

**CITY OF RANSON
Ranson, West Virginia**

**FINANCIAL STATEMENTS
(with Supplemental Information)**

For the year ended June 30, 2005

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City of Ranson, West Virginia
SCHEDULE OF FUNDS INCLUDED IN REPORT
June 30, 2005

GOVERNMENTAL FUND TYPES

Major Funds

General

Nonmajor Funds

Coal Severance Fund

Parks and Recreation Fund

Police Building Fund

Capital Fund

BUSINESS-TYPE FUNDS

Major Funds

Sewer Fund

FIDUCIARY FUND TYPES

School Proffers Trust

City of Ranson, West Virginia
CITY OFFICIALS
June 30, 2005

Elected Officials:

Mayor	A. David Hamill	07/01/01-06/30/05
City Council	Kimberly Biddle	07/01/01-06/30/05
	Tony Braithwaite	07/01/02-06/30/06
	Pete Breeden	07/01/02-06/30/06
	Donnie Magaha	07/01/02-06/30/06
	Keith Pierson	07/01/01-06/30/05
	Howard Shade	07/01/02-06/30/06

Appointed Officials:

City Manager	P. David Mills	07/01/01-06/30/05
City Attorney	Charles Howard	Reappointed annually

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Honorable Mayor and Council
City of Ranson
Ranson, West Virginia

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 Ranson, West Virginia (City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 Ranson, West Virginia, as of June 30, 2005, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, on our consideration of the City's internal control over financial reporting and 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 overall opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 32-33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Ranson has not presented a management discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ranson, West Virginia's basic financial statements. The introductory section and combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

J.E. KUNKLE & ASSOCIATES, A.C.

Martinsburg, West Virginia
December 15, 2008

City of Ranson, West Virginia
STATEMENT OF NET ASSETS
June 30, 2005

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	BUILDING COMMISSION	CONVENTION AND VISITORS BUREAU
ASSETS					
Current:					
Cash	\$ 444,822	\$ 178,154	\$ 622,976	\$ 242	\$ 10,301
Receivables, net of allowances:					
Taxes	28,059	15,000	43,059	-	-
Accounts	139,373	-	139,373	-	-
Internal balances	296,953	(296,953)	-	-	-
Total current assets	<u>909,207</u>	<u>(103,799)</u>	<u>805,408</u>	<u>242</u>	<u>10,301</u>
Capital assets:					
Land	119,183	-	119,183	37,000	-
Building	-	-	-	122,000	-
Building improvements	-	-	-	413,332	-
Leasehold improvements	3,135	-	3,135	-	-
Roads	171,868	-	171,868	-	-
Equipment	47,343	-	47,343	-	3,718
Vehicles	455,992	-	455,992	-	-
Utility plant in service	-	1,762,542	1,762,542	-	-
Less: accumulated depreciation	<u>(302,175)</u>	<u>(802,571)</u>	<u>(1,104,746)</u>	<u>(28,780)</u>	<u>(186)</u>
Total capital assets	<u>495,346</u>	<u>959,971</u>	<u>1,455,317</u>	<u>543,552</u>	<u>3,532</u>
Other:					
Unamortized bond issue costs	-	-	-	-	-
Future utility plant design charges	-	23,474	23,474	-	-
Total other	<u>-</u>	<u>23,474</u>	<u>23,474</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,404,553</u>	<u>\$ 879,646</u>	<u>\$ 2,284,199</u>	<u>\$ 543,794</u>	<u>\$ 13,833</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Current liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	4,109	-	4,109	-	-
Notes payable	-	-	-	558	-
Capital leases payable (current portion)	65,110	31,196	96,306	-	-
Bonds payable (current portion)	-	-	-	22,648	-
Total current liabilities	<u>69,219</u>	<u>31,196</u>	<u>100,415</u>	<u>23,206</u>	<u>-</u>
Long-term liabilities (net of current portion):					
Bonds payable	-	-	-	379,598	-
Capital leases payable	12,912	25,240	38,152	-	-
Notes payable	-	-	-	11,860	-
Accrued expenses	106,368	-	106,368	-	-
Total long-term liabilities	<u>119,280</u>	<u>25,240</u>	<u>144,520</u>	<u>391,458</u>	<u>-</u>
Total liabilities	<u>188,499</u>	<u>56,436</u>	<u>244,935</u>	<u>414,664</u>	<u>-</u>
Net Assets:					
Invested in capital assets, net of related debt	417,324	927,010	1,344,334	128,889	-
Restricted for debt and construction	-	-	-	-	-
Unrestricted	798,730	(103,800)	694,930	241	13,833
Total net assets	<u>1,216,054</u>	<u>823,210</u>	<u>2,039,264</u>	<u>129,130</u>	<u>13,833</u>
Total liabilities and net assets	<u>\$ 1,404,553</u>	<u>\$ 879,646</u>	<u>\$ 2,284,199</u>	<u>\$ 543,794</u>	<u>\$ 13,833</u>

