

**CITY OF PARKERSBURG, WEST VIRGINIA
A MUNICIPALITY IN WOOD COUNTY**

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

FOR THE YEAR ENDED JUNE 30, 2013
RFP #13-037 Wood County

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

Office	Name	Term
	Elective	
Mayor	Robert Newell	01/01/09 – 12/31/12
Council Members:	Nancy M. Wilcox	01/01/13 – 12/31/16
	Sharon H. Lynch	01/01/13 – 12/31/16
	Roger Brown	01/01/13 – 12/31/16
	Kimberly Jo Coram	01/01/13 – 12/31/16
	J.R. Carpenter	01/01/13 – 12/31/16
	Mike Reynolds	01/01/13 – 12/31/16
	John R. Kelly	01/01/13 – 12/31/16
	John W. Rockhold III	01/01/13 – 12/31/16
	W. James Reed	01/01/13 – 12/31/16
	Appointed	
Finance Director	Angie Smith	
City Clerk	Connie Shaffer	
Municipal Attorney	Joseph Santer	

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

MAJOR FUNDS

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Funds

Coal Severance Fund

Home Fund

PROPRIETARY FUND TYPES

Enterprise Funds

Parks and Recreation Fund

Memorial Bridge Fund

Parking Garage Fund

NONMAJOR FUNDS

GOVERNMENTAL FUND TYPES

Special Revenue Funds

Community Development Block Grant
Asset Forfeiture and Reimbursement Fund

Historical Preservation Fund

Tax Increment Financing District

Police Special Projects Fund

Employee Benefits Fund

Medical FSA

County Rehab

Neighborhood Stabilization

Farmers Market

Debt Service Funds

Riverfront Park

**CITY OF PARKERSBURG, WEST VIRGINIA
INDEX OF FUNDS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2013**

PERMANENT FUNDS

Charles L. Hurst Fund
Caroline D. Jackson Fund
Julia and Ben Nathan Fund
RJA Boreman Fund
Solomon Prager Fund

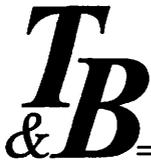
FIDUCIARY FUND TYPES

Agency Funds
Tree Commission

Pension Funds
Policemen's Pension and Relief Fund
Fireman's Pension and Relief Fund

COMPONENT UNIT

Discretely Presented Component Unit
Utility Board



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

The Honorable Mayor and Council of
the City of Parkersburg
Parkersburg, 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 units, each major fund, and the aggregate remaining fund information of the City of Parkersburg, 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 did not audit the financial statements of the Parkersburg Utility Board, which represents 77.74 percent, 96.19 percent, and 35.14 percent, respectively, of the assets, net position, and revenues of the City of Parkersburg. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Parkersburg Utility Board, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Parkersburg, 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 Parkersburg, 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*, GASB 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*.

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 and Relief Fund (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 inquires 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 Parkersburg, West Virginia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 February 28, 2014, on our consideration of the City of Parkersburg, 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 Parkersburg, West Virginia's internal control over financial reporting and compliance.

J. Dick, Bartlett, Ph.D.

February 28, 2014

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Component Unit	
	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>	<u>Utility Board</u>
	<u>Activities</u>	<u>Activities</u>		
Assets				
Cash	\$ 5,506,097	\$ 1,612,005	\$ 7,118,102	\$ 8,605,297
Investments	2,589,923	995,545	3,585,468	-0-
Receivables	10,007,825	-0-	10,007,825	1,777,502
Inventory	-0-	-0-	-0-	260,050
Prepaid expenses	-0-	-0-	-0-	63,213
Restricted assets	-0-	2,460,245	2,460,245	14,965,497
Capital assets, net	<u>10,344,001</u>	<u>3,613,413</u>	<u>13,957,414</u>	<u>103,965,695</u>
Total assets	<u>28,447,846</u>	<u>8,681,208</u>	<u>37,129,054</u>	<u>129,637,254</u>
Deferred outflows of resources				
Unamortized bond discount and issue costs	<u>7,052</u>	<u>17,669</u>	<u>24,721</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>28,454,898</u>	<u>8,698,877</u>	<u>37,153,775</u>	<u>129,637,254</u>
Liabilities				
Accounts payable	538,993	28,120	567,113	283,838
Due to primary government	-0-	-0-	-0-	15,414
Accrued compensation	180,788	2,886	183,674	-0-
Customer deposits	-0-	-0-	-0-	456,653
Accrued bond interest	38,268	-0-	38,268	677,166
Other current liabilities	-0-	-0-	-0-	81,500
Accrued other post-employment benefits	7,744,653	163,916	7,908,569	2,453,620
Unearned revenue	518,922	-0-	518,922	-0-
Customer advances for construction	-0-	-0-	-0-	587,180
Unamortized bond premiums	-0-	-0-	-0-	131,747
Long-term liabilities				
Due within one year	569,739	136,213	705,952	4,426,428
Due in more than one year	<u>24,369,440</u>	<u>553,815</u>	<u>24,923,255</u>	<u>62,292,019</u>
Total liabilities	<u>33,960,803</u>	<u>884,950</u>	<u>34,845,753</u>	<u>71,405,565</u>
Net Position				
Net investment in capital assets	7,528,738	2,931,397	10,460,135	36,659,677
Restricted	314,510	2,460,245	2,774,755	14,965,497
Unrestricted	<u>(13,349,153)</u>	<u>2,422,285</u>	<u>(10,926,868)</u>	<u>6,606,515</u>
Total net position	<u>\$ (5,505,905)</u>	<u>\$ 7,813,927</u>	<u>\$ 2,308,022</u>	<u>\$ 58,231,689</u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position Primary Government</u>		<u>Total</u>	<u>Component Unit</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>Utility Board</u>
Primary Government								
Governmental Activities								
General government	\$ 5,524,418	\$ 2,708,988	\$ 131,655	\$ -0-	\$ (2,683,775)	\$ -0-	\$ (2,683,775)	\$ -0-
Public safety	11,816,685	3,056,255	147,803	-0-	(8,612,627)	-0-	(8,612,627)	-0-
Highways and streets	4,708,762	-0-	-0-	-0-	(4,708,762)	-0-	(4,708,762)	-0-
Health and sanitation	1,961,224	2,409,876	-0-	-0-	448,652	-0-	448,652	-0-
Culture and recreation	322,100	-0-	-0-	282,160	(39,940)	-0-	(39,940)	-0-
Economic development	616,833	-0-	-0-	-0-	(616,833)	-0-	(616,833)	-0-
Insurance and benefits paid	2,792,721	897,962	-0-	-0-	(1,894,759)	-0-	(1,894,759)	-0-
Community development	<u>158,601</u>	<u>3,416</u>	<u>2,308,880</u>	<u>-0-</u>	<u>2,153,695</u>	<u>-0-</u>	<u>2,153,695</u>	<u>-0-</u>
Total governmental activities	<u>27,901,344</u>	<u>9,076,497</u>	<u>2,588,338</u>	<u>282,160</u>	<u>(15,954,349)</u>	<u>-0-</u>	<u>(15,954,349)</u>	<u>-0-</u>
Business-Type Activities								
Parks and recreation	315,087	92,213	-0-	-0-	-0-	(222,874)	(222,874)	-0-
Memorial Bridge	1,440,620	1,710,073	-0-	-0-	-0-	269,453	269,453	-0-
Parking garage	<u>233,290</u>	<u>288,775</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>55,485</u>	<u>55,485</u>	<u>-0-</u>
Total business-type activities	<u>1,988,997</u>	<u>2,091,061</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>102,064</u>	<u>102,064</u>	<u>-0-</u>
Total primary government	\$ <u>29,890,341</u>	\$ <u>11,167,558</u>	\$ <u>2,588,338</u>	\$ <u>282,160</u>	<u>(15,954,349)</u>	<u>102,064</u>	<u>(15,852,285)</u>	<u>-0-</u>
Component Unit								
Utility board	\$ <u>13,066,087</u>	\$ <u>16,402,801</u>	\$ <u>-0-</u>	\$ <u>192,462</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,529,176</u>

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES (CONTD)
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Primary Government		Component Unit		
	<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>Utility Board</u>
General Revenues								
Taxes and special assessments								
Ad valorem					\$ 5,283,879	\$ -0-	\$ 5,283,879	\$ -0-
Business and occupation					9,915,694	-0-	9,915,694	-0-
Alcoholic beverage					329,508	-0-	329,508	-0-
Hotel occupancy					151,187	-0-	151,187	-0-
Gas and oil severance					29,609	-0-	29,609	-0-
Amusement					489	-0-	489	-0-
Licenses and permits					270,215	-0-	270,215	-0-
Investment income					38,111	11,757	49,868	50,690
Gain (loss) on disposals					-0-	163,561	163,561	4,722
Intergovernmental – state					138,071	-0-	138,071	-0-
Video lottery and gaming income					233,003	-0-	233,003	-0-
Miscellaneous					<u>132,958</u>	<u>-0-</u>	<u>132,958</u>	<u>-0-</u>
Total general revenues					<u>16,522,724</u>	<u>175,318</u>	<u>16,698,042</u>	<u>55,412</u>
Change in net position before operating transfers					568,375	277,382	845,757	3,584,588
Operating transfers					(233,431)	<u>233,431</u>	<u>-0-</u>	<u>-0-</u>
Net change in net position					334,944	510,813	845,757	3,584,588
Net position – beginning - restated					(5,840,849)	<u>7,303,114</u>	<u>1,462,265</u>	<u>54,647,101</u>
Net position – ending					\$ (5,505,905)	\$ <u>7,813,927</u>	\$ <u>2,308,022</u>	\$ <u>58,231,689</u>

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

**CITY OF PARKERSBURG, 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>Home</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS					
Cash	\$ 4,514,593	\$ 130,292	\$ 15,085	\$ 846,127	\$ 5,506,097
Investments	2,399,590	-0-	-0-	190,333	2,589,923
Receivables, net of allowances:					
Taxes	3,081,498	36,573	-0-	-0-	3,118,071
Accounts	1,033,328	-0-	-0-	-0-	1,033,328
Loans	-0-	-0-	4,530,773	350	4,531,123
Grants	110,715	-0-	-0-	1,107,116	1,217,831
Contributions	19,339	-0-	-0-	-0-	19,339
Other	88,133	-0-	-0-	-0-	88,133
Due from other funds	<u>311,386</u>	<u>-0-</u>	<u>(14,997)</u>	<u>(296,389)</u>	<u>-0-</u>
TOTAL ASSETS	\$ <u>11,558,582</u>	\$ <u>166,865</u>	\$ <u>4,530,861</u>	\$ <u>1,847,537</u>	\$ <u>18,103,845</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 519,098	\$ 1,176	\$ 14,396	\$ 4,323	\$ 538,993
Accrued compensation	180,788	-0-	-0-	-0-	180,788
Matured bond interest payable	-0-	-0-	-0-	38,268	38,268
Accrued other post employment benefits	7,744,653	-0-	-0-	-0-	7,744,653
Unearned revenue	518,922	-0-	-0-	-0-	518,922
Deferred revenue	<u>482,615</u>	<u>-0-</u>	<u>4,527,838</u>	<u>1,092,888</u>	<u>6,103,341</u>
Total liabilities	<u>9,446,076</u>	<u>1,176</u>	<u>4,542,234</u>	<u>1,135,479</u>	<u>15,124,965</u>
Fund Balances					
Restricted	-0-	-0-	-0-	314,510	314,510
Assigned	2,579,153	165,689	-0-	463,013	3,207,855
Unassigned	<u>(466,647)</u>	<u>-0-</u>	<u>(11,373)</u>	<u>(65,465)</u>	<u>(543,485)</u>
Total fund balance	<u>2,112,506</u>	<u>165,689</u>	<u>(11,373)</u>	<u>712,058</u>	<u>2,978,880</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>11,558,582</u>	\$ <u>166,865</u>	\$ <u>4,530,861</u>	\$ <u>1,847,537</u>	\$ <u>18,103,845</u>

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

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

Fund balance, fund level statement June 30, 2013 \$ 2,978,880

The total fund balance of the City of Parkersburg's governmental funds differ from net assets 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:

Accrued compensated absences	(659,811)
Obligations under capital lease	(963,263)
Net pension obligation payable	(21,464,105)
Notes payable	(1,852,000)

Capital assets, that are used in governmental activities and are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those assets and their associated accumulated depreciation.	10,344,001
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Some expenses are paid in advance and are amortized or expensed in the period they are incurred for and are not reported as assets in the fund level statements:

Unamortized bond discounts and issue costs	7,052
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Some revenues are reported as deferred in the governmental funds:

