKSBURG, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**B. Findings – Financial Statement Audit**

**2013-01 Segregation of Duties**

**Condition:** Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

**Criteria:** Internal control should be implemented to the degree possible to assign to different individuals the responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction.

**Cause:** Responsibilities for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction are not assigned to different individuals.

**Effect:** The lack of complete segregation of duties increases the risk that errors or irregularities in recording, processing, summarizing and reporting financial data could occur and not be detected in a timely manner.

**Recommendation:** Responsibilities of approval, executing, recording and custody be distributed among the accounting staff to the degree possible. We recommend that the City Council should remain involved in the financial affairs of the City to provide oversight and independent review function.

**Entity's Response:** To the extent possible, the City has segregated its duties. Any further segregation of duties would not be economically feasible.

**C. Findings and Questioned Costs – Major Federal Award Programs Audit**

***United States Department of Transportation – National Highway Safety Administration  
– State and Community Highway Safety Grant – CFDA Number 20.600 – Year Ended  
June 30, 2013.***

No Findings

**CITY OF CLARKSBURG, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
<b>United States Department of Justice/Office of Community Oriented Policing Services</b>					
ARRA – Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0919	\$ 338,506	\$ 94,120	\$ 94,120
<b>United States Department of Justice/Bureau of Justice Assistance</b>					
<i>West Virginia Division of Criminal Justice Services</i>					
ARRA – Recover Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803		10,000	3,365	3,365
<b>United States Department of Justice/Office of Juvenile Justice and Delinquency Prevention</b>					
<i>State of West Virginia Division of Justice and Community Services</i>					
Enforcing Underage Drinking Laws Program	16.727	2010-AH-FX-0079	9,975	9,586	9,586
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	2012-JF-FX-0058	60,000	60,000	60,000
Juvenile Accountability Block Grant	16.523	2011-JB-FX-0049	20,000	20,000	20,000
<b>United States Department of Justice/Violence Against Women Office</b>					
<i>Young Women's Christian Association of Wheeling</i>					
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	2011-GP-BX-0039	50,000	24,890	24,890

**CITY OF CLARKSBURG, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
<b>United States Department of Justice/Department of Justice</b>					
<i>West Virginia Division of Justice and Community Services/Harrison County Commission</i>					
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	12-JAG-07	\$ 50,000	\$ 21,181	\$ 21,181
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	12P-PDI-13	40,000	6,375	6,375
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Gtants to States and Territories	16.803	2012-DJ-BX-0282	32,334	<u>20,140</u>	<u>20,140</u>
Total United States Department of Justice				<u>259,657</u>	<u>259,657</u>
<b>United States Department of Transportation/National Highway Traffic Safety Administration</b>					
<i>West Virginia Department of Transportation/West Virginia Division of Motor Vehicles</i>					
State and Community Highway Safety	20.600	F13-HS-05-402	129,000	48,679	48,679
State and Community Highway Safety	20.600	F13-HS-05-406	44,500	7,586	7,586
State and Community Highway Safety	20.600	F13-HS-05-154	311,500	98,309	98,309
State and Community Highway Safety	20.600	F13-HS-05-410	110,000	39,876	39,876
State and Community Highway Safety	20.600	F13-HS-05-2011	20,500	4,535	4,535
State and Community Highway Safety	20.600	F12-HS-05-402	154,950	70,450	70,450
State and Community Highway Safety	20.600	F12-HS-05-408	120,000	73,847	73,847
State and Community Highway Safety	20.600	F12-HS-05-154	289,000	73,838	73,838
State and Community Highway Safety	20.600	F12-HS-05-406	4,400	135	135
State and Community Highway Safety	20.600	F12-HS-05-410	111,500	84,031	84,031
State and Community Highway Safety	20.600	F12-HS-05-2011	20,000	12,679	12,679

**CITY OF CLARKSBURG, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
<b>United States Department of Transportation/Federal Highway Administration</b>					
<i>West Virginia Department of Transportation</i>					
Highway Planning and Construction	20.205	TEA-OH22(001)D	\$ 350,000	\$ 25,206	\$ 25,206
Highway Planning and Construction	20.205	SRTS-2011(053)D	231,760	<u>5,994</u>	<u>5,994</u>
Total United States Department of Transportation				<u>545,165</u>	<u>545,165</u>
<b>United States Department of Homeland Security</b>					
Assistance to Firefighters Grant	97.044	10-SHS-38	94,296	<u>53,010</u>	<u>53,010</u>
Total Federal Assistance				\$ <u>857,832</u>	\$ <u>857,832</u>

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1 - Significant Accounting Policies**

The accompanying schedule of federal awards is a summary of the City of Clarksburg, West Virginia's federal award programs presented on the accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

The accompanying independent auditor's report is an integral part of the above schedule.

**CITY OF CLARKSBURG, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Financial Audit**

**2012-1 Segregation of Duties**

**General Fund**

**Condition:** Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

**Recommendation:** Responsibilities of approval, executing, recording and custody be distributed among the accounting staff to the degree possible. We recommend that the City Council should remain involved in the financial affairs of the City to provide oversight and independent review function.

**Current Status:** This finding was repeated at June 30, 2013.

**2012-2 Obligation of Future Levies**

**Condition:** It was noted during our examination that the officials of the City of Clarksburg incurred obligations involving the expenditures of future levies by securing a bank loan for the purchase of a public safety vehicle. The balance of the loan at June 30, 2012 was \$194,273.

**Recommendation:** The municipal officials were directed to review the state statutes and comply with the provisions set forth therein.

**Current Status:** There was no such finding at June 30, 2013.

**CITY OF CLARKSBURG, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2013**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)**

**Major Federal Award Programs Audit**

**2012-3 Segregation of Duties**

**Condition:** Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

**Recommendation:** Responsibilities of approval, executing, recording and custody be distributed among the accounting staff to the degree possible. We recommend that the City Council should remain involved in the financial affairs of the City to provide oversight and independent review function.

**Current Status:** There was not such finding at June 30, 2013.

CITY OF CLARKSBURG, WEST VIRGINIA  
222 WEST MAIN STREET  
CLARKSBURG, WV 26301

November 25, 2013

**CORRECTIVE ACTION PLAN**

United States Department of Transportation

City of Clarksburg, West Virginia respectfully submits the following corrective action plan for the year ended June 30, 2013.

Name and address of independent public accounting firm: Tetrick & Bartlett, PLLC,  
P.O. Box 1916, Clarksburg, West Virginia 26302-1916.

Audit Period: July 1, 2012 – June 30, 2013

The findings from the June 30, 2013 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

**B. Findings – Financial Statement Audit**

***Material Weaknesses***

**2013-01 Segregation of Duties**

**Recommendation:** Responsibilities of approval, executing, recording and custody be distributed amount the accounting staff to the degree possible. We recommend that the City Council should remain involved in the financial affairs of the City to provide oversight and independent review function.

**Action Taken:** To the extent possible, the City has segregated its duties. Any further segregation of duties would not be economically feasible.

**C. Findings and Questioned Costs – Major Federal Award Program Audit**

*United States Transportation – National Highway Traffic Safety Administration – State and Community Highway Safety Grant – CFDA Number 20.600 – Year Ended June 30, 2013*

No Findings

If the United States Department of Transportation has any questions regarding this plan, please contact Frank Ferrari, Director of Finance, at (304) 624-1650.

Sincerely yours,



Frank Ferrari  
Director of Finance