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
STATEMENT OF ACTIVITIES
For the year ended June 30, 2005

	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS				COMPONENT UNITS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	BUILDING COMMISSION	CONVENTION AND VISITORS BUREAU
FUNCTIONS/PROGRAMS									
PRIMARY GOVERNMENT									
Governmental activities:									
General government	\$ 1,088,871	\$ 624,510	\$ 37,047	-	\$ (427,314)	\$ -	\$ (427,314)	\$ -	\$ -
Public safety	810,416	209,450	-	-	(600,966)	-	(600,966)	-	-
Highways and streets	374,526	-	-	-	(374,526)	-	(374,526)	-	-
Sanitation	365,801	183,063	-	-	(182,738)	-	(182,738)	-	-
Culture and Recreation	19,883	-	-	-	(19,883)	-	(19,883)	-	-
Total governmental activities	2,659,497	1,017,023	37,047	-	(1,605,427)	-	(1,605,427)	-	-
Business-type activities:									
Sewer	611,444	523,232	-	106,928	-	18,716	18,716	-	-
Total business-type activities	611,444	523,232	-	106,928	-	18,716	18,716	-	-
Total primary government	\$ 3,270,941	\$ 1,540,255	\$ 37,047	\$ 106,928	\$ (1,605,427)	\$ 18,716	\$ (1,586,711)	\$ -	\$ -
COMPONENT UNITS									
Building Commission	\$ 29,727	\$ 35,852	\$ -	\$ -	\$ -	\$ -	\$ 6,125	\$ -	\$ 1,471
Convention and Visitors Bureau	10,265	11,167	569	-	-	-	6,125	-	1,471
Total component units	\$ 39,992	\$ 47,019	\$ 569	\$ -	\$ -	\$ -	\$ 6,125	\$ -	\$ 1,471
General revenues:									
Taxes:									
Property taxes, levied for general purposes					373,493				
Business and occupation tax					373,496				
Alcoholic beverage tax					28,746				
Utility services tax					77,930				
Hotel/motel tax					5,544				
Other taxes					6,766				
Miscellaneous					70,607		117,350		6,784
Interest income					1,436		1,436		-
Video lottery					1,054,980		1,054,980		-
Transfers					(230,853)	230,853	-		-
Total general revenues					1,762,145	230,853	1,992,998	117,350	6,784
Change in net assets					156,718	249,569	406,287	123,475	8,255
Total net assets at beginning of year					1,059,336	573,641	1,632,977	5,655	5,578
Total net assets at end of year					\$ 1,216,054	\$ 823,210	\$ 2,039,264	\$ 129,130	\$ 13,833

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2005

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS			
Cash	\$ 416,029	\$ 28,794	\$ 444,823
Receivables, net of allowances:			
Taxes	28,059	-	28,059
Accounts	139,373	-	139,373
Due from other funds	296,953	-	296,953
 Total assets	\$ 880,414	\$ 28,794	\$ 909,208
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenues	-	-	-
Other accrued expenses	4,112	-	4,112
Due to other funds	-	-	-
 Total liabilities	4,112	-	4,112
Fund balances:			
Reserved for capital improvements	-	194	194
Unreserved			
Designated	-	-	-
Undesignated	876,302	28,600	904,902
 Total fund balances	876,302	28,794	905,096
 Total liabilities and fund balances	\$ 880,414	\$ 28,794	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	495,346
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(184,388)
Net assets of governmental activities.	\$ 1,216,054

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS**
 For the year ended June 30, 2005

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES			
Taxes (including interest and penalties)	\$ 869,037	\$ -	\$ 869,037
Licenses and permits	554,710	-	554,710
Intergovernmental:			
Federal	37,047	-	37,047
State	-	8,237	8,237
Charges for services	184,472	-	184,472
Fines and forfeits	209,450	-	209,450
Franchise fees	29,446	-	29,446
Interest	1,436	-	1,436
Video lottery	1,054,979	-	1,054,979
Charges to other funds	38,945	-	38,945
Miscellaneous	61,234	1,136	62,370
Total revenues	3,040,756	9,373	3,050,129
EXPENDITURES			
General government	1,097,789	-	1,097,789
Public safety	876,956	-	876,956
Highways and streets	532,597	-	532,597
Sanitation	376,249	-	376,249
Culture and recreation	6,784	22,615	29,399
Total expenditures	2,890,375	22,615	2,912,990
Excess (deficiency) of revenues over expenditures	150,381	(13,242)	137,139
Other financing sources (uses):			
Transfers in	-	22,615	22,615
Transfers out	(253,468)	-	(253,468)
Total other financing sources (uses)	(253,468)	22,615	(230,853)
Net change in fund balance	(103,087)	9,373	(93,714)
Fund balance at beginning of year	979,389	19,421	998,810
Fund balance at end of year	<u>\$ 876,302</u>	<u>\$ 28,794</u>	<u>\$ 905,096</u>