Deferred revenue	<u>6,103,341</u>
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Net Position of governmental activities	\$ (<u>5,505,905</u>)
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The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, 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>Home</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues					
Taxes and special assessments					
Ad valorem	\$ 5,169,384	\$ -0-	\$ -0-	\$ 24,705	\$ 5,194,089
Business and occupation	9,884,297	-0-	-0-	-0-	9,884,297
Alcoholic beverage	329,508	-0-	-0-	-0-	329,508
Hotel occupancy	151,187	-0-	-0-	-0-	151,187
Gas and oil severance	29,609	-0-	-0-	-0-	29,609
Amusement	489	-0-	-0-	-0-	489
Licenses and permits	270,215	-0-	-0-	-0-	270,215
Fines and forfeits	249,154	-0-	-0-	25,418	274,572
Investment income	20,608	127	5,039	12,337	38,111
Donations and contributions	104,787	26,868	-0-	897,962	1,029,617
Charges for services	7,571,923	-0-	-0-	151,963	7,723,886
Intergovernmental:					
Federal	772,235	-0-	565,542	1,338,669	2,676,446
State	62,397	138,071	-0-	-0-	200,468
Reimbursements	328,552	-0-	-0-	72	328,624
Video lottery and gaming income	233,003	-0-	-0-	-0-	233,003
Miscellaneous	<u>132,958</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>132,958</u>
Total revenues	<u>25,310,306</u>	<u>165,066</u>	<u>570,581</u>	<u>2,451,126</u>	<u>28,497,079</u>
Expenditures					
General government	5,359,783	-0-	584,419	-0-	5,944,202
Public safety	10,548,076	-0-	-0-	178,454	10,726,530
Highways and streets	3,998,272	165,480	-0-	330,057	4,493,809
Health and sanitation	2,233,349	-0-	-0-	-0-	2,233,349
Culture, recreation and social services	308,348	5,000	-0-	2,495	315,843
Insurance and benefits paid	-0-	-0-	-0-	2,792,721	2,792,721
Community development	-0-	-0-	-0-	158,601	158,601
Economic development	-0-	-0-	-0-	524,268	524,268
Debt service:					
Principal	-0-	-0-	-0-	79,000	79,000
Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>92,095</u>	<u>92,095</u>
Total expenditures	<u>22,447,828</u>	<u>170,480</u>	<u>584,419</u>	<u>4,157,691</u>	<u>27,360,418</u>

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Home</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
(Deficiency) excess of revenues (under) over expenditures	\$ <u>2,862,478</u>	\$(<u>5,414</u>)	\$(<u>13,838</u>)	\$ (<u>1,706,565</u>)	\$ <u>1,136,661</u>
Other Financing Sources (Uses)					
Proceeds from debt service	99,258	-0-	-0-	-0-	99,258
Operating transfers in	551,499	-0-	-0-	2,036,347	2,587,846
Operating transfers (out)	(<u>2,514,775</u>)	<u>-0-</u>	<u>-0-</u>	(<u>306,502</u>)	(<u>2,821,277</u>)
Total other financing sources (uses)	(<u>1,864,018</u>)	<u>-0-</u>	<u>-0-</u>	<u>1,729,845</u>	(<u>134,173</u>)
Net change in fund balances	998,460	(<u>5,414</u>)	(<u>13,838</u>)	23,280	1,002,488
Fund balances at beginning of year – restated	<u>1,114,046</u>	<u>171,103</u>	<u>2,465</u>	<u>688,778</u>	<u>1,976,392</u>
Fund balances at end of year	\$ <u>2,112,506</u>	\$ <u>165,689</u>	\$ (<u>11,373</u>)	\$ <u>712,058</u>	\$ <u>2,978,880</u>

The accompanying notes are an integral part of the combining financial statements.

**CITY OF PARKERSBURG, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances – total governmental funds \$ 1,002,488

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. (451,312)

Capital assets acquired by capital leases (350,330)

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:

Decrease in compensated absences 812

Increase in net pension obligation payable (1,081,335)

Repayment of obligation under capital lease 863,744

Proceeds from obligation under capital lease (99,258)

Decrease in notes payable 79,000

Some expenses are paid in advance and are amortized or expensed in the period they are
incurred for and are expensed on the governmental fund statements.

Decrease in unamortized discounts (470)

Some revenues are reported as deferred in the governmental funds:

Change in deferred revenue 371,605

Change in Net Position of Governmental Activities \$ 334,944

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

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
JUNE 30, 2013

	Business Type Activities				<i>Component Unit</i> Utility Board
	<i>Primary Government</i>			Total	
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
ASSETS					
Current Assets					
Cash	\$ 150,443	\$ 1,311,607	\$ 149,955	\$ 1,612,005	\$ 8,605,297
Investments	-0-	813,452	182,093	995,545	-0-
Accounts receivables, net	-0-	-0-	-0-	-0-	1,777,502
Bond proceeds receivable	-0-	-0-	-0-	-0-	-0-
Inventory	-0-	-0-	-0-	-0-	260,050
Prepaid expenses	-0-	-0-	-0-	-0-	63,213
Total current assets	<u>150,443</u>	<u>2,125,059</u>	<u>332,048</u>	<u>2,607,550</u>	<u>10,706,062</u>
Noncurrent Assets					
Restricted assets	<u>-0-</u>	<u>2,383,986</u>	<u>76,259</u>	<u>2,460,245</u>	<u>14,965,497</u>
Capital Assets					
Land	-0-	260,000	991,225	1,251,225	2,120,354
Building	3,100	-0-	-0-	3,100	52,003,159
Structures and improvements	378,000	6,500,000	505,718	7,383,718	-0-
Leasehold improvements	54,411	-0-	-0-	54,411	-0-
Machinery and equipment	261,122	724,438	65,809	1,051,369	110,352,272
Construction in progress	-0-	-0-	-0-	-0-	6,532,277
Less: Accumulated depreciation	(683,718)	(5,128,518)	(318,174)	(6,130,410)	(67,042,367)
Net capital assets	<u>12,915</u>	<u>2,355,920</u>	<u>1,244,578</u>	<u>3,613,413</u>	<u>103,965,695</u>
Total assets	<u>163,358</u>	<u>6,864,965</u>	<u>1,652,885</u>	<u>8,681,208</u>	<u>129,637,254</u>
Deferred outflows of resources					
Unamortized bond discount and issue costs	<u>-0-</u>	<u>-0-</u>	<u>17,669</u>	<u>17,669</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 163,358</u>	<u>\$ 6,864,965</u>	<u>\$ 1,670,554</u>	<u>\$ 8,698,877</u>	<u>\$ 129,637,254</u>

	Business Type Activities			Total	Component Unit Utility Board
	Primary Government				
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
LIABILITIES					
Current Liabilities (payable from current assets)					
Current portion obligation under capital lease	\$ 39,214	\$ 46,999	\$ -0-	\$ 86,213	\$ -0-
Accounts payable	10,337	17,527	256	28,120	283,838
Due to primary government	-0-	-0-	-0-	-0-	15,414
Accrued compensation	-0-	1,849	1,037	2,886	-0-
Compensated absences	-0-	-0-	-0-	-0-	195,639
Other post employment benefits payable	-0-	53,681	110,235	163,916	-0-
Other current liabilities	-0-	-0-	-0-	-0-	81,500
Total current liabilities (payable from current assets)	<u>49,551</u>	<u>120,056</u>	<u>111,528</u>	<u>281,135</u>	<u>576,391</u>
Current Liabilities (payable from restricted assets)					
Revenue bonds payable	-0-	-0-	50,000	50,000	4,230,789
Customer deposits	-0-	-0-	-0-	-0-	456,653
Accrued interest payable	-0-	-0-	-0-	-0-	677,166
Total current liabilities (payable from restricted assets)	<u>-0-</u>	<u>-0-</u>	<u>50,000</u>	<u>50,000</u>	<u>5,364,608</u>
Long-Term Liabilities (net of current portion)					
Revenue bonds payable	-0-	-0-	265,000	265,000	62,266,316
Customer advances for construction	-0-	-0-	-0-	-0-	587,180
Accrued compensated absences	-0-	2,353	5,659	8,012	25,703
Obligation under capital lease	127,723	153,080	-0-	280,803	-0-
Accrued other post employment benefits	-0-	-0-	-0-	-0-	2,453,620
Unamortized bond premiums	-0-	-0-	-0-	-0-	131,747
Total long-term liabilities	<u>127,723</u>	<u>155,433</u>	<u>270,659</u>	<u>553,815</u>	<u>65,464,566</u>
Total liabilities	<u>177,274</u>	<u>275,489</u>	<u>432,187</u>	<u>884,950</u>	<u>71,405,565</u>
Net Position					
Net investment in capital assets	(154,022)	2,155,841	929,578	2,931,397	36,659,677
Restricted for debt service	-0-	-0-	76,259	76,259	14,965,497
Restricted for repair and removal	-0-	2,383,986	-0-	2,383,986	-0-
Unrestricted	140,106	2,049,649	232,530	2,422,285	6,606,515
Total net position	\$ <u>(13,916)</u>	\$ <u>6,589,476</u>	\$ <u>1,238,367</u>	\$ <u>7,813,927</u>	\$ <u>58,231,689</u>

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

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

	Business Type Activities			Total	<i>Component Unit</i>
	<i>Primary Government</i>				<u>Utility Board</u>
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
Operating Revenues					
Charges for services	\$ 92,213	\$ 1,710,073	\$ 129,917	\$ 1,932,203	\$ 16,402,801
Rental fees	<u>-0-</u>	<u>-0-</u>	<u>158,858</u>	<u>158,858</u>	<u>-0-</u>
Total operating revenues	<u>92,213</u>	<u>1,710,073</u>	<u>288,775</u>	<u>2,091,061</u>	<u>16,402,801</u>
Operating Expenses					
Personal services	-0-	349,746	156,488	506,234	3,639,297
Contractual services	180,519	274,398	24,140	479,057	26,122
Administrative and general	-0-	-0-	-0-	-0-	587,372
Materials and supplies	51,542	19,585	9,941	81,068	503,122
Utilities	64,934	21,212	655	86,801	1,011,061
Depreciation	11,715	102,217	17,882	131,814	3,703,025
Maintenance	<u>80</u>	<u>665,921</u>	<u>728</u>	<u>666,729</u>	<u>1,591,648</u>
Total operating expenses	<u>308,790</u>	<u>1,433,079</u>	<u>209,834</u>	<u>1,951,703</u>	<u>11,061,647</u>
Operating (loss) income	<u>(216,577)</u>	<u>276,994</u>	<u>78,941</u>	<u>139,358</u>	<u>5,341,154</u>
Nonoperating Revenues (Expenses)					
Investment income	-0-	9,902	1,855	11,757	50,690
Interest and fiscal charges	(6,297)	(7,541)	(19,923)	(33,761)	(2,004,440)
Gain on sale of capital assets	-0-	-0-	163,561	163,561	4,722
Amortization of bond discount and issue costs	<u>-0-</u>	<u>-0-</u>	<u>(3,533)</u>	<u>(3,533)</u>	<u>-0-</u>
Total nonoperating revenues (expenses)	<u>(6,297)</u>	<u>2,361</u>	<u>141,960</u>	<u>138,024</u>	<u>(1,949,028)</u>
Change in net position before capital contributions and operating transfers	<u>(222,874)</u>	<u>279,355</u>	<u>220,901</u>	<u>277,382</u>	<u>3,392,126</u>
Operating transfers in	233,431	-0-	-0-	233,431	-0-
Capital contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>192,462</u>
Change in net position	<u>10,557</u>	<u>279,355</u>	<u>220,901</u>	<u>510,813</u>	<u>3,584,588</u>
Total net position – beginning	<u>(24,473)</u>	<u>6,310,121</u>	<u>1,017,466</u>	<u>7,303,114</u>	<u>54,647,101</u>
Total net position – ending	<u>\$(13,916)</u>	<u>\$ 6,589,476</u>	<u>\$ 1,238,367</u>	<u>\$ 7,813,927</u>	<u>\$ 58,231,689</u>

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

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

	Business Type Activities			Total	<i>Component Unit</i>
	<i>Primary Government</i>				<u>Utility Board</u>
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
Cash Flows From Operating Activities					
Receipts from customers	\$ 92,213	\$ 1,710,073	\$ 288,775	\$ 2,091,061	\$ 16,363,349
Payments to suppliers	(308,159)	(1,036,089)	(95,425)	(1,439,673)	(3,787,064)
Payments to employees	-0-	(291,793)	(99,961)	(391,754)	(3,568,744)
Net cash (used in) provided by operating activities	<u>(215,946)</u>	<u>382,191</u>	<u>93,389</u>	<u>259,634</u>	<u>9,007,541</u>
Cash Flows From Noncapital Financing Activities					
Customer deposits	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>17,052</u>
Net cash provided by noncapital financing activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>17,052</u>
Cash Flows From Capital and Related Financing Activities					
(Increase) decrease in restricted assets	-0-	135,292	1,784	137,076	-0-
Proceeds from revenue bonds	-0-	-0-	-0-	-0-	5,115,926
Operating transfers in (out)	233,431	-0-	-0-	233,431	-0-
Capital contributions	-0-	-0-	-0-	-0-	38,198
Customer advances for construction	-0-	-0-	-0-	-0-	(82,091)
Repayment of revenue bonds	-0-	-0-	(50,000)	(50,000)	(3,770,361)
Repayment of obligation under capital lease	(37,637)	(45,116)	-0-	(82,753)	-0-
Acquisition of capital assets	-0-	-0-	(185,000)	(185,000)	(7,343,744)
Proceeds from sale of capital assets	-0-	-0-	194,904	194,904	4,836
Interest expense	(6,297)	(7,541)	(19,923)	(33,761)	(2,048,887)
Net cash provided by (used in) capital and related financing activities	<u>189,497</u>	<u>82,635</u>	<u>(58,235)</u>	<u>213,897</u>	<u>(8,086,123)</u>
Cash Flows From Investing Activities					
(Increase) decrease in investments	-0-	(225,915)	(245)	(226,160)	-0-
Interest income	<u>-0-</u>	<u>9,902</u>	<u>1,855</u>	<u>11,757</u>	<u>50,690</u>
Net cash (used in) provided by investing activities	<u>-0-</u>	<u>(216,013)</u>	<u>1,610</u>	<u>(214,403)</u>	<u>50,690</u>
Net increase (decrease) in cash	(26,449)	284,813	36,764	259,128	989,160
Cash at beginning of year	<u>176,892</u>	<u>1,062,794</u>	<u>113,191</u>	<u>1,352,877</u>	<u>22,581,634</u>
Cash at end of year	\$ <u>150,443</u>	\$ <u>1,311,607</u>	\$ <u>149,955</u>	\$ <u>1,612,005</u>	\$ <u>23,570,794</u>