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 For the year ended June 30, 2005

Net change in fund balance - total governmental funds		\$ (93,714)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays	228,084	
Depreciation expense	<u>(63,334)</u>	
Amount depreciation exceeds capital outlays in the current period		164,750
<p>Governmental funds report capital lease payments as expenditures. However, in the statement of activities these payments are not reported because they are a reduction in outstanding debt.</p>		
		70,171
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Deferred revenues increased by this amount in the current period.</p>		
		(3,063)
<p>Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. Accrued compensated absences increased by this amount in current period.</p>		
		<u>18,574</u>
Change in net assets of governmental activities.		<u><u>\$ 156,718</u></u>

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2005

ASSETS	<u>Sewer Fund</u>
Current:	
Cash	\$ 178,154
Receivables, net of allowances	15,000
Due from other funds	<u>-</u>
Total current assets	<u>193,154</u>
Capital Assets:	
Utility plant in service	1,762,542
Less: accumulated depreciation and amortization	<u>(802,571)</u>
Net utility plant in service	<u>959,971</u>
Total capital assets	<u>959,971</u>
Other:	
Future utility plant design fees	<u>23,474</u>
Total other	<u>23,474</u>
Total assets	<u><u>\$ 1,176,599</u></u>
CURRENT LIABILITIES	
Accounts payable	\$ -
Accrued expenses	-
Due to general fund	296,953
Capital leases payable (current portion)	<u>31,196</u>
Total current liabilities	<u>328,149</u>
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)	
Capital leases payable	<u>25,240</u>
Total long-term liabilities	<u>25,240</u>
Total liabilities	<u>353,389</u>
NET ASSETS	
Invested in capital assets, net of related debt	927,010
Restricted	-
Unrestricted	<u>(103,800)</u>
Total net assets	<u>823,210</u>
Total liabilities and net assets	<u><u>\$ 1,176,599</u></u>

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS
For the year ended June 30, 2005

	<u>Sewer Fund</u>
OPERATING REVENUES	
Sales and services to customers	<u>\$ 523,232</u>
Total operating revenues	<u>523,232</u>
EXPENSES	
Collection	34,040
Pumping	28,585
Treatment and disposal	301,067
Billing and accounting	23,774
Administrative and general	170,684
Taxes	2,287
Depreciation and amortization	47,643
Interest	<u>3,364</u>
Total expenses	<u>611,444</u>
Income (loss) from operations	(88,212)
OTHER INCOME (EXPENSE)	
Transfers in	<u>230,853</u>
Total other income (expense)	<u>230,853</u>
Income before contributed capital	142,641
CONTRIBUTED CAPITAL	<u>106,928</u>
Net income (loss)	249,569
Total net assets at beginning of year	<u>573,641</u>
Total net assets at end of year	<u><u>\$ 823,210</u></u>

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended June 30, 2005

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 521,765
Cash payments for goods and services	<u>(560,437)</u>
Net cash provided by (used in) operations	<u>(38,672)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(73,540)
Principal paid on long-term debt	(3,900)
Interest paid on leases	(3,364)
Contributed capital	106,928
Advances from general fund	<u>143,740</u>
Net cash provided by (used in) capital and related financing activities	<u>169,864</u>
Net increase (decrease) in cash and cash equivalents	131,192
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>46,962</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 178,154</u></u>

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATIONS

Operating income	\$ (88,212)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	47,643
Interest expense	3,364
Decrease (increase) in receivables	(1,467)
Increase (decrease) in accounts payable	-
Increase (decrease) in accrued expenses	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ (38,672)</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash investing, capital, and financing transactions:
None

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2005

	<u>School Proffers Trust</u>
ASSETS	
Cash	<u>\$ 522,990</u>
Total assets	<u><u>\$ 522,990</u></u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Deposit payable	<u>\$ 200</u>
Total liabilities	<u>200</u>
Net assets:	
Net assets held in trust for school development	<u>522,790</u>
Total liabilities and net assets	<u><u>\$ 522,990</u></u>

The accompanying notes are an integral part of this statement.