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2013**

	Business Type Activities			Total	Component Unit
	<i>Primary Government</i>				
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$(216,577)	\$ 276,994	\$ 78,941	\$ 139,358	\$ 5,341,154
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	11,715	102,217	17,882	131,814	3,703,025
(Increase) decrease in:					
Accounts receivable	-0-	-0-	-0-	-0-	(39,452)
Inventories	-0-	-0-	-0-	-0-	(32,638)
Prepaid expenses	-0-	-0-	-0-	-0-	(51,473)
Due from other funds	(221)	(7,033)	(2,647)	(9,901)	-0-
Increase (decrease) in:					
Accounts payable	(10,863)	10,639	(2,395)	(2,619)	18,479
Due to primary government	-0-	-0-	-0-	-0-	(1,896)
Accrued payroll	-0-	1,849	1,037	2,886	-0-
Accrued compensated absences	-0-	(3,630)	(2,309)	(5,939)	5,303
Accrued other post employment benefits	-0-	1,155	2,880	4,035	65,729
Other current liabilities	-0-	-0-	-0-	-0-	(690)
Other noncurrent liabilities	-0-	-0-	-0-	-0-	-0-
Net cash (used in) provided by operating activities	<u>\$(215,946)</u>	<u>\$ 382,191</u>	<u>\$ 93,389</u>	<u>\$ 259,634</u>	<u>\$ 9,007,541</u>

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

CITY OF PARKERSBURG, 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</u> <u>Basis</u>	<u>With Final</u> <u>Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues						
Taxes (including interest and penalties)						
Ad valorem	\$ 4,921,403	\$ 5,142,403	\$ 5,169,384	\$ 89,790	\$ 5,259,174	\$ 26,981
Business and occupation	10,000,000	10,000,000	9,884,297	31,397	9,915,694	(115,703)
Alcoholic beverage	240,000	240,000	329,508	-0-	329,508	89,508
Hotel occupancy	156,000	156,000	151,187	-0-	151,187	(4,813)
Gas and oil severance	25,888	25,888	29,609	-0-	29,609	3,721
Amusement	263	263	489	-0-	489	226
Total taxes	<u>15,343,554</u>	<u>15,564,554</u>	<u>15,564,474</u>	<u>121,187</u>	<u>15,685,661</u>	<u>(80)</u>
Licenses and permits	223,383	225,583	270,215	-0-	270,215	44,632
Charges for services	7,105,000	7,105,000	7,571,923	-0-	7,571,923	466,923
Fines and forfeitures	261,809	261,809	249,154	-0-	249,154	(12,655)
Interest	23,526	23,526	3,600	-0-	3,600	(19,926)
Donations	28,210	38,210	44,060	-0-	44,060	5,850
Reimbursements	308,417	308,417	328,552	-0-	328,552	20,135
Intergovernmental:						
Federal	808,000	1,016,799	772,235	-0-	772,235	(244,564)
State	60,000	97,000	62,397	-0-	62,397	(34,603)
Gaming income	232,969	232,969	233,003	-0-	233,003	34
Miscellaneous	100,170	102,970	230,518	(99,258)	131,260	127,548
Total revenues	<u>24,495,038</u>	<u>24,976,837</u>	<u>25,330,131</u>	<u>21,929</u>	<u>25,352,060</u>	<u>353,294</u>
Expenditures						
General government	5,393,060	5,713,811	5,104,799	(20,819)	5,083,980	609,012
Public safety	11,365,115	11,459,715	11,145,826	1,090,155	12,235,981	313,889
Highways and streets	5,904,614	6,224,275	5,475,085	214,953	5,690,038	749,190
Health and sanitation	2,307,321	2,557,501	2,233,349	(272,125)	1,961,224	324,152
Culture and recreation	541,778	541,778	541,778	6,257	548,035	-0-
Social services	-0-	-0-	-0-	-0-	-0-	-0-
Total expenditures	<u>25,511,888</u>	<u>26,497,080</u>	<u>24,500,837</u>	<u>1,018,421</u>	<u>25,519,258</u>	<u>1,996,243</u>
Excess (deficiency) of revenues over (under) expenditures	(1,016,850)	(1,520,243)	829,294	(996,492)	(167,198)	2,349,537
Other Financing Sources (Uses)						
Operating transfers in	-0-	261,680	206,780	-0-	206,780	(54,900)
Operating transfers (out)	(117,753)	(190,820)	-0-	-0-	-0-	190,820
Total other financing sources (uses)	(117,753)	70,860	206,780	-0-	206,780	135,920
Net change in fund balance	(1,134,603)	(1,449,383)	1,036,074	(996,492)	39,582	2,485,457
Fund balance at beginning of year	<u>1,134,603</u>	<u>1,449,383</u>	<u>(1,502,628)</u>	<u>(11,264,072)</u>	<u>(12,766,700)</u>	<u>(2,952,011)</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(466,554)</u>	\$ <u>(12,260,564)</u>	\$ <u>(12,727,118)</u>	\$ <u>(466,554)</u>

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

Explanation of Differences:

- (1) The City budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the accrual basis of accounting.
- (2) The City does not budget for accrued compensated absences payable in more than one year as is required by 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 integral parts of this statement.

**CITY OF PARKERSBURG, 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</u>	<u>Budget</u>
					<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Interest	\$ -0-	\$ -0-	\$ 127	\$ -0-	\$ 127	\$ 127
Donations and contributions	-0-	-0-	26,868	-0-	26,868	26,868
Intergovernmental:						
State	<u>150,000</u>	<u>150,000</u>	<u>138,071</u>	<u>-0-</u>	<u>138,071</u>	<u>(11,929)</u>
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>165,066</u>	<u>-0-</u>	<u>165,066</u>	<u>15,066</u>
Expenditures						
Highways and streets	150,000	313,911	165,480	-0-	165,480	148,431
Social services	<u>-0-</u>	<u>5,000</u>	<u>5,000</u>	<u>-0-</u>	<u>5,000</u>	<u>-0-</u>
Total expenditures	<u>150,000</u>	<u>318,911</u>	<u>170,480</u>	<u>-0-</u>	<u>170,480</u>	<u>148,431</u>
Net change in fund balance	-0-	(168,911)	(5,414)	-0-	(5,414)	163,497
Fund balance at beginning of year	<u>-0-</u>	<u>168,911</u>	<u>171,103</u>	<u>-0-</u>	<u>171,103</u>	<u>2,192</u>
Fund balance at end of year	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>165,689</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>165,689</u></u>	\$ <u><u>165,689</u></u>

Explanation of Differences

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 as which would be derived from using the accrual basis of accounting.

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

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2013**

	<u>Pension</u>	<u>Agency</u>	<u>Total</u>
	<u>Trust</u>	<u>Funds</u>	<u>Funds</u>
	<u>Funds</u>	<u>Funds</u>	<u>Total</u>
Assets			
Cash	\$ 1,133,774	\$ 488	\$ 1,134,262
Investments	18,586,799	-0-	18,586,799
Receivables:			
Accrued interest	<u>64,984</u>	<u>-0-</u>	<u>64,981</u>
Total assets	<u>19,785,554</u>	<u>488</u>	<u>19,786,042</u>
Liabilities			
Refunds payable to others	<u>-0-</u>	<u>488</u>	<u>488</u>
Total liabilities	<u>-0-</u>	<u>488</u>	<u>488</u>
Net Assets			
Held in trust	\$ <u>19,785,554</u>	\$ <u>-0-</u>	\$ <u>19,785,554</u>

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

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Pension Trust Funds</u>
Additions	
Contributions:	
Employer	\$ 2,848,350
Employee	393,438
Insurance premium tax allocation	1,240,748
Other	-0-
Total contributions	<u>4,482,536</u>
Investment income:	
Net change in fair value of assets	690,730
Interest and dividends	<u>400,441</u>
Total investment income	<u>1,091,171</u>
Miscellaneous income	<u>84</u>
Total additions	<u>5,573,791</u>
Deductions	
General and administrative	302
Benefit payments	<u>4,499,884</u>
Total deductions	<u>4,500,186</u>
Net increase (decrease)	1,073,605
Net assets – beginning of year	<u>18,711,949</u>
Net assets – end of year	\$ <u>19,785,554</u>

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

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

1. Summary of Significant Accounting Policies

The City of Parkersburg, West Virginia is incorporated under the provisions of the State of West Virginia. The City is governed by an elected mayor and ten member council and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, 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 PARKERSBURG, 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.

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 parks and recreation, memorial bridge and parking services are classified as business-type activities.

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

**CITY OF PARKERSBURG, 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 position resulting from the current year's activities.

(a) Reporting Entity

The City of Parkersburg is a municipal corporation governed by an elected mayor and ten 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 City, 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 PARKERSBURG, 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 City of Parkersburg has determined it has no blended component units.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City'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 Parkersburg Utility Board serves all the citizens of the City of Parkersburg and is governed by a five member board comprised of the mayor and four citizens appointed by council. The rates for user charges and debt issuance authorizations are approved by the government's elected council.

Complete financial statements for this individual component unit may be obtained at the entity's administrative offices at the following address:

Parkersburg Utility Board
125 19th Street
Parkersburg, West Virginia 26101

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

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

(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.

(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 Parkersburg 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.

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

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

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 Parkersburg reports the following major governmental funds:

General Fund, Coal Severance Fund, and Home Fund

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

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

The *HOME fund*, a special revenue fund, accounts for the accumulation and disbursement of federal entitlement funds, which are used to benefit low to moderate income families.

The government reports the following major proprietary funds:

The *Parks and Recreation fund* accounts for the operations of the municipal park.

The *Memorial Bridge fund* accounts for the operations of the municipal toll bridge.

The *Parking Garage fund* accounts for the operations of the municipal parking facilities available to all citizens.

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

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

Additionally, the government reports the following fund types:

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

The *Agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Municipality of Parkersburg, West Virginia holds for others in an agency capacity.

The *Permanent funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, for the benefit of the government and its citizenry.

(d) Funds – Fund Financial Statements

The accounts of the City are organized into funds, 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.

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

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

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.

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.

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

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

(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.
- (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.

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

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

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 Parkersburg 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 Parkersburg 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 position.

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 statement of net position. 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 position.

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

Governmental Funds

Buildings	40 years
Structure and improvements	40 – 50 years
Streets	20 years
Machinery and equipment	10 – 15 years
Vehicles	10 – 15 years
Office and computer equipment	10 years

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

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

Proprietary Funds

Buildings	40 years
Structure and improvements	40 – 50 years
Machinery and equipment	10 – 15 years
Vehicles	10 – 15 years
Office and computer equipment	10 years

Discretely Presented Component Unit

Land	None
Construction in progress	None
Buildings and systems	10 – 50 years
Equipment	5 – 25 years

The City has defined capital assets with an initial cost of over \$10,000 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 PARKERSBURG, 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 PARKERSBURG, 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 PARKERSBURG, 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 as expended at the time of purchase therefore, they do not appear in the municipality's financial statements.

(l) Amortization

Debt discount and expense on bonds is amortized on the straight-line method from the date of issuance to the date of maturity. Amortization of debt discount and issue costs for fiscal year ended June 30, 2013 was \$470.

Discretely presented component unit

Debt discount and expense on bonds is amortized on the straight-line method from the date of issuance to the date of maturity.

(m) Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated and sick leave balances. Sick leave balances pertain to employees that were hired prior to 1980 and are limited to 60 hours. All vacation and allowable sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

Discretely presented component unit

It is the Utility Board's current policy to permit employees to accumulate earned or unused vacation benefits. Vested or accumulated vacation and previously accumulated sick leave is recorded as an expense and a liability in proprietary funds as the benefits accrue to employees.

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

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

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

Discretely presented component unit

The Utility Board maintains a defined benefit pension plan that was discontinued when the Utility Board became a participating member of the West Virginia Public Employee Retirement System. The plan is administered only for those employees that qualified for the plan and no current employee may contribute or receive benefits of the plan.

(o) 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.

(p) 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

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

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

GASB Statement No. 54 – "Fund Balance Reporting and Governmental Fund Type Definitions" – divided fund balance for fund level into five components:

- 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.
- 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.

(q) 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.

(r) Restricted Assets

Certain proceeds of the 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.

(s) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts of \$-0-.

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

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

Discretely presented component unit

Accounts receivable are reported net of an estimated allowance for doubtful accounts.

Management establishes an allowance for estimated uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$773,749 as of June 30, 2013.

(t) Operating and Nonoperating Revenue

The City reports all revenues produced by the system as operating revenues including fees, penalties and basic charges for services. All other revenues are reported as nonoperating revenue including contributions, grants, and interest income.

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.

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 Parkersburg, 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.

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

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

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>Non-Polled Deposits</u>	<u>Bank Balance</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>
General Fund	\$ 4,666,087	\$ 405,121	\$ 4,260,966	\$ -0-	\$ 4,514,593
Special Revenue Funds	1,261,960	223,377	1,038,583	-0-	953,178
Debt Service Funds	1,067	56	1,011	-0-	1,067
Permanent Funds	37,259	4,880	32,379	-0-	37,259
Enterprise Funds	<u>1,647,822</u>	<u>217,091</u>	<u>1,430,731</u>	<u>-0-</u>	<u>1,612,005</u>
	<u>\$ 7,614,195</u>	<u>\$ 850,525</u>	<u>\$ 6,763,670</u>	<u>\$ -0-</u>	<u>\$ 7,118,102</u>
Fiduciary Funds	<u>\$ 1,139,588</u>	<u>\$ 250,000</u>	<u>\$ 889,588</u>	<u>\$ -0-</u>	<u>\$ 1,133,774</u>

Discretely Presented Component Units

<u>Non-Pooled Deposits</u>	<u>Bank Balance</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>
Cash on Hand	\$ N/A	\$ -0-	\$ -0-	\$ 860	\$ 860
Cash in Bank	<u>15,029,355</u>	<u>750,500</u>	<u>14,278,855</u>	<u>-0-</u>	<u>14,801,850</u>
Total Deposits	<u>\$ 15,029,355</u>	<u>\$ 750,500</u>	<u>\$ 14,278,855</u>	<u>\$ 860</u>	<u>\$ 14,802,710</u>

Investments

Investment pools are under the custody of the City. Investing is performed in accordance with investment policies complying with State Statutes and the City Charter. Pooled funds may be invested in the State Investment Pool or the Municipal Bond Commission for investment purposes, or invested in the following classes of securities: Commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and reverse repurchase agreements. The pension trust fund is also authorized to invest in corporate bonds rated AA or better by Standard & Poor's Corporation or AA or better by Moody's Bond Rating.