City of Ranson, West Virginia
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the year ended June 30, 2005

	<u>School Proffers Trust</u>
ADDITIONS	
Contribution	<u>515,364</u>
Total contributions	<u>515,364</u>
Investment income:	
Interest	<u>7,520</u>
Total investment income	<u>7,520</u>
Total additions	<u>522,884</u>
DEDUCTIONS	
Payments to schools	-
Administrative expense	<u>70</u>
Total deductions	<u>70</u>
Change in net assets	522,814
NET ASSETS HELD IN TRUST FOR SCHOOLS	
Beginning of year	<u>(24)</u>
End of year	<u><u>\$ 522,790</u></u>

The accompanying notes an integral part of this statement.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ranson, West Virginia ("City") is a municipal corporation in which citizens elect the mayor at large and six council members. The City engages in a comprehensive range of services, including general government administration, public safety and administration of justice, street maintenance, sanitation services, sewer services, recreation, cultural and historic activities.

The accounting policies and the presentation of the financial report of the City has been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

The City follows the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* for financial reporting. Certain significant components of the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations. The City has not presented an MD&A section.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- Fund financial statements that focus on major funds.

These financial statements present all fund types of the City and its discretely presented component units.

Individual Component Unit Disclosure

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The City had no blended component units as of and for the year ended June 30, 2005.

The City of Ranson Building Commission is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Building Commission. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the Building Commission. Separate financial information can be obtained from the City of Ranson Building Commission.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individual Component Unit Disclosure (continued)

The City of Ranson Convention and Visitor's Bureau is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Convention and Visitor's Bureau. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the City of Ranson Convention and Visitor's Bureau. Separate financial information can be obtained from the City of Ranson Convention and Visitor's Bureau.

Related Organizations

The City's officials are also responsible for appointing the members of the board of various organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments. The City is not financially accountable for the organizations to which these appointments are made.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Under this reporting model, the focus is on both the City as a whole and the fund financial statements, including the major funds of the governmental and business-type categories, as well as the fiduciary funds, (by fund type) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected in a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, highways and streets, sanitation, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, business and occupation 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 and contributions. The program revenues must be directly associated with the function (general government, public safety, highways and streets, culture and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers for applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating - specific and discretionary (either operating or capital) grants while the capital grants column reflects capital - specific grants and contributions.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party (Jefferson County Board of Education School Proffer) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government - wide statements.

The following is a brief description of the specific funds used by the City:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds are reported using the current financial resource 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 collected within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General Fund

The general fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

Special Revenue Funds

Special revenue funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The special revenue funds are considered non-major funds for reporting purposes.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Proprietary Funds

Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost of providing goods and services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The City's proprietary fund accounts for the operation of sewer activities.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. The fiduciary fund of the City is a school proffer trust fund. For accounting measurement purposes, the school proffer trust fund accounts for the assets of the City's proffer fees. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. Fiduciary funds are not included in the government-wide financial statements.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of decreases (e.g., expenses) in net total assets.

The statements of net assets, statements of activities, and financial statements of the proprietary funds and fiduciary funds (except for agency funds) are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

All municipalities within West Virginia are required by statute to prepare annual budgets (levy estimates) on prescribed forms 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 City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the City 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.

The annual budget for the General Fund is prepared on a basis generally consistent with U.S. generally accepted accounting principles.

Revisions are authorized only with the prior written approval of the State Tax Commissioner. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the City's Council and approved by the State Tax Commissioner.

Encumbrances

Encumbrance accounting, under which purchase orders are issued but are not considered expenditures until liabilities for payments are incurred, is not employed as an extension of the formal budgetary process.

Customer Receivables

The City uses the reserve method of providing for possible losses in the collection of its customers' accounts receivable. Management believes all accounts are materially collectible and no allowance is necessary for the year ended June 30, 2005.

Inventories

The City considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the City's financial statements.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital outlays are recorded as expenditures of the general and special revenue funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25-40 years
Improvements	10-40 years
Equipment	3-10 years

To the extent that the City's capitalization threshold of \$5,000 is met, capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the funds basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25-40 years
Improvements	10-40 years
Utility Plant	10-50 years
Equipment	3-10 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Bond Issue Cost

Bond issue costs are amortized over the life of the related bonds using the straight-line method.

Capitalized Interest

The City capitalizes net interest costs and interest earned as part of constructing various sewer projects when material. There was no capitalized interest for the year ended June 30, 2005.

Compensated Absences

The City's policy is to permit employees to accumulate earned but unused vacation benefits. The City fully recognizes the liability related to compensated absences in the governmental and proprietary funds in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 43 without modification.

Interfund Charges

The City allocates to the sewer fund a percentage of the salaries and wages and related cost of personnel who perform services for such funds but are paid out of the general fund. These services are billed on a periodic basis at the time the services are performed.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased are considered to be cash equivalents.