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

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

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

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

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

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

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.

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

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

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.

<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>			
Money market	\$ 1,302,564	\$ -0-	\$ -0-	\$ 1,302,564	\$ 1,302,564	\$ -0-
Certificates of deposit	2,753,554	-0-	-0-	2,753,554	2,753,554	-0-
Corporate stocks	<u>131,585</u>	<u>-0-</u>	<u>-0-</u>	<u>131,585</u>	<u>86,111</u>	<u>45,474</u>
	\$ <u>4,187,703</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	4,187,703	4,142,229	\$ <u>45,474</u>
West Virginia Consolidated Fund				1,781,751	1,781,751	
West Virginia Bond Commission				<u>76,259</u>	<u>76,259</u>	
Total investments				6,045,713	\$ <u>6,000,239</u>	
Total deposits				<u>7,118,102</u>		
Total deposits and investments				\$ <u>13,163,815</u>		

<u>Type of Investments</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Money market	\$ 1,302,564	N/A	N/A
Certificates of deposit	2,753,554	N/A	N/A
Corporate stocks	131,585	N/A	N/A
WV Consolidated fund	1,781,751	N/A	N/A
WV Bond Commission	<u>76,259</u>	N/A	N/A
	\$ <u>6,045,713</u>		

	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>

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

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

Cash and investments are reported on the financial statements as follows:

Cash	\$ 7,118,102
Investments	3,585,468
Restricted assets	<u>2,460,245</u>
	\$ <u>13,163,815</u>

Fiduciary Funds

<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>			
Money market	\$ 635,368	\$ -0-	\$ -0-	\$ 635,368	\$ 635,368	\$ -0-
Corporate bonds	4,652,301	-0-	-0-	4,652,301	4,640,261	12,040
Corporate stocks	9,036,302	-0-	-0-	9,036,302	7,733,202	1,303,100
U.S. Treasury obligations	<u>4,262,828</u>	<u>-0-</u>	<u>-0-</u>	<u>4,262,828</u>	<u>4,184,710</u>	<u>78,118</u>
	\$ <u>18,586,799</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>18,586,799</u>	\$ <u>17,193,541</u>	\$ <u>1,393,258</u>

Fiduciary Funds

<u>Type of Investments</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Money market	\$ 635,368	N/A	N/A
Municipal obligations	-0-	AAA	AAA
Corporate bonds	4,652,301	BBB+ -AAA	A-AAA
Corporate stocks	9,036,302	N/A	N/A
U.S. Treasury obligations	<u>4,262,828</u>	AAA	AAA
	\$ <u>18,586,799</u>		

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

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

Interest Rate Risk

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

Fiduciary Funds

<u>Type of Investments</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	\$ 4,652,301	\$ 295,377	\$ 3,342,144	\$ 883,684	\$ 131,096
U.S. Treasury obligations	<u>4,262,828</u>	<u>252,293</u>	<u>2,365,616</u>	<u>814,787</u>	<u>830,132</u>
	<u>\$ 8,915,129</u>	<u>\$ 547,670</u>	<u>\$ 5,707,760</u>	<u>\$ 1,698,471</u>	<u>\$ 961,228</u>

Discretely Presented Component Unit

<u>Type of Investments</u>	<u>1</u>	<u>Category</u>		<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
		<u>2</u>				
Investments	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>		\$ -0-	\$ -0-
West Virginia Bond Commission					<u>8,768,084</u>	<u>8,768,084</u>
Total investments					\$ <u>8,768,084</u>	\$ <u>8,768,084</u>

Cash and investments are reported on the financial statements as follows:

Cash and equivalents	\$ 8,605,297
Restricted:	
Debt service	8,768,084
Capital maintenance and construction	4,029,238
Sanitary sewer overflow	1,712,202
Customer deposits	<u>455,973</u>
	\$ <u>23,570,794</u>

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

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

Fiduciary Funds

<u>Type of Investments</u>	<u>Category</u>			<u>Fair Value</u>	<u>Cost</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
US Treasury Obligations	\$ 504,048	\$ -0-	\$ -0-	\$ 504,048	\$ 535,886
Government Backed CMO Securities	224,897	-0-	-0-	224,897	240,082
Certificates of Deposit	<u>366,472</u>	<u>-0-</u>	<u>-0-</u>	<u>366,472</u>	<u>366,734</u>
	\$ <u>1,095,417</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,095,417</u>	\$ <u>1,142,702</u>

Credit Risk

State law limits investments. It is the Utility Board's policy that no investment be purchased which does not conform to the State of West Virginia Code. As of June 30, 2013, the Utility Board's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Fiduciary Funds

<u>Type of Investments</u>	<u>Fair Value</u>	<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
US Treasury Obligations	\$ <u>504,048</u>	AA+	AAA

Interest Rate Risk

As of June 30, 2013 the Utility Board had the following investments and maturities exposed to interest rate risk.

Fiduciary Funds

<u>Type of Investment</u>	<u>Fair Value</u>	<u>MATURITIES</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
US Treasury Obligations	\$ 504,048	\$ -0-	\$ -0-	\$ -0-	\$ 504,048
Government Backed CMO Securities	224,897	-0-	-0-	-0-	224,897
Certificates of Deposit	<u>366,472</u>	<u>151,971</u>	<u>48,728</u>	<u>51,366</u>	<u>114,407</u>
	\$ <u>1,095,417</u>	\$ <u>151,971</u>	\$ <u>48,728</u>	\$ <u>51,366</u>	\$ <u>843,352</u>

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

**CITY OF PARKERSBURG, 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 Parkersburg, 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</u> <u>For Tax Purposes Expense</u>	<u>Current</u>	<u>Excess</u>
Class II	\$ 398,979,300	25.00¢	11.04¢
Class IV	514,836,912	50.00¢	22.07¢

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

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

5. Capital Assets and Capital Assets Net of Depreciation

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>
Governmental Activities				
Nondepreciable capital assets				
Land	\$ <u>728,223</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>728,223</u>
Depreciable capital assets				
Buildings	13,259,595	-0-	-0-	13,259,595
Streets	2,566,681	-0-	-0-	2,566,681
Machinery and equipment	<u>10,248,569</u>	<u>464,091</u>	<u>614,012</u>	<u>10,098,648</u>
Totals at historical cost	<u>26,074,845</u>	<u>464,091</u>	<u>614,012</u>	<u>25,924,924</u>
Less: Accumulated depreciation				
Buildings	7,449,476	216,320	-0-	7,665,796
Streets	1,245,937	118,887	-0-	1,364,824
Machinery and equipment	<u>7,312,342</u>	<u>580,196</u>	<u>614,012</u>	<u>7,278,526</u>
Total accumulated depreciation	<u>16,007,755</u>	<u>915,403</u>	<u>614,012</u>	<u>16,309,146</u>
Total depreciable capital assets, net	<u>10,067,090</u>	<u>(451,312)</u>	<u>-0-</u>	<u>9,615,778</u>
Governmental activities capital assets, net	\$ <u>10,795,313</u>	\$ <u>(451,312)</u>	\$ <u>-0-</u>	\$ <u>10,344,001</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities				
<i>Parks and Recreation</i>				
Depreciable capital assets				
Buildings	\$ 3,100	\$ -0-	\$ -0-	\$ 3,100
Structures and improvements	378,000	-0-	-0-	378,000
Leasehold improvements	54,411	-0-	-0-	54,411
Machinery and equipment	<u>261,122</u>	<u>-0-</u>	<u>-0-</u>	<u>261,122</u>
Totals at historical cost	<u>696,633</u>	<u>-0-</u>	<u>-0-</u>	<u>696,633</u>
Less: Accumulated depreciation				
Buildings	3,100	-0-	-0-	3,100
Structures and improvements	362,100	7,950	-0-	370,050
Leasehold improvements	47,756	3,765	-0-	51,521
Machinery and equipment	<u>259,047</u>	<u>-0-</u>	<u>-0-</u>	<u>259,047</u>
Total accumulated depreciation	<u>672,003</u>	<u>11,715</u>	<u>-0-</u>	<u>683,718</u>
Total depreciable capital assets, net	<u>24,630</u>	<u>(11,715)</u>	<u>-0-</u>	<u>12,915</u>
Parks and recreation capital assets, net	\$ <u>24,630</u>	\$ <u>(11,715)</u>	\$ <u>-0-</u>	\$ <u>12,915</u>

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

CITY OF PARKERSBURG, 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>
<i>Memorial Bridge</i>				
Nondepreciable capital assets				
Land	\$ <u>260,000</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>260,000</u>
Depreciable capital assets				
Structures and improvements	6,500,000	-0-	-0-	6,500,000
Machinery and equipment	<u>724,438</u>	<u>-0-</u>	<u>-0-</u>	<u>724,438</u>
Totals at historical cost	<u>7,224,438</u>	<u>-0-</u>	<u>-0-</u>	<u>7,224,438</u>
Less: Accumulated depreciation				
Structures and improvements	4,671,875	81,250	-0-	4,753,125
Machinery and equipment	<u>354,426</u>	<u>20,967</u>	<u>-0-</u>	<u>375,393</u>
Total accumulated depreciation	<u>5,026,301</u>	<u>102,217</u>	<u>-0-</u>	<u>5,128,518</u>
Total depreciable capital assets, net	<u>2,198,137</u>	<u>(102,217)</u>	<u>-0-</u>	<u>2,095,920</u>
Memorial Bridge capital assets, net	\$ <u>2,458,137</u>	\$ <u>(102,217)</u>	\$ <u>-0-</u>	\$ <u>2,355,920</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<i>Parking Fund</i>				
Nondepreciable capital assets				
Land	\$ <u>991,225</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>991,225</u>
Depreciable capital assets				
Structures and improvements	414,218	185,000	93,500	505,718
Machinery and equipment	<u>74,309</u>	<u>-0-</u>	<u>8,500</u>	<u>65,809</u>
Totals at historical cost	<u>488,527</u>	<u>185,000</u>	<u>102,000</u>	<u>571,527</u>
Less: Accumulated depreciation				
Structures and improvements	342,285	11,126	64,282	289,129
Machinery and equipment	<u>28,664</u>	<u>6,756</u>	<u>6,375</u>	<u>29,045</u>
Total accumulated depreciation	<u>370,949</u>	<u>17,882</u>	<u>70,657</u>	<u>318,174</u>
Total depreciable capital assets, net	<u>117,578</u>	<u>167,118</u>	<u>31,343</u>	<u>253,353</u>
Parking fund capital assets, net	\$ <u>1,108,803</u>	\$ <u>167,118</u>	\$ <u>31,343</u>	\$ <u>1,244,578</u>

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

**CITY OF PARKERSBURG, 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>
Total Business-Type Activities				
Nondepreciable capital assets				
Land	\$ <u>1,251,225</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,251,225</u>
Depreciable capital assets				
Buildings	3,100	-0-	-0-	3,100
Structures and improvements	7,292,218	185,000	93,500	7,383,718
Leasehold improvements	54,411	-0-	-0-	54,411
Machinery and equipment	<u>1,059,869</u>	<u>-0-</u>	<u>8,500</u>	<u>1,051,369</u>
Totals at historical cost	<u>8,409,598</u>	<u>185,000</u>	<u>102,000</u>	<u>8,492,598</u>
Less: Accumulated depreciation				
Buildings	3,100	-0-	-0-	3,100
Structures and improvements	5,376,260	100,326	64,282	5,412,304
Leasehold improvements	47,756	3,765	-0-	51,521
Machinery and equipment	<u>642,137</u>	<u>27,723</u>	<u>6,375</u>	<u>663,485</u>
Total accumulated depreciation	<u>6,069,253</u>	<u>131,814</u>	<u>70,657</u>	<u>6,130,410</u>
Total depreciable capital assets, net	<u>2,340,345</u>	<u>53,186</u>	<u>31,343</u>	<u>2,362,188</u>
Business-type activities capital assets, net	\$ <u>3,591,570</u>	\$ <u>53,186</u>	\$ <u>31,343</u>	\$ <u>3,613,413</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 94,347
Public safety	384,041
Highways and streets	292,437
Health and Sanitation	138,321
Culture and recreation	6,257
Social services	<u>-0-</u>
 Total depreciation expense	 \$ <u>915,403</u>

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

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

Discretely Presented Component Unit

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers Net</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets					
Land	\$ 2,072,870	\$ 47,484	\$ -0-	\$ -0-	\$ 2,120,354
Construction in progress	<u>8,110,977</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,578,700)</u>	<u>6,532,277</u>
Total nondepreciable capital assets	<u>10,183,847</u>	<u>47,484</u>	<u>-0-</u>	<u>(1,578,700)</u>	<u>8,652,631</u>
Depreciable Capital Assets					
Buildings and systems	51,559,350	875,767	-0-	(431,958)	52,003,159
Equipment	<u>102,366,064</u>	<u>6,182,990</u>	<u>(207,440)</u>	<u>2,010,658</u>	<u>110,352,272</u>
Total depreciable capital assets at historical costs	<u>153,925,414</u>	<u>7,058,757</u>	<u>(207,440)</u>	<u>1,578,700</u>	<u>162,355,431</u>
Less: Accumulated Depreciation					
Buildings and systems	16,411,549	1,078,476	-0-	-0-	17,490,025
Equipment	<u>47,135,120</u>	<u>2,624,549</u>	<u>(207,327)</u>	<u>-0-</u>	<u>49,552,342</u>
Total accumulated depreciation	<u>63,546,669</u>	<u>3,703,025</u>	<u>(207,327)</u>	<u>-0-</u>	<u>67,042,367</u>
Depreciable capital assets, net	<u>90,378,745</u>	<u>3,355,732</u>	<u>(113)</u>	<u>1,578,700</u>	<u>95,313,064</u>
Capital assets, net	\$ <u>100,562,592</u>	\$ <u>3,403,216</u>	\$ <u>(113)</u>	\$ <u>-0-</u>	\$ <u>103,965,695</u>

Depreciation expense was \$3,703,025 for the year ended June 30, 2013.