NOTE 2: 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 distraint 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 becomes delinquent on October first; 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 due, 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 per 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 maximum levies per \$100 of assessed valuation. 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 rates levied by the City per \$100 of assessed valuation for each class of property for the year ended June 30, 2005, were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ 206,700	12.45¢
Class II	\$ 27,491,700	24.90¢
Class IV	\$ 54,079,054	49.80¢

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2005

NOTE 3: CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments represent amounts being held at banks and consist of the following accounts and amounts at June 30, 2005:

	<u>Primary Government</u> <u>Market Value</u>	<u>Component Unit</u> <u>Market Value</u>
Unrestricted accounts		
Bank accounts	\$ 567,083	\$ 10,543
Temporary investments	55,893	-
Bank accounts - fiduciary funds	<u>522,990</u>	<u>-</u>
Total	<u>\$ 1,145,966</u>	<u>\$ 10,543</u>

Temporary investments consist entirely of purchased certificates of deposits.

Municipalities are authorized by statute to provide excess funds to the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

The market value of the above investments approximates cost at June 30, 2005.

NOTE 4: COLLATERALIZATION OF DEPOSITS

The City maintains its cash accounts at financial institutions. The City deposits held by financial institutions are insured up to \$100,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). The City's deposits held at one financial institution exceeds the \$100,000 FDIC limit. The City's deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year end.

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

Category 2 – Collateralized with securities held by the pledging financial institution or agent in the City's name.

Category 3 – Uncollateralized (which includes securities held by the pledging financial institution or agent not in the City's name).

Deposits categorized by the level of risk are:

	<u>Bank</u> <u>Balance</u>	<u>Category</u>			<u>Carrying</u> <u>Amount</u>
	1	2	3		
Deposits	\$1,235,939	\$1,235,939	\$ -	\$ -	\$1,156,509

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2005

NOTE 5: INTERGOVERNMENTAL BALANCES AND TRANSACTIONS AND INTERFUND TRANSFERS

The composition of interfund balances as of June 30, 2005 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$ 296,953

These balances represent timing differences due to routine advances between the City's Funds for both Governmental Funds and Business-Type Funds. Interfund receivables and payables are expected to be paid by year end.

Interfund transfers and transactions for the year ended June 30, 2005 consisted of the following:

<u>Transfer to (Fund)</u>	<u>Transfer from (Fund)</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ 230,853
Non-Major Gov't Funds	General	<u>22,615</u>
		<u>\$ 253,468</u>

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2005

NOTE 6: CHANGES IN FIXED ASSETS

The following is a summary of the changes in governmental and business-type funds property, plant, and equipment:

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 119,183	\$ -	\$ -	\$ 119,183
Other capital assets:				
Leasehold improvements	3,135	-	-	3,135
Roads	-	171,868	-	171,868
Equipment	14,236	33,107	-	47,343
Vehicles	384,069	71,923	-	455,992
Total	401,440	<u>\$ 276,898</u>	<u>\$ -</u>	678,338
Less:				
Accumulated depreciation	(238,841)			(302,175)
Total other capital assets	162,599			376,163
Governmental activities capital assets, net	<u>\$ 281,782</u>			<u>\$ 495,346</u>
Depreciation was charged to functions as follows:				
Governmental activities:				
General government	\$ 5,070			
Public safety	24,438			
Highways and streets	13,797			
Sanitation	19,529			
Culture and recreation	500			
Total government activities depreciation expense	<u>\$ 63,334</u>			

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2005

NOTE 6: CHANGES IN FIXED ASSETS (Continued)

	<u>Balance at June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2005</u>
Business-Type Activities				
Capital assets being depreciated:				
Utility plant in service	\$ 1,689,002	<u>\$ 73,540</u>	<u>\$ -</u>	\$ 1,762,542
Less:				
Accumulated depreciation	<u>(754,928)</u>			<u>(802,571)</u>
Business-type activities capital assets, net	<u>\$ 934,074</u>			<u>\$ 959,971</u>

Depreciation was charged to functions as follows:

Business-type activities	
Sewer	<u>\$ 47,643</u>
Total business-type activities depreciation expense	<u>\$ 47,643</u>

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2005

NOTE 7: LONG-TERM DEBT

Capital Leases

The following is a summary of lease purchase payables at June 30, 2005:

General Fund

<u>Year</u>	<u>Payments</u>	<u>Interest</u>	<u>Principal</u>	<u>Termination</u>
2006	\$ 67,192	\$ 2,082	\$ 65,110	\$ 12,912
2007	12,104	205	11,899	1,013
2008	<u>1,022</u>	<u>9</u>	<u>1,013</u>	-
	<u>\$ 80,318</u>	<u>\$ 2,296</u>	<u>\$ 78,022</u>	

Sewer Fund

<u>Year</u>	<u>Payments</u>	<u>Interest</u>	<u>Principal</u>	<u>Termination</u>
2006	\$ 32,982	\$ 1,786	\$ 31,196	\$ 25,240
2007	10,354	866	9,488	15,752
2008	8,763	275	8,488	7,264
2009	<u>7,539</u>	<u>275</u>	<u>7,264</u>	
	<u>\$ 59,638</u>	<u>\$ 3,202</u>	<u>\$ 56,436</u>	

The above leases were entered into for the purpose of meeting various equipment needs of the City and the Sewer Department. Rental payments under the leasing arrangements are subject to annual appropriation and do not constitute indebtedness within the meaning of the statutes of West Virginia, but are considered capital leases under generally accepted accounting principles.

Advance Refunding

On November 5, 1990, the City through the West Virginia Municipal Bond Commission advance refunded its 1973 Sewer bond issues. Escrowed investments in the amount of \$373,648 were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the related bonds were redeemed. The advance refunding met the requirements of an in-substance debt defeasance and the escrowed amounts and bonds payable have been removed from the City's balance sheet.

As a result of the advance refunding, the City reduced its total debt service cash requirements by approximately \$40,000 annually. The advance refunding did not result in a significant economic gain or loss.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2005

NOTE 7: LONG-TERM DEBT (continued)

Lease Revenue Bond Payable Ranson Building Commission (Component Unit)

Series 2004 Lease Revenue Bond in the original amount of \$528,000 with an outstanding balance of \$523,752 at June 30, 2005. The bond bears interest at 4.2% and matures April, 2024.

Schedule maturities of the bond for each of the five years succeeding June 30, 2005 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 22,648	\$ 16,463	\$ 39,111
2007	23,619	15,492	39,111
2008	24,630	14,481	39,111
2009	25,684	13,427	39,111
2010	26,785	12,326	39,111
2011-2015	152,140	43,414	195,554
2016-2020	<u>126,740</u>	<u>9,725</u>	<u>136,465</u>
Total	<u>\$ 402,246</u>	<u>\$ 125,328</u>	<u>\$ 527,574</u>

Bond debt service is payable solely from lease rental payments pursuant to an agreement and lease between the Building Commission and the City. Lease rentals are subject to annual appropriation by the City. The bonds are secured by a lease assignment and deed of trust.

NOTE 8: LEASE AGREEMENTS

The City and the Building Commission entered into a Lease dated December 2003, whereby the City leases from the Building Commission certain improved real estate in consideration for the issuance by the Building Commission of Lease Revenue Bonds, Series 2004.

The lease term is for a 20 year period ending in December 2023. The City has pledged to pay lease rentals to the Building Commission consisting of amounts sufficient to promptly pay principal and interest due on the Building Commission's Lease Revenue Bonds, Series 2004. The City is responsible for all operation and maintenance costs associated with the leased property.

NOTE 9: EMPLOYEES' RETIREMENT SYSTEM

The City is a participant in a simple 401(k) plan. The City covers all full time employees with one year experience, and matches 3% of eligible employee compensation. The City contributed \$16,570 towards this system for the fiscal year ended June 30, 2005.

City of Ranson, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2005

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement charges have not exceeded insurance coverage for the current year or prior years in which commercial coverage has been in force.

NOTE 11: CONTINGENCIES

Litigation

The City is routinely a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City, when considered in relation to insurance coverage in force.

Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 12: SEWER SERVICE AGREEMENT

The City of Ranson has entered into an agreement with Jefferson County Public Service District and the City of Charles Town for treatment and discharge of waste water. The agreement sets forth certain terms and conditions and stipulates a specific formula for payment for sewer services.