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

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

6. Long-Term Debt

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

<i>Governmental Activities</i>	<u>Beginning</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> Balance	<u>Amounts</u> Due Within One Year	<u>Amounts</u> Due After One Year
Notes Payable						
US Dept. of HUD	\$ <u>1,931,000</u>	\$ <u>-0-</u>	\$ <u>79,000</u>	\$ <u>1,852,000</u>	\$ <u>73,000</u>	\$ <u>1,779,000</u>
Other Long-Term Debt						
Compensated absences	660,623	-0-	812	659,811	47,009	612,802
Obligation under capital lease	1,414,078	412,929	863,744	963,263	449,730	513,533
Net pension obligation payable	<u>20,382,770</u>	<u>1,081,335</u>	<u>-0-</u>	<u>21,464,105</u>	<u>-0-</u>	<u>21,464,105</u>
Total other long-term debt	<u>22,457,471</u>	<u>1,494,264</u>	<u>864,556</u>	<u>23,087,179</u>	<u>496,739</u>	<u>22,590,440</u>
Governmental activities long-term liabilities	\$ <u>24,388,471</u>	\$ <u>1,494,264</u>	\$ <u>943,556</u>	\$ <u>24,939,179</u>	\$ <u>569,739</u>	\$ <u>24,369,440</u>

Notes Payable:

United States Department of Housing and Urban Development – Series 2013A

This note was authorized to provide for the Point Park Public Improvements Project. The note was issued in the amount of \$2,150,000 and bears a variable rate of interest throughout the repayment of the loan. The loan is secured by future entitlement funds from the Community Development Block Grant and annual toll revenues. Interest only payments are to be made by the first of February of each year the loan is outstanding while payments of principal and interest are to be made by the first of August of each year the loan is outstanding.

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

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

The outstanding debt maturities of this note are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
August 1, 2013	\$ 83,000	\$ 45,922	\$ 128,922
February 1, 2014	-0-	44,262	44,262
August 1, 2014	86,000	44,262	130,262
February 1, 2015	-0-	42,482	42,482
August 1, 2015	90,000	42,482	132,482
February 1, 2016	-0-	40,533	40,533
August 1, 2016	94,000	40,533	134,533
February 1, 2017	-0-	38,427	38,427
August 1, 2017	98,000	38,427	136,427
February 1, 2018	-0-	36,193	36,193
August 1, 2018	102,000	36,193	138,193
February 1, 2019	-0-	33,837	33,837
August 1, 2019	107,000	33,837	140,837
February 1, 2020	-0-	31,231	31,231
August 1, 2020	111,000	31,231	142,231
February 1, 2021	-0-	28,478	28,478
August 1, 2021	116,000	28,478	144,478
February 1, 2022	-0-	25,550	25,550
August 1, 2022	121,000	25,550	146,550
February 1, 2023	-0-	22,446	22,446
August 1, 2023	126,000	22,446	148,446
February 1, 2024	-0-	19,176	19,176
August 1, 2024	132,000	19,176	151,176
February 1, 2025	-0-	15,711	15,711
August 1, 2025	137,000	15,711	152,711
February 1, 2026	-0-	12,081	12,081
August 1, 2026	143,000	12,081	155,081
February 1, 2027	-0-	8,262	8,262
August 1, 2027	150,000	8,262	158,262
February 1, 2028	-0-	4,227	4,227
August 1, 2028	<u>156,000</u>	<u>4,227</u>	<u>160,227</u>
	\$ <u>1,852,000</u>	\$ <u>851,714</u>	\$ <u>2,703,714</u>

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

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

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

<u>For the Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 83,000	\$ 90,184	\$ 173,184
2015	86,000	86,744	172,744
2016	90,000	83,015	173,015
2017	94,000	78,960	172,960
2018	98,000	74,620	172,620
2019 – 2023	557,000	296,831	853,831
2024 – 2028	688,000	137,133	825,133
2029	<u>156,000</u>	<u>4,227</u>	<u>160,227</u>
	\$ <u>1,852,000</u>	\$ <u>851,714</u>	\$ <u>2,703,714</u>

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

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

Obligation Under Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of machinery and equipment for various departments. These lease agreements qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of the future minimum lease payments as of the inception date. The following is a schedule of future minimum lease payments required under the capital leases and the present value of the net minimum lease payments at June 30, 2013:

Fiscal Year Ending June 30,

2014	\$ 464,990
2015	357,291
2016	116,660
2017	<u>48,060</u>
Total minimum lease payments	987,001
Less: Amount representing interest	<u>23,738</u>
Present value of minimum lease payments	963,263
Less: Current maturities	<u>449,730</u>
 Non-current maturities	 \$ <u>513,533</u>

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

	<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>
Business-Type Activities						
2003A Parking Revenue Bonds	\$ <u>365,000</u>	\$ <u>-0-</u>	\$ <u>50,000</u>	\$ <u>315,000</u>	\$ <u>50,000</u>	\$ <u>265,000</u>
Other Long-Term Debt						
Obligation under capital lease	449,769	-0-	82,753	367,016	86,213	280,803
Accrued compensated absences	<u>13,951</u>	<u>-0-</u>	<u>5,939</u>	<u>8,012</u>	<u>-0-</u>	<u>8,012</u>
Total other long-term debt	<u>463,720</u>	<u>-0-</u>	<u>88,692</u>	<u>375,028</u>	<u>86,213</u>	<u>288,815</u>
Total long-term debt	\$ <u>828,720</u>	\$ <u>-0-</u>	\$ <u>138,692</u>	\$ <u>690,028</u>	\$ <u>136,213</u>	\$ <u>553,815</u>

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

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

2003A Parking Revenue Bonds

The provisions of the Parking Fund revenue bond covenant require that assets be accumulated in a reserve account for the payment of future debt service. The covenant requires, at a minimum, that an amount equivalent to one third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one tenth of one twelve of the highest debt service payments in any given year. The balance in the sinking fund account at June 30, 2013 was \$76,259.

The following is a schedule of future debt retirement based on current financing arrangements:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 50,000	\$ 15,750	\$ 65,750
2015	50,000	13,250	63,250
2016	55,000	10,750	65,750
2017	60,000	8,000	68,000
2018	<u>100,000</u>	<u>5,000</u>	<u>105,000</u>
 Total	 \$ <u>315,000</u>	 \$ <u>52,750</u>	 \$ <u>367,750</u>

The debt service coverage factor for the Parking Fund has been calculated as follows for the year ended June 30, 2013:

Operating revenues	\$ 288,775
Operating expenses	<u>209,834</u>
Operating income	78,941
Add: Depreciation expense	<u>17,882</u>
 Amount available for debt service	 \$ <u>96,823</u>
 Maximum annual debt service	 \$ <u>68,000</u>
 Calculated debt service coverage factor	 1.43
 Required debt service coverage factor	 1.15

Based on this calculation, it appears that the Parking Fund was in compliance with the provisions set forth in its bond ordinance as of June 30, 2013.

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

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

Obligation Under Capital Leases

The City has entered into lease agreements to finance the repairs and maintenance of various structures and to purchase software. These lease agreements qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of the future minimum lease payments as of the inception date. The following is a schedule of future minimum lease payments required under the capital leases and the present value of the net minimum lease payments at June 30, 2013:

Fiscal Year Ending June 30,

2014	\$ 99,620
2015	99,620
2016	99,620
2017	<u>99,622</u>
Total minimum lease payments	398,482
Less: Amount representing interest	<u>31,466</u>
Present value of minimum lease payments	367,016
Less: Current maturities	<u>86,213</u>
 Non-current maturities	 \$ <u>280,803</u>

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

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

Discretely Presented Component Unit

The following is a summary of long-term liability activity for the Utility Board for the year ended June 30, 2013:

Business Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
Bonds payable						
2003A Combined Revenue Bonds	\$ 2,679,234	\$ -0-	\$ 188,421	\$ 2,490,813	\$ 194,138	\$ 2,296,675
2003B Combined Revenue Bonds	2,273,012	-0-	142,803	2,130,209	149,943	1,980,266
2003D Combined Revenue Bonds	630,945	-0-	43,295	587,650	44,608	543,042
2003E Combined Revenue Bonds	2,902,523	-0-	206,504	2,696,019	210,665	2,485,354
2005A Combined Revenue Bonds	27,110,000	-0-	1,465,000	25,645,000	1,525,000	24,120,000
2006C Combined Revenue Bonds	12,525,000	-0-	1,160,000	11,365,000	1,205,000	10,160,000
2006D Combined Revenue Bonds	7,725,000	-0-	300,000	7,425,000	300,000	7,125,000
2006E Combined Revenue Bonds	3,628,757	-0-	145,756	3,483,001	145,756	3,337,245
2011A Combined Revenue Bonds	5,641,325	158,675	118,582	5,681,418	240,741	5,440,677
2012A Combined Revenue Bonds	<u>487,967</u>	<u>4,505,028</u>	<u>-0-</u>	<u>4,992,995</u>	<u>214,938</u>	<u>4,778,057</u>
Total bonds payable	<u>65,603,763</u>	<u>4,663,703</u>	<u>3,770,361</u>	<u>66,497,105</u>	<u>4,230,789</u>	<u>62,266,316</u>
Other long-term obligations						
Accrued compensated absences	216,039	22,068	16,765	221,342	195,639	25,703
Accrued post employment benefit liability	2,387,891	65,729	-0-	2,453,620	-0-	2,453,620
Customer advances for construction	<u>574,639</u>	<u>106,905</u>	<u>94,364</u>	<u>587,180</u>	<u>-0-</u>	<u>587,180</u>
Total other long-term obligations	<u>3,178,569</u>	<u>194,702</u>	<u>111,129</u>	<u>3,262,142</u>	<u>195,639</u>	<u>3,066,503</u>
Total long-term debt and obligations	\$ <u>68,782,332</u>	\$ <u>4,858,405</u>	\$ <u>3,881,490</u>	\$ <u>69,759,247</u>	\$ <u>4,426,428</u>	\$ <u>65,332,819</u>

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

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

2003A Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$4,000,000 and is payable in quarterly installments of \$66,673 including interest of 3.0%. The issue matures June 2024 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity 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	\$ 266,691	\$ 194,138	\$ 72,553
2015	266,691	200,027	66,664
2016	266,691	206,096	60,595
2017	266,691	212,349	54,342
2018	266,691	218,791	47,900
2019 – 2023	1,333,458	1,197,647	135,811
2024	<u>266,691</u>	<u>261,765</u>	<u>4,926</u>
	\$ <u>2,933,604</u>	\$ <u>2,490,813</u>	\$ <u>442,791</u>

2003B Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$3,250,000 and is payable in annual varying installment amounts including interest of 5.0%. The issue matures October 2023 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity 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	\$ 252,705	\$ 149,943	\$ 102,762
2015	252,517	157,440	95,077
2016	252,321	165,312	87,009
2017	252,114	173,578	78,536
2018	251,897	182,257	69,640
2019 – 2023	1,255,832	1,057,438	198,394
2024	<u>250,347</u>	<u>244,241</u>	<u>6,106</u>
	\$ <u>2,767,733</u>	\$ <u>2,130,209</u>	\$ <u>637,524</u>

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

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

2003D Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$926,000 and is payable in quarterly installments of \$15,435 including interest of 3.0%. The issue matures September 2024 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity 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	\$ 61,739	\$ 44,608	\$ 17,131
2015	61,739	45,962	15,777
2016	61,739	47,356	14,383
2017	61,739	48,793	12,946
2018	61,739	50,273	11,466
2019 – 2023	308,695	275,191	33,504
2024 – 2025	<u>77,176</u>	<u>75,467</u>	<u>1,709</u>
	\$ <u>694,566</u>	\$ <u>587,650</u>	\$ <u>106,916</u>

2003E Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$4,326,705 and is payable in quarterly installments of \$65,753 including interest of 2.0%. Also, a 1% administration fee of \$5,835 is due quarterly. The issue matures December 2024 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity retirement 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	\$ 263,012	\$ 210,665	\$ 52,347
2015	263,012	214,910	48,102
2016	263,012	219,241	43,771
2017	263,013	223,659	39,354
2018	263,012	228,165	34,847
2019 – 2023	1,315,061	1,211,673	103,388
2024 – 2025	<u>394,519</u>	<u>387,706</u>	<u>6,813</u>
	\$ <u>3,024,641</u>	\$ <u>2,696,019</u>	\$ <u>328,622</u>

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

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

2005A Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$34,950,000 and is payable in varying installment dates and amounts including coupon interest rates from 3.0% to 5.0%. The issue matures August 2025 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