REQUIRED SUPPLEMENTAL INFORMATION

City of Ranson, West Virginia
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**
For the year ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Taxes (including interest and penalties):				
General property tax	\$ 369,024	\$ 369,024	\$ 376,556	\$ 7,532
Business and occupation tax	275,000	275,000	373,496	98,496
Alcoholic beverages tax	18,000	18,000	28,745	10,745
Utility services tax	79,000	79,000	77,930	(1,070)
Hotel/motel tax	5,000	5,000	5,544	544
Other taxes	8,600	8,600	6,766	(1,834)
Total taxes	<u>754,624</u>	<u>754,624</u>	<u>869,037</u>	<u>114,413</u>
Licenses and permits	160,600	160,600	554,710	394,110
Intergovernmental:				
Federal	79,750	79,750	37,047	(42,703)
State	110,800	110,800	-	(110,800)
Charges for services	211,200	211,200	184,472	(26,728)
Fines and forfeits	146,500	146,500	209,450	62,950
Franchise fees	25,000	25,000	29,446	4,446
Interest	2,000	2,000	1,436	(564)
Video lottery	700,000	700,000	1,054,979	354,979
Miscellaneous	156,266	156,266	100,179	(56,087)
Total revenues	<u>2,346,740</u>	<u>2,346,740</u>	<u>3,040,756</u>	<u>694,016</u>
EXPENDITURES				
General government	799,954	979,954	1,097,789	(117,835)
Public safety	779,629	779,629	876,956	(97,327)
Highways and streets	401,261	401,261	532,597	(131,336)
Sanitation	333,329	333,329	376,249	(42,920)
Culture and recreation	2,500	2,500	6,784	(4,284)
Total expenditures	<u>2,316,673</u>	<u>2,496,673</u>	<u>2,890,375</u>	<u>(393,702)</u>
Excess (deficiency) of revenues over expenditures	<u>30,067</u>	<u>(149,933)</u>	<u>150,381</u>	<u>300,314</u>
Other financing sources (uses):				
Transfers from other funds			-	-
Transfers to other funds	(30,067)	(68,485)	(253,468)	(184,983)
Total other financing sources (uses)	<u>(30,067)</u>	<u>(68,485)</u>	<u>(253,468)</u>	<u>(184,983)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(218,418)	(103,087)	115,331
Fund balance at beginning of year	-	218,418	979,389	760,971
Fund balance at end of year	<u>-</u>	<u>-</u>	<u>\$ 876,302</u>	<u>\$ 876,302</u>

See independent auditor's report.

City of Ranson, West Virginia
**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**
For the year ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
State	\$ 6,000	\$ 6,000	\$ 8,237	2,237
Interest	10	10	-	(10)
Total revenues	6,010	6,010	8,237	2,227
EXPENDITURES				
Streets and highways	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	6,010	6,010	8,237	2,227
Other financing sources (uses):				
Operating transfers out	(6,010)	(10,118)	-	10,118
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(4,108)	8,237	12,345
Fund balance at beginning of year	-	4,108	10,527	6,419
Fund balance at end of year	\$ -	\$ -	\$ 18,764	\$ 18,764

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

City of Ranson - West Virginia
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2005

	Police Building Fund	Coal Severance Fund	Parks and Recreation Fund	Capital Fund	Totals
ASSETS					
Cash	\$ 194	\$ 18,764	\$ 8,700	\$ 1,136	\$ 28,794
Receivables, net of allowances:					
Accounts	-	-	-	-	-
Due from:					
Other funds	-	-	-	-	-
Total assets	<u>\$ 194</u>	<u>\$ 18,764</u>	<u>\$ 8,700</u>	<u>\$ 1,136</u>	<u>\$ 28,794</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for capital improvements	194	-	-	-	194
Unreserved	-	18,764	8,700	1,136	28,600
Total fund balances	<u>194</u>	<u>18,764</u>	<u>8,700</u>	<u>1,136</u>	<u>28,794</u>
Total liabilities and fund balances	<u>\$ 194</u>	<u>\$ 18,764</u>	<u>\$ 8,700</u>	<u>\$ 1,136</u>	<u>\$ 28,794</u>

See independent auditor's report.

City of Ranson, West Virginia
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**
For the year ended June 30, 2005

	Police Building Fund	Coal Severance Fund	Parks and Recreation Fund	Capital Fund	Totals
REVENUES					
Intergovernmental:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	8,237	-	-	8,237
Interest	-	-	-	-	-
Other	-	-	-	1,136	1,136
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,136</u>	<u>1,136</u>
Total revenues	-	8,237	-	1,136	9,373
EXPENDITURES					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Streets and transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	22,615	-	22,615
	<u>-</u>	<u>-</u>	<u>22,615</u>	<u>-</u>	<u>22,615</u>
Total expenditures	-	-	22,615	-	22,615
Excess (deficiency) of revenues over expenditures	-	8,237	(22,615)	1,136	(13,242)
Other financing sources (uses):					
Transfers in	-	-	22,615	-	22,615
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>22,615</u>	<u>-</u>	<u>22,615</u>
Total other financing sources (uses)	-	-	22,615	-	22,615
Net change in fund balance	-	8,237	-	1,136	9,373
Fund balance at beginning of year	194	10,527	8,700	-	19,421
	<u>194</u>	<u>10,527</u>	<u>8,700</u>	<u>-</u>	<u>19,421</u>
Fund balance at end of year	<u>\$ 194</u>	<u>\$ 18,764</u>	<u>\$ 8,700</u>	<u>\$ 1,136</u>	<u>\$ 28,794</u>

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Council
City of Ranson
Ranson, West Virginia

We have audited the general purpose financial statements of the City of Ranson, West Virginia, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 15, 2008. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Ranson's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 05-4, 05-7, and 05-8.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ranson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Ranson's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1 through 05-9.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management and others within the organization, City Council, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

J.E. KUNKLE & ASSOCIATES, A.E.