The outstanding bonds of this issue and its maturity dates and coupon rates are as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
August 1, 2013	\$ 1,525,000	4.00%
August 1, 2014	1,585,000	4.00%
August 1, 2015	1,650,000	4.00%
August 1, 2016	1,715,000	4.00%
August 1, 2017	1,785,000	4.00%
August 1, 2018	1,855,000	4.00%
August 1, 2019	1,930,000	5.00%
August 1, 2020	2,025,000	4.50%
August 1, 2021	2,120,000	4.50%
August 1, 2022	2,215,000	4.50%
August 1, 2023	2,315,000	4.25%
August 1, 2024	2,410,000	4.25%
August 1, 2025	<u>2,515,000</u>	4.25%
	<u>\$ 25,645,000</u>	

Future debt maturity 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	\$ 2,589,500	\$ 1,525,000	\$ 1,064,500
2015	2,587,300	1,585,000	1,002,300
2016	2,587,600	1,650,000	937,600
2017	2,585,300	1,715,000	870,300
2018	2,585,300	1,785,000	800,300
2019 – 2023	12,875,600	10,145,000	2,730,600
2024 – 2026	<u>7,710,050</u>	<u>7,240,000</u>	<u>470,050</u>
	<u>\$ 33,520,650</u>	<u>\$ 25,645,000</u>	<u>\$ 7,875,650</u>

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

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

2006C Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$17,425,000 and is payable in varying installment dates and amounts including coupon interest rates from 3.7% to 5.0%. The issue matures September 2020 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

The outstanding bonds of this issue and its maturity dates and coupon rates are as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
September 1, 2013	\$ 1,205,000	5.00%
September 1, 2014	1,265,000	5.00%
September 1, 2015	1,330,000	5.00%
September 1, 2016	1,395,000	4.00%
September 1, 2017	1,455,000	4.00%
September 1, 2018	1,510,000	4.00%
September 1, 2019	1,570,000	4.10%
September 1, 2020	<u>1,635,000</u>	4.10%
	\$ <u>11,365,000</u>	

Future debt maturity 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	\$ 1,670,680	\$ 1,205,000	\$ 465,680
2015	1,668,930	1,265,000	403,930
2016	1,669,055	1,330,000	339,055
2017	1,672,905	1,395,000	277,905
2018	1,675,905	1,455,000	220,905
2019 -2021	<u>5,009,343</u>	<u>4,715,000</u>	<u>294,343</u>
	\$ <u>13,366,818</u>	\$ <u>11,365,000</u>	\$ <u>2,001,818</u>

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

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

2006D Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$9,000,000 and is payable in quarterly installments of \$75,000 with an interest rate of 0.0%, however, a 0.5% administration fee of \$5,672 is due quarterly. The issue matures March 2038 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

Future debt maturity 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	\$ 300,000	\$ 300,000	\$ -0-
2015	300,000	300,000	-0-
2016	300,000	300,000	-0-
2017	300,000	300,000	-0-
2018	300,000	300,000	-0-
2019 – 2023	1,500,000	1,500,000	-0-
2024 – 2028	1,500,000	1,500,000	-0-
2029 – 2033	1,500,000	1,500,000	-0-
2034 – 2038	<u>1,425,000</u>	<u>1,425,000</u>	<u>-0-</u>
	\$ <u>7,425,000</u>	\$ <u>7,425,000</u>	\$ <u>-0-</u>

2006E Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$4,372,600 with the Utility Board drawing \$4,175,342 of these funds. The issue is payable in quarterly installments of \$36,439 with an interest rate of 0.0%, however, a 0.5% administration fee of \$2,756 is due quarterly. The issue matures June 2037 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

Future debt maturity 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	\$ 145,756	\$ 145,756	\$ -0-
2015	145,756	145,756	-0-
2016	145,756	145,756	-0-
2017	145,756	145,756	-0-
2018	145,756	145,756	-0-
2019 – 2023	728,761	728,761	-0-
2024 – 2028	728,760	728,760	-0-
2029 – 2033	728,760	728,760	-0-
2034 – 2037	<u>567,940</u>	<u>567,940</u>	<u>-0-</u>
	\$ <u>3,483,001</u>	\$ <u>3,483,001</u>	\$ <u>-0-</u>

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

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

2011A Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$5,800,000. This issue is payable in quarterly installments of \$88,143 including interest of 2.0%. Also, a 1% administration fee of \$7,821 will be due quarterly. The issue matures December 2032 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

Future debt maturity 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	\$ 352,571	\$ 240,741	\$ 111,830
2015	352,570	245,591	106,979
2016	352,571	250,541	102,030
2017	352,571	255,589	96,982
2018	352,572	260,740	91,832
2019 – 2023	1,762,857	1,384,659	378,198
2024 – 2028	1,762,856	1,529,902	232,954
2029 – 2033	<u>1,586,870</u>	<u>1,513,655</u>	<u>72,915</u>
	<u>\$ 6,875,138</u>	<u>\$ 5,681,418</u>	<u>\$ 1,193,720</u>

2011A Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$5,731,700 of which the Utility Board has drawn \$4,992,995 as of June 30, 2013 with the intention of drawing the remaining amount in the next year. This issue is payable in quarterly installments of \$71,646 including interest of 0.0%, however, a 0.5% administration fee of \$3,627 is due quarterly. Payments will start December 1, 2013. The issue matures September 2033 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

Future debt maturity 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	\$ 214,938	\$ 214,938	\$ -0-
2015	286,585	286,585	-0-
2016	286,585	286,585	-0-
2017	286,585	286,585	-0-
2018	286,585	286,585	-0-
2019 – 2023	1,432,925	1,432,925	-0-
2024 – 2028	1,432,925	1,432,925	-0-
2029 – 2033	1,432,925	1,432,925	-0-
2034	<u>71,647</u>	<u>71,647</u>	<u>-0-</u>
	<u>\$ 5,731,700</u>	<u>\$ 5,731,700</u>	<u>\$ -0-</u>

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

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

Total future debt maturity for the Utility Board 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	\$ 6,117,592	\$ 4,230,789	\$ 1,886,803
2015	6,185,101	4,446,271	1,738,830
2016	6,185,331	4,600,887	1,584,444
2017	6,186,674	4,756,308	1,430,366
2018	6,189,457	4,912,568	1,276,889
2019 – 2023	27,522,532	23,648,294	3,874,238
2024 – 2028	14,123,324	13,400,766	722,558
2029 – 2033	5,248,255	5,175,340	72,915
2034 – 2038	<u>2,064,587</u>	<u>2,064,587</u>	<u>-0-</u>
	<u>\$ 79,822,853</u>	<u>\$ 67,235,810</u>	<u>\$ 12,587,043</u>

Debt Service Coverage Factor

The Debt Service Coverage Factor has been calculated as follows:

Operating revenues	\$ 16,402,801
Operating expenses	<u>(11,061,647)</u>
Operating income	5,341,154
Less: Administrative bond fees	(75,299)
Add: Depreciation expense	3,703,025
Interest income	<u>50,690</u>
Amount available for debt service and capital expenditures	\$ <u>9,019,570</u>
Maximum annual debt service	\$ <u>6,189,457</u>
Calculated debt service coverage factor	<u>1.46</u>
Required debt service coverage factor	<u>1.20</u>

The management of the Utility Board believes it 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 PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2013**

7. Employees Retirement System

West Virginia Public Employment Retirement System

The municipality maintains two separate employee contributing pension plans. These plans cover firemen and police officers. Substantially all other full-time civilian employees are covered by the West Virginia Public Employees Retirement System. The West Virginia Employees' Retirement System is funded through employer contributions of 14.00% of payroll and member contributions of 4.5% of payroll.

The Municipality's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2013 is as follows:

Total wages	\$ 9,897,116
Total covered wages	\$ 4,073,511
Employer share 14.00%	\$ 570,292
Employee share 4.50%	\$ 183,308

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

	<u>Public Employees' Retirement System (PERS)</u>
Eligibility to participate	All Municipal full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
Municipality's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contribution 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.

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

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

Public Employees' Retirement System (PERS)

Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2013	\$ 570,292	100%
2012	\$ 599,291	100%
2011	\$ 522,429	100%

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

Discretely Presented Component Unit

The Utility Board's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2013 is as follows:

Total Wages	\$ 3,313,738
Employer share 14.00%	\$ 463,923
Employee share 4.50%	\$ 149,118

Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2013	\$ 463,923	100%
2012	\$ 466,770	100%
2011	\$ 416,613	100%

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

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

Retiree Health Plan (RHP)

Plan Description:

The City of Parkersburg, 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 25305-0710.

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. 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.

Annual required contribution	\$ 966,556
Adjustment to annual required contribution	<u>-0-</u>
Annual OPEB cost	966,566
Contributions made	<u>781,132</u>
Increase (decrease) in net OPEB obligation	185,424
Net OPEB obligation (asset) beginning of year	<u>7,559,229</u>
Net OPEB obligation (asset) end of year	\$ <u>7,744,653</u>

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

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

Three-Year Trend Information

The City contributed the follow amounts:

<u>Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2013	\$ 966,556	81%	\$ 7,744,653
June 30, 2012	2,354,296	11%	7,559,229
June 30, 2011	2,881,474	26%	5,627,338

Discretely Presented Component Unit

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

Three-Year Trend Information

The Utility Board contributed the following amounts:

<u>Fiscal Year Ending June 30,</u>	<u>Annual OPEB Cost</u>	<u>Contributions Paid</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 226,818	\$ 161,089	71%	\$ 2,453,620
June 30, 2012	827,875	149,799	18%	2,387,891
June 30, 2011	812,602	145,544	18%	1,709,815

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

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

8. Employee Retirement System and Plans

Plan Description, Contribution Information, and Funding Policies

The City of Parkersburg, 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.

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	62	56	118
Retirees and Beneficiaries currently receiving benefits	<u>71</u>	<u>100</u>	<u>171</u>
Total	<u>133</u>	<u>156</u>	<u>289</u>

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

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

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 costs 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 Increases	There is a cost of living adjustment after two years of retirement. The adjustment is 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.	
	<u>PPRF</u>	<u>FPRF</u>
Provisions for:		
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

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

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

Annual Required Contributions and Significant Actuarial Assumptions

The following actuarial methods and assumptions were applicable:

	<u>Policemen's Pension & Relief Fund</u>	<u>Firemen's Pension & Relief Fund</u>
Valuation Date	7/1/2013	7/1/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % closed	Level % closed
Amortization Period	29 Years (Level Percentage)	29 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.00%	7.00%
Projected Salary Increases	5% per year	5% per year
Post Retirement Benefit Increases	3.00% on first \$15,000 of the Annual Benefit and the accumulated supplemental pension amounts for prior years.	3.00% on first \$15,000 of the Annual Benefit and the accumulated supplemental pension amounts for prior years.
Inflation	3.00%	3.00%
Cost of Living Adjustments	3.00%	3.00%

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 PARKERSBURG, 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	\$ 2,363,673	\$ 2,613,499
Interest on short-term	529,247	489,892
Adjustment to annual required contribution	(428,883)	(396,991)
Annual pension cost	2,464,037	2,706,400
Contributions made	<u>1,507,418</u>	<u>2,581,684</u>
Change in net pension obligation	956,619	124,716
Net pension obligation at the beginning of the year	<u>10,584,933</u>	<u>9,797,837</u>
Net pension obligation at the end of the year	\$ <u>11,541,552</u>	\$ <u>9,922,553</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	\$ 2,464,037	61%	\$ 11,541,552
2012	\$ 2,324,769	61%	\$ 10,584,933
2011	\$ 2,296,457	59%	\$ 9,670,854

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	\$ 2,706,400	95%	\$ 9,922,553
2012	\$ 2,550,499	97%	\$ 9,797,837
2011	\$ 2,651,330	91%	\$ 9,726,964

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

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

Discretely Presented Component Unit

Plan Description, Contribution Information, and Fund Policies

The Parkersburg Utility Board elected to become a participating public employer under the West Virginia Public Employees Retirement System (PERS), a cost-sharing multi-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board. The Board's contribution to the West Virginia Public Employees Retirement System for the year ended June 30, 2013 was:

Total Wages	\$ 3,313,738
Employer share 14.00%	\$ 463,923
Employee share 4.50%	\$ 149,118

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

	<u>Public Employees' Retirement System (PERS)</u>
Eligibility to participate	All 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%
Board's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contribution 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

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

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

Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2013	\$ 463,923	100%
2012	\$ 466,770	100%
2011	\$ 416,613	100%

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

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	\$ 311,386	\$ -0-
Special Revenue Funds		
Home Fund	-0-	14,997
Historical Preservation	41,208	-0-
Community Development Fund	-0-	68,164
Employee Benefits	-0-	263,025
Neighborhood Stabilization	<u>-0-</u>	<u>6,408</u>
	<u>\$ 352,594</u>	<u>\$ 352,594</u>

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

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

10. Contingent Liabilities

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

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

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

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Accordia of West Virginia for (umbrella) insurance for these various risks.

The government is self-insured for losses and liabilities related to workers' compensation. In exchange for the payment of premiums, the government has transferred its risk related to health coverage for employees.

Discretely Presented Component Unit

The Utility Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

The Utility Board has obtained commercial insurance coverage for general liability, property damage, errors and omissions, and natural disasters. Such coverage is offered in exchange for a premium to a third-party insurance company. Any general liability or auto liability loss in excess of \$3,000,000, and public officials loss in excess of \$2,000,000, will be the responsibility of the Utility Board. Real and personal property inventory is covered for replacement cost subject to a signed Statement of Values. Scheduled automotive and maintenance equipment is covered for actual cash value.

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, the Entity has obtained health, life, and prescription drug coverage for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the Utility Board has transferred its risks related to health, life, and prescription drug coverage.

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

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

The Utility Board is self-insured for losses and liabilities related to workers' compensation.

The Utility Board has entered into various agreements for construction, as well as engineering and architectural services in connection with the maintenance, operation and expansion of its combined waterworks and sewerage system. Commitments for future payments by the Utility Board under these construction and professional services contracts totaled approximately \$1,221,512 as of June 30, 2013.

The Utility Board's sewerage system is subject to federal and state requirements governing the collection, treatment, and discharge of pollutants, including the requirements of the United States Environmental Protection Agency and the West Virginia Division of Environmental Protection. The Utility Board currently holds all licenses and permits required for operation of the sewerage system. Pursuant to the National Pollutant Discharge Elimination System Water Pollution Control Permits granted to the Utility Board to operate the sewerage system, the Utility Board is subject to certain compliance measures required to eliminate sewerage system overflows by October 31, 2020. More stringent or additional environmental requirements may substantially increase the cost of sewerage services by requiring changes in the design or operation of existing facilities as well as changes in location, design, construction, and operation of any new facilities. There is no assurance that the sewerage system facilities in operation or contemplated will always remain in compliance with regulations currently in effect or will always be in compliance with future regulations. Failure to comply with such requirements could result in the imposition of civil and criminal penalties.

11. Lease

The City entered into a long-term lease agreement for an antenna tower owned by the City on November 14, 2007. The lessee prepaid \$529,000 for the 50 year lease that will expire in November of 2057. The lease is considered an operating lease and the amount received is considered deferred, and included in deferred revenue until the period in which it is earned. The amount to be recognized as earned is as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2014	\$ 10,580
2015	10,580
2016	10,580
2017	10,580
2018	10,580
Thereafter	<u>416,587</u>
Total	\$ <u>469,487</u>

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

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

12. Restricted

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

13. Jointly Governed Organizations

The City of Parkersburg, the Wood County Commission, and the Wood County Board of Education have joined in the establishment of a system of public recreation and have delegated the administration of the same to the Wood County Recreation Commission.

14. Deficit Net Position/Fund Balances

It was determined during this examination that the Governmental Activities and the Parks and Recreation Fund had deficit net positions at June 30, 2013. The elimination of these deficit net positions is contingent on increased funding for these funds.

It was determined during this examination that the Home Fund and Community Development Fund had deficit fund balances at June 30, 2013. The elimination of these deficit fund balances is contingent on increased funding for these funds.

15. Restatement of Fund Balance/Net Position

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

Net position as previously reported	\$ (11,169,491)
Restatement: Overstatement of accounts receivable	(541,246)
Overstatement of deferred revenues	<u>5,869,888</u>
Net position restated	\$ (<u>5,840,849</u>)

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

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

It was determined during this examination that the beginning fund balance of the Governmental Fund required restatement as follows:

Fund balance as previously reported	\$ 1,655,292
Restatement: Overstatement of accounts receivable	(<u> 541,246</u>)
Fund balance restated	\$ <u>1,114,046</u>

16. Subsequent Events

The City has considered all subsequent events through February 28, 2014, 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 PARKERSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

I Schedule of Funding Progress

Policemen's Pension and Relief Fund (PPRF)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (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>
7/1/00	\$ 7,567,852	\$ 18,741,286	\$ 11,173,434	40.38%	\$ 2,008,711	556%
7/1/02	7,694,483	21,519,899	13,825,416	35.76%	2,120,604	652%
7/1/05	8,444,581	28,074,839	19,630,258	30.08%	2,534,859	774%
7/1/08	9,354,917	32,519,140	23,164,223	28.77%	2,636,808	878%
7/1/10	8,523,749	42,684,851	34,161,102	19.97%	2,799,921	1220%
7/1/11	9,450,058	43,367,511	33,917,453	21.79%	2,675,699	1268%
7/1/12	9,073,126	44,982,112	35,908,986	20.17%	2,784,855	1289%

Firemen's Pension and Relief Fund (FPRF)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (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>
7/1/00	\$ 5,444,860	\$ 27,957,181	\$ 22,512,321	19.48%	\$ 2,011,912	1119%
7/1/02	5,475,588	29,087,830	23,612,242	18.82%	2,062,524	1145%
7/1/05	6,272,980	35,414,076	29,141,096	17.71%	2,351,463	1239%
7/1/08	7,093,361	37,944,969	30,851,608	18.69%	2,420,880	1274%
7/1/10	7,842,477	50,856,301	43,013,824	15.42%	2,686,338	1601%
7/1/11	8,887,864	50,557,048	41,669,184	17.58%	2,320,931	1795%
7/1/12	9,638,823	53,033,482	43,394,659	18.18%	2,499,054	1736%

**CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING FUND BALANCE SHEETS -
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013**

	<u>Special Revenue Funds</u>	<u>Nonmajor Permanent Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 807,801	\$ 37,259	\$ 1,067	\$ 846,127
Investments	-0-	190,333	-0-	190,333
Receivables (net of allowances for uncollectibles)				
Accounts	350	-0-	-0-	350
Loans	1,107,116	-0-	-0-	1,107,116
Due from other funds	(296,389)	-0-	-0-	(296,389)
TOTAL ASSETS	\$ <u>1,618,878</u>	\$ <u>227,592</u>	\$ <u>1,067</u>	\$ <u>1,847,537</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4,323	\$ -0-	\$ -0-	\$ 4,323
Matures bond interest payable	-0-	-0-	38,268	38,268
Deferred revenue	<u>1,092,888</u>	<u>-0-</u>	<u>-0-</u>	<u>1,092,888</u>
Total liabilities	<u>1,097,211</u>	<u>-0-</u>	<u>38,268</u>	<u>1,135,479</u>
Fund Balances				
Restricted	86,918	227,592	-0-	314,510
Assigned	463,013	-0-	-0-	463,013
Unassigned	(28,264)	-0-	(37,201)	(65,465)
Total fund balances	<u>521,667</u>	<u>227,592</u>	<u>(37,201)</u>	<u>712,058</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,618,878</u>	\$ <u>227,592</u>	\$ <u>1,067</u>	\$ <u>1,847,537</u>

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

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

	<u>Special Revenue Funds</u>	<u>Nonmajor Permanent Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
Revenues				
Taxes and special assessments				
Ad valorem	\$ 24,705	\$ -0-	\$ -0-	\$ 24,705
Fines and forfeits	25,418	-0-	-0-	25,418
Investment income	2,863	9,471	3	12,337
Donations and contributions	897,962	-0-	-0-	897,962
Charges for services	151,963	-0-	-0-	151,963
Intergovernmental:				
Federal	1,338,669	-0-	-0-	1,338,669
Reimbursements	<u>72</u>	<u>-0-</u>	<u>-0-</u>	<u>72</u>
Total revenues	<u>2,441,652</u>	<u>9,471</u>	<u>3</u>	<u>2,451,126</u>
Expenditures				
Public safety	178,454	-0-	-0-	178,454
Highways and streets	330,057	-0-	-0-	330,057
Culture and recreation	2,495	-0-	-0-	2,495
Insurance and benefits paid	2,792,721	-0-	-0-	2,792,721
Community development	158,601	-0-	-0-	158,601
Economic development	519,434	-0-	4,834	524,268
Debt service:				
Principal	-0-	-0-	79,000	79,000
Interest	<u>-0-</u>	<u>-0-</u>	<u>92,095</u>	<u>92,095</u>
Total expenditures	<u>3,981,762</u>	<u>-0-</u>	<u>175,929</u>	<u>4,157,691</u>
(Deficiency) excess of revenues (under) over expenditures	(1,540,110)	<u>9,471</u>	(175,926)	(1,706,565)
Other Financing Sources (Uses)				
Operating transfers in	1,863,975	-0-	172,372	2,036,347
Operating transfers (out)	(306,502)	<u>-0-</u>	<u>-0-</u>	(306,502)
Total other financing sources (uses)	<u>1,557,473</u>	<u>-0-</u>	<u>172,372</u>	<u>1,729,845</u>
Net change in fund balance	17,363	9,471	(3,554)	23,280
Fund balance beginning of year	<u>504,304</u>	<u>218,121</u>	(33,647)	<u>688,778</u>
Fund balance end of year	\$ <u>521,667</u>	\$ <u>227,592</u>	\$ (37,201)	\$ <u>712,058</u>

The accompanying notes are an integral part of the combining financial statements.

CITY OF PARKERSBURG, WEST VIRGINIA
COMBINING FUND BALANCE SHEETS – NONMAJOR GOVERNMENTAL FUNDS –
SPECIAL REVENUE FUNDS
JUNE 30, 2013

	<u>Asset Forfeiture and Reimbursement Grant</u>	<u>Historical Preservation</u>	<u>Community Development</u>	<u>Employee Benefits</u>	<u>Police Special Projects</u>	<u>Neighborhood Stabilization</u>	<u>County Rehab</u>	<u>Tax Increment Financing District</u>	<u>Farmers Market</u>	<u>Medical FSA</u>	<u>Total</u>
ASSETS											
Cash	\$ 81,285	\$ 26,560	\$ 27,512	\$ 597,918	\$ 12,271	\$ 53,331	\$ -0-	\$ 42	\$ 1,058	\$ 7,824	\$ 807,801
Receivables (net of allowances for uncollectibles)											
Accounts	-0-	-0-	350	-0-	-0-	-0-	-0-	-0-	-0-	-0-	350
Loans	-0-	6,076	1,101,040	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,107,116
Due from/(to) other funds	<u>-0-</u>	<u>41,208</u>	<u>(68,164)</u>	<u>(263,025)</u>	<u>-0-</u>	<u>(6,408)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(296,389)</u>
TOTAL ASSETS	\$ <u>81,285</u>	\$ <u>73,844</u>	\$ <u>1,060,738</u>	\$ <u>334,893</u>	\$ <u>12,271</u>	\$ <u>46,923</u>	\$ <u>-0-</u>	\$ <u>42</u>	\$ <u>1,058</u>	\$ <u>7,824</u>	\$ <u>1,618,878</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable	\$ -0-	\$ -0-	\$ 1,756	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 376	\$ 2,191	\$ 4,323
Deferred revenue	<u>-0-</u>	<u>5,642</u>	<u>1,087,246</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,092,888</u>
Total liabilities	<u>-0-</u>	<u>5,642</u>	<u>1,089,002</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>376</u>	<u>2,191</u>	<u>1,097,211</u>
Fund Balances											
Restricted	81,285	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,633	86,918
Assigned	-0-	68,202	-0-	334,893	12,271	46,923	-0-	42	682	-0-	463,013
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>(28,264)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(28,264)</u>
Total fund balances	<u>81,285</u>	<u>68,202</u>	<u>(28,264)</u>	<u>334,893</u>	<u>12,271</u>	<u>46,923</u>	<u>-0-</u>	<u>42</u>	<u>682</u>	<u>5,633</u>	<u>521,667</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>81,285</u>	\$ <u>73,844</u>	\$ <u>1,060,738</u>	\$ <u>334,893</u>	\$ <u>12,271</u>	\$ <u>46,923</u>	\$ <u>-0-</u>	\$ <u>42</u>	\$ <u>1,058</u>	\$ <u>7,824</u>	\$ <u>1,618,878</u>

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

**CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Assets</u> <u>Forfeiture and</u> <u>Reimbursement</u> <u>Grant</u>	<u>Historical</u> <u>Preservation</u>	<u>Community</u> <u>Development</u>	<u>Employee</u> <u>Benefits</u>	<u>Police</u> <u>Special</u> <u>Projects</u>	<u>Neighborhood</u> <u>Stabilization</u>	<u>County</u> <u>Rehab</u>	<u>Tax</u> <u>Increment</u> <u>Financing</u> <u>District</u>	<u>Farmers</u> <u>Market</u>	<u>Medical</u> <u>FSA</u>	<u>Total</u>
Revenues											
Taxes and special assessments:											
Ad valorem	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 24,705	\$ -0-	\$ -0-	\$ 24,705
Fines and forfeits	25,418	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	25,418
Investment income	52	230	2,581	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,863
Donations and contributions	-0-	-0-	-0-	875,107	8,515	-0-	-0-	-0-	1,000	13,340	897,962
Charges for services	-0-	6,603	145,344	-0-	-0-	-0-	-0-	-0-	16	-0-	151,963
Intergovernmental:											
Federal	-0-	-0-	761,819	-0-	-0-	576,850	-0-	-0-	-0-	-0-	1,338,669
Reimbursements	<u>72</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>72</u>
Total revenues	<u>25,542</u>	<u>6,833</u>	<u>909,744</u>	<u>875,107</u>	<u>8,515</u>	<u>576,850</u>	<u>-0-</u>	<u>24,705</u>	<u>1,016</u>	<u>13,340</u>	<u>2,441,652</u>
Expenditures											
Public safety	37,302	-0-	133,181	-0-	7,971	-0-	-0-	-0-	-0-	-0-	178,454
Highways and streets	-0-	-0-	330,057	-0-	-0-	-0-	-0-	-0-	-0-	-0-	330,057
Culture and recreation	-0-	2,495	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,495
Insurance and benefits paid	-0-	-0-	-0-	2,779,581	-0-	-0-	-0-	-0-	-0-	13,140	2,792,721
Community development	-0-	-0-	158,601	-0-	-0-	-0-	-0-	-0-	-0-	-0-	158,601
Economic development	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>484,478</u>	<u>9,786</u>	<u>24,705</u>	<u>465</u>	<u>-0-</u>	<u>519,434</u>
Total expenditures	<u>37,302</u>	<u>2,495</u>	<u>621,839</u>	<u>2,779,581</u>	<u>7,971</u>	<u>484,478</u>	<u>9,786</u>	<u>24,705</u>	<u>465</u>	<u>13,140</u>	<u>3,981,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,760)</u>	<u>4,338</u>	<u>287,905</u>	<u>(1,904,474)</u>	<u>544</u>	<u>92,372</u>	<u>(9,786)</u>	<u>-0-</u>	<u>551</u>	<u>200</u>	<u>(1,540,110)</u>

**CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS –
 SPECIAL REVENUE FUNDS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Assets</u> <u>Forfeiture and</u> <u>Reimbursement</u> <u>Grant</u>	<u>Historical</u> <u>Preservation</u>	<u>Community</u> <u>Development</u>	<u>Employee</u> <u>Benefits</u>	<u>Police</u> <u>Special</u> <u>Projects</u>	<u>Neighborhood</u> <u>Stabilization</u>	<u>County</u> <u>Rehab</u>	<u>Tax</u> <u>Increment</u> <u>Financing</u> <u>District</u>	<u>Farmers</u> <u>Market</u>	<u>Medical</u> <u>FSA</u>	<u>Total</u>
Other Financing Sources (Uses)											
Operating transfers in	\$ -0-	\$ -0-	\$ -0-	\$ 1,856,575	\$ -0-	\$ 7,400	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,863,975
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>(276,740)</u>	<u>-0-</u>	<u>-0-</u>	<u>(29,762)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(306,502)</u>
Total other financings sources uses	<u>-0-</u>	<u>-0-</u>	<u>(276,740)</u>	<u>1,856,575</u>	<u>-0-</u>	<u>(22,362)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,557,473</u>
Net change in fund balances	(11,760)	4,338	11,165	(47,899)	544	70,010	(9,786)	-0-	551	200	17,363
Fund balance beginning of year	<u>93,045</u>	<u>63,864</u>	<u>(39,429)</u>	<u>382,792</u>	<u>11,727</u>	<u>(23,087)</u>	<u>9,786</u>	<u>42</u>	<u>131</u>	<u>5,433</u>	<u>504,304</u>
Fund balance end of year	\$ <u>81,285</u>	\$ <u>68,202</u>	\$ <u>(28,264)</u>	\$ <u>334,893</u>	\$ <u>12,271</u>	\$ <u>46,923</u>	\$ <u>-0-</u>	\$ <u>42</u>	\$ <u>682</u>	\$ <u>5,633</u>	\$ <u>521,667</u>

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

CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING FUND BALANCE SHEETS – NONMAJOR
 GOVERNMENTAL FUNDS –
 DEBT SERVICE FUNDS
 JUNE 30, 2013

	<u>Riverfront Park</u>
ASSETS	
Cash	\$ <u>1,067</u>
TOTAL ASSETS	\$ <u>1,067</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Matures bond interest payable	\$ <u>38,268</u>
Total liabilities	<u>38,268</u>
Fund Balance	
Unassigned	<u>(37,201)</u>
Total fund balance	<u>(37,201)</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,067</u>

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

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

	<u>Riverfront Park</u>
Revenues	
Investment income	\$ <u>3</u>
Total revenues	<u>3</u>
Expenditures	
Economic development	4,834
Debt service:	
Principal	79,000
Interest	<u>92,095</u>
Total expenditures	<u>175,929</u>
Excess (deficiency) of revenues over (under) expenditures	(175,926)
Other Financing Sources (Uses)	
Operating transfers in	<u>172,372</u>
Total other financing sources (uses)	<u>172,372</u>
Net change in fund balance	(3,554)
Fund balance – beginning of year	(33,647)
Fund balance – end of year	\$ (<u>37,201</u>)

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

**CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING FUND BALANCE SHEETS – NONMAJOR
 GOVERNMENTAL FUNDS –
 PERMANENT FUNDS
 JUNE 30, 2013**

	<u>Charles Hurst Fund</u>	<u>Caroline Jackson Fund</u>	<u>Julia and Ben Nathan Fund</u>	<u>RJA Boreman Fund</u>	<u>Solomon Prager Fund</u>	<u>Total</u>
ASSETS						
Cash	\$ 13,196	\$ 12,339	\$ 9,514	\$ 57	\$ 2,153	\$ 37,259
Investments	<u>-0-</u>	<u>131,585</u>	<u>-0-</u>	<u>58,748</u>	<u>-0-</u>	<u>190,333</u>
TOTAL ASSETS	\$ <u>13,196</u>	\$ <u>143,924</u>	\$ <u>9,514</u>	\$ <u>58,805</u>	\$ <u>2,153</u>	\$ <u>227,592</u>
LIABILITIES AND FUND BALANCES						
Fund Balances						
Restricted	\$ <u>13,196</u>	\$ <u>143,924</u>	\$ <u>9,514</u>	\$ <u>58,805</u>	\$ <u>2,153</u>	\$ <u>227,592</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>13,196</u>	\$ <u>143,924</u>	\$ <u>9,514</u>	\$ <u>58,805</u>	\$ <u>2,153</u>	\$ <u>227,592</u>

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

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

	<u>Charles Hurst Fund</u>	<u>Caroline Jackson Fund</u>	<u>Julia and Ben Nathan Fund</u>	<u>RJA Boreman Fund</u>	<u>Solomon Prager Fund</u>	<u>Total</u>
Revenues						
Investment income	\$ <u>7</u>	\$ <u>9,386</u>	\$ <u>-0-</u>	\$ <u>78</u>	\$ <u>-0-</u>	\$ <u>9,471</u>
Total revenues	<u>7</u>	<u>9,386</u>	<u>-0-</u>	<u>78</u>	<u>-0-</u>	<u>9,471</u>
Expenditures						
Benefits paid	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	7	9,386	-0-	78	-0-	9,471
Fund balance beginning of year	<u>13,189</u>	<u>134,538</u>	<u>9,514</u>	<u>58,727</u>	<u>2,153</u>	<u>218,121</u>
Fund balance end of year	\$ <u>13,196</u>	\$ <u>143,924</u>	\$ <u>9,514</u>	\$ <u>58,805</u>	\$ <u>2,153</u>	\$ <u>227,592</u>

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

**CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 JUNE 30, 2013**

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>	<u>Total</u>
Assets			
Cash	\$ 66,361	\$ 1,067,413	\$ 1,133,774
Investments	9,298,860	9,287,939	18,586,799
Receivables:			
Accrued interest	<u>31,183</u>	<u>33,798</u>	<u>64,981</u>
Total assets	<u>9,396,404</u>	<u>10,389,150</u>	<u>19,785,554</u>
Liabilities			
Accounts payable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Assets			
Held in trust	\$ <u>9,396,404</u>	\$ <u>10,389,150</u>	\$ <u>19,785,554</u>

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

**CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 888,678	\$ 1,959,672	\$ 2,848,350
Employee	208,919	184,519	393,438
Insurance premium tax allocation	<u>618,740</u>	<u>622,008</u>	<u>1,240,748</u>
Total contributions	<u>1,716,337</u>	<u>2,766,199</u>	<u>4,482,536</u>
Investment income:			
Net change in fair value of assets	339,670	351,060	690,730
Interest and dividends	<u>203,035</u>	<u>197,406</u>	<u>400,441</u>
Total investment income	<u>542,705</u>	<u>548,466</u>	<u>1,091,171</u>
Miscellaneous			
	<u>84</u>	<u>-0-</u>	<u>84</u>
Total additions	<u>2,259,126</u>	<u>3,314,665</u>	<u>5,573,791</u>
Deductions:			
General and administrative	152	150	302
Benefit payments	<u>1,935,696</u>	<u>2,564,188</u>	<u>4,499,884</u>
Total deductions	<u>1,935,848</u>	<u>2,564,338</u>	<u>4,500,186</u>
Net increase	323,278	750,327	1,073,605
Net assets – beginning of year	<u>9,073,126</u>	<u>9,638,823</u>	<u>18,711,949</u>
Net assets – end of year	\$ <u>9,396,404</u>	\$ <u>10,389,150</u>	\$ <u>19,785,554</u>

The accompanying independent auditor's report and notes are integral parts of this statements.

**CITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
JUNE 30, 2013**

	<u>Tree Commission</u>
Assets	
Cash	\$ <u>488</u>
Total assets	\$ <u>488</u>
Liabilities	
Refunds payable and others	\$ <u>488</u>
Total liabilities	\$ <u>488</u>

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



**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***

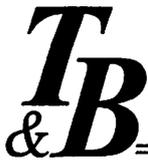
The Honorable Mayor and Council of
the City of Parkersburg
Parkersburg, West Virginia

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 discretely presented component units, each major fund, and the aggregate remaining fund information of City of Parkersburg, West Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Parkersburg, West Virginia's basic financial statements, and have issued our report thereon date February 28, 2014.

Internal Control Over Financial Reporting

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

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



**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 of
the City of Parkersburg
Parkersburg, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Parkersburg, 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 Parkersburg, West Virginia's major federal programs for the year ended June 30, 2013. The City of Parkersburg, 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 Parkersburg, 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 Parkersburg, 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 Parkersburg, West Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Parkersburg, 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 Parkersburg, 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 Parkersburg, 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 Parkersburg, 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.

Detrick, Bartlett, PHHC

February 28, 2014

**CITY OF PARKERSBURG, 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>No</u>
Deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>Yes</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 Housing and Urban Development/Office of Community Planning and Development

Home Investment Partnerships Program	CFDA #14.239
Community Development Block Grants/Entitlement Grants	CFDA #14.218
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	CFDA #14.228
ARRA – Community Development Block Grant/Entitlement Grants Community Development Block Grants – Entitlement Grants Cluster	CFDA #14.253

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$300,000</u>
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Auditee qualified as low-risk auditee	___ yes <u>X</u> no
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**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2013**

B. Findings – Financial Statement Audit

No Findings

C. Findings and Questioned Costs - Major Federal Award Program Audit

United States Department of Housing and Urban Development – Office of Community Planning and Development – Home Investment Program – CFDA Number 14.239 – Year Ended June 30, 2013; United States Department of Housing and Urban Development – Office of Community Planning and Development – Community Development Block Grants/Entitlement Grants – CFDA Number 14.218 – Year Ended June 30, 2013; United States Department of Housing and Urban Development – Office of Community Planning and Development – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA Number 14.228 – Year Ended June 30, 2013; United States Department of Housing and Urban Development – Office of Community Planning and Development – ARRA – Community Development Block Grants/Entitlement Grants – Community Development Block Grants – Entitlement Grants Cluster – CFDA #14.253 – Year Ended June 30, 2013

There were no findings and questioned costs identified in the major federal award program audit.

**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF 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>Total Federal Expenditures</u>
United States Department of Justice			
<i>Department of Justice/Wood County Commission</i>			
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments	16.804	F-12-HS-03	\$ 6,932
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments	16.804	F-13-HS-03	13,589
<i>Bureau of Justice Assistance/Statement of West Virginia</i>			
<i>Division of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0018	44,786
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12-JAG-21	20,000
<i>West Virginia Department of Transportation</i>			
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	SRTS-2009(148)D	49,157
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	SRTS-2011(055)D	<u>73,593</u>
Total United States Department of Justice			\$ <u>208,057</u>
United States Department of Housing and Urban Development			
<i>Office of Community Planning and Development</i>			
Home Investment Partnerships Program	14.239	M-09-DC-54-0203	\$ 333,200
ARRA – Community Development Block Grants/Entitlement Grants Community Development Block Grants – Entitlement Grants Cluster	14.253	B-09-MY-54-0003	4,585
Home Investment Partnerships Program	14.239	M-10-DC-54-0203	3,822
Home Investment Partnerships Program	14.239	M-11-DC-54-0203	120,407
Home Investment Partnerships Program	14.239	M-12-DC-54-0203	48,504
Home Investment Partnerships Program	14.239	M-08-DC-54-0203	90,992
Community Development Block Grants/Entitlement Grants	14.218	B-11-MC-54-0003	744,116
<i>West Virginia Development Office</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-08-DN-54-0001	558,585
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	E-12-DC-54-0001	<u>19,000</u>
Total United States Department of Housing and Urban Development			\$ <u>1,923,211</u>

**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTD)
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>Total Federal Expenditures</u>
United States Department of the Interior			
<i>National Park Service/West Virginia Development Office</i>			
Outdoor Recreation Acquisition, Development and Planning	15.196	09LWCF00000	\$ 30,000
Outdoor Recreation Acquisition, Development and Planning	15.196	11-044	<u>46,182</u>
Total United States Department of the Interior			\$ <u>76,182</u>
United States Department of Transportation			
<i>Federal Highway Administration/West Virginia Department of Transportation, Division of Highways</i>			
ARRA – Highway Planning and Construction	20.205	TEA-OH22(001)D	\$ 242,043
Highway Planning and Construction	20.205	TEA-OH22(001)D	<u>40,117</u>
Total United States Department of Transportation			\$ <u>282,160</u>
United States Environmental Protection Agency			
<i>Office of Solid Waste and Emergency Response</i>			
ARRA – Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97398801	\$ <u>100,317</u>
Total United States Environmental Protection Agency			\$ <u>100,317</u>
United States Department of Homeland Security			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4071-DR-WV	\$ <u>86,519</u>
Total United States Department of Homeland Security			\$ <u>86,519</u>
Total Federal Expenditures			\$ <u>2,676,446</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 – Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City of Parkersburg, West Virginia's federal award programs and does not present transactions that would be included in the financial statements of the City of Parkersburg 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 this schedule.

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

United States Department of Housing and Urban Development – Office of Community Planning and Development – Home Investment Program – CFDA Number 14.239 – Year Ended June 30, 2012; United States Department of Housing and Urban Development – Office of Community Planning and Development – Community Development Block Grants/Entitlement Grants – CFDA Number 14.218 – Year Ended June 30, 2012; United States Department of Housing and Urban Development – Office of Community Planning and Development – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA Number 14.228 – Year Ended June 30, 2012

There were no prior audit findings related to federal funding.