Martinsburg, West Virginia
December 15, 2008

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

FINDING #05-1

Condition

The City does not maintain fixed asset and capital lease subsidiary ledgers and records

Criteria

U.S. Generally Accepted Accounting Principles requires this information be presented in the entity-wide financial statements.

Cause

Historically, the City has accounted for these items on an expenditure basis.

Effect

Internal financial reporting is incomplete.

Recommendation

The City should develop a program to establish these subsidiary records.

Management's Response

Management concurs and is in the process of developing a program in which to establish these records.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-2

Condition

The accounting records and evidentiary matter supporting transactions therein were incomplete in certain respects.

Criteria

Clear audit trails, complete records, and evidentiary matter must be maintained to provide support for the City's audited financial statements.

Cause

The City finance administration for the audit year had changed and prior employees are not an available resource.

Effect

Risk of financial reporting errors has increased.

Recommendation

The City should review its record retention policies and make any changes deemed necessary.

Management's Response

Management concurs and will review its retention policies.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-3

Condition

The City did not maintain adequate substantive evidentiary documentation to support expenditures for certain transactions.

Criteria

The City must maintain complete and accurate documentary evidence of financial transactions.

Cause

Files may have been misplaced; filing procedure may be deficient.

Effect

The City cannot provide substantive documentary evidence supporting certain transactions.

Recommendation

The City should revise its filing procedures and centralization of financial documentation.

Management's Response

Management concurs and will take appropriate actions to correct this issue.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-4

Condition

The City did not maintain complete financial reporting of entity-wide financial activity.

Criteria

The City is required under generally accepted accounting principles and state regulations to present entity-wide financial activity in its official financial reporting.

Cause

Separate funds and projects were not maintained in the official financial reporting system.

Effect

The City is at risk of incomplete/incorrect financial reporting.

Recommendation

All financial activity of the City must be centralized and separated by fund.

Management's Response

Management concurs and will take appropriate action to resolve this matter.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-5

Condition

The City's purchase order system was utilized on an informal and incomplete basis.

Criteria

A fully implemented standard purchase order system provides effective control over treasury functions and budgetary compliance.

Cause

Management was in transition to a fully implemented system.

Effect

The current system increases risks of unauthorized or inappropriate expenditures.

Recommendation

A fully implemented standard purchase order system should be employed.

Management's Response

Management concurs and will take appropriate action to resolve this matter.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-6

Condition

The City's employment policies are not adequately documented. Vacation and sick pay accruals are not documented in the official accounting records.

Criteria

Generally accepted accounting principles require accrual of city employee benefit obligations.

Cause

The City maintained informal practices regarding employment practices.

Effect

Benefits such as vacation leave, sick leave, insurance and retirement must be documented and specifically expressed to provide adequate information to calculate financial statement accruals.

Recommendation

The City should develop and implement a set of consolidated employment policies.

Management's Response

Management concurs and will take appropriate action to resolve this matter.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-7

Condition

The City's general fund expenditures exceeded approved budgets for certain functional areas.

Criteria

The City must abide by the approved or amended budget as authorized by the WV State Tax Department.

Cause

Deficient internal accounting did not provide an adequate means to monitor the budget.

Effect

The City had sufficient revenues to meet all obligations but is in noncompliance with State requirements.

Recommendation

Budgets should be monitored closely and amended as necessary.

Management's Response

Management concurs and will take appropriate action to resolve this matter.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-8

Condition

The City was in noncompliance with payroll tax transmittal requirements.

Criteria

The City must remit taxes in accordance with IRS established criteria.

Cause

Internal payroll accounting may be deficient.

Effect

The City is subject to penalties being assessed.

Recommendation

Payroll procedures and accounting must provide accurate information to make required timely transmittals.

Management's Response

Management concurs and will take appropriate action to resolve this matter.

City of Ranson, West Virginia
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2005

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (continued)

FINDING #05-9

Condition

The City's computerized accounting system is not integrated resulting in a deficient general ledger and inadequate financial reporting.

Criteria

The City's accounting system must provide complete, integrated financial activity of the City.

Cause

The cause is deemed to relate to system and employee transition.

Effect

The effects are limited budgetary monitoring, deficient financial reporting, and inadequate audit documentation.

Recommendation

The City must integrate all financial activity into its official accounting system.

Management's Response

Management concurs and will take appropriate action to resolve this matter.