

**CITY OF MORGANTOWN, WEST VIRGINIA  
A CLASS II MUNICIPALITY IN MONONGALIA COUNTY**

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

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**FOR THE YEAR ENDED JUNE 30, 2017**  
*RFP #17-128 (Monongalia County)*

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**CITY OF MORGANTOWN, WEST VIRGINIA  
MUNICIPAL OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Office</b>	<b>Name</b>	<b>Term</b>
	<b>Elective</b>	
Mayor	Marti Shamberger	07/01/15 - 06/30/17
Deputy Mayor	Bill Kawecki	07/01/15 - 06/30/17
Council Members:	Ron L. Bane	07/01/15 - 06/30/17
	Jennifer Selin	07/01/15 - 06/30/17
	Wes Nugent	07/01/15 - 06/30/17
	Jay Redmond	07/01/15 - 06/30/17
	Nancy Ganz	07/01/15 - 06/30/17
	<b>Appointed</b>	
City Manager	Paul Brake	
City Clerk	Linda Tucker	
Staff Attorney	Ryan Simonton	

CITY OF MORGANTOWN, WEST VIRGINIA  
INDEX OF FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

MAJOR FUNDS

GOVERNMENTAL FUND TYPES

*General Fund*

*Special Revenue Funds*

Coal Severance Fund  
Life and Health Fund

*Capital Projects Funds*

Capital Reserve Fund  
Airport Access Road

*Debt Service Funds*

Tax Increment Financing Debt Service

PROPRIETARY FUND TYPES

*Enterprise Funds*

Airport

DISCRETELY PRESENTED COMPONENT UNITS

*Special Revenue Funds*

Morgantown Public Library  
Library Expendable Trust Fund

*Enterprise Funds*

Parking Authority  
Municipal Building Commission  
Morgantown Utility Board

CITY OF MORGANTOWN, WEST VIRGINIA  
INDEX OF FUNDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017

**NONMAJOR FUNDS**

**GOVERNMENTAL FUND TYPES**

***Special Revenue Fund***

Economic Development Grant  
Community Development Block Grant  
Police Forfeiture  
Special Grants  
Local Law Enforcement Grants  
Small Cities Block Grant  
I. C. White Coal Severance  
OPEB Trust  
Property Auction  
Court Technology  
Metropolitan Theater

***Discretely Presented Component Unit***

Board of Parks and Recreation

***Capital Projects Funds***

Business Improvement District  
Tax Increment Financing

***Discretely Presented Component Unit***

Capital Projects – Clay Battelle Branch

**FIDUCIARY FUND TYPES**

Policemen's Pension and Relief  
Firemen's Pension and Relief  
Employee's Retirement and Benefit

***Discretely Presented Component Unit***

Library Nonexpendable Trust  
Library Endowment Fund



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council  
City of Morgantown  
Morgantown, 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 Morgantown, West Virginia, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Morgantown, West Virginia'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 Morgantown Utility Board a discretely presented component unit, which represents 74.95 percent, 142.43 percent, and 73.66 percent, respectively, of the assets, net position, and revenues of the City of Morgantown. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Morgantown 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.

### ***Opinions***

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 Morgantown, West Virginia, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for 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, 2017, City of Morgantown, West Virginia adopted new accounting guidance, GASB 81 – *Irrevocable Split-Interest Agreements* and GASB 82 – *Pension Issues an amendment of GASB Statements No. 67, No. 68 and No. 73*. Our opinion is not modified with respect to these matters.

### ***Other Matters***

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

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

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of the net pension liability, schedule of City's contributions, notes to required supplementary information, schedule of changes in net pension liability and related ratios multiyear – Firemen's Pension and Relief Fund, schedule of net pension liability multiyear – Firemen's Pension and Relief Fund, schedule of contributions multiyear – Firemen's Pension and Relief Fund, notes to schedule of contributions – Firemen's Pension and Relief Fund, schedule of changes in net pension liability and related ratios multiyear – Policemen's Pension and Relief Fund, schedule of the net pension liability multiyear – Policemen's Pension and Relief Fund, schedule of contributions multiyear – Policemen's Pension and Relief Fund, and notes to schedule of contributions – Policemen's Pension and Relief Fund, schedule of changes in pension liability and related ratios multiyear – Employee Retirement Fund, schedule of net pension liability multiyear – Employee Retirement Fund, schedule of contributions – Employee Retirement Fund, notes to schedule of contributions – Employee Retirement Fund, schedule of proportionate share of the net pension liability – Morgantown Utility Board and schedule of contributions – Morgantown Utility Board on pages 116 through 135 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Morgantown, West Virginia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, on our consideration of the City of Morgantown, 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 Morgantown, West Virginia's internal control over financial reporting and compliance.

*Detrick + Barber, PLLC*

Clarksburg, West Virginia  
December 18, 2017

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>Primary Government</u>			<u>Component Units</u>				
	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u>	<u>Morgantown</u> <u>Public</u> <u>Library</u>	<u>Parks and</u> <u>Recreation</u> <u>Commission</u>	<u>Parking</u> <u>Authority</u>	<u>Municipal</u> <u>Building</u> <u>Commission</u>	<u>Morgantown</u> <u>Utility</u> <u>Board</u>
<b>Assets</b>								
Cash	\$ 16,416,125	\$ 1,625,046	\$ 18,041,171	\$ 831,661	\$ 702,599	\$ 855,125	\$ 148,768	\$ 2,491,923
Investments	2,601,921	-0-	2,601,921	1,486,344	-0-	703,438	-0-	8,952,236
Receivables	5,303,710	180,194	5,483,904	30,618	76,368	117	1,020,491	3,541,268
Internal balances	920,737	( 653,846)	266,891	-0-	( 245,244)	( 21,647)	-0-	-0-
Inventory	16,863	59,386	76,249	-0-	-0-	-0-	-0-	1,500,512
Prepaid expenses	24,402	2,912	27,314	2,105	-0-	-0-	-0-	-0-
Restricted assets	1,893,276	-0-	1,893,276	1,575,566	-0-	41,116	513,855	74,134,010
Capital assets, net	15,821,778	27,365,373	43,187,151	1,935,379	3,207,735	6,174,255	11,125,464	210,470,406
Deposits and prepayments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,101,335
Deferred financing costs	-0-	-0-	-0-	-0-	-0-	-0-	-0-	509,139
Accrued utility revenue	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,606,327
Other, net	-0-	-0-	-0-	-0-	-0-	-0-	-0-	22,565
Total assets	<u>42,998,812</u>	<u>28,579,065</u>	<u>71,577,877</u>	<u>5,861,673</u>	<u>3,741,458</u>	<u>7,752,404</u>	<u>12,808,578</u>	<u>304,329,721</u>
<b>Deferred Outflows of Resources</b>								
Net difference between projected and actual earnings on pension plan investments	3,548,418	345,214	3,893,632	132,040	133,701	224,431	-0-	869,849
Change in assumptions	20,064,181	429,674	20,493,855	-0-	-0-	279,340	-0-	1,936,692
Difference between expected and actual experience	655,437	59,370	714,807	35,041	35,481	38,597	-0-	267,600
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-	-0-	9,230	24,700	-0-	-0-	-0-
Deferred differences in assumptions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Employer contributions subsequent to measurement period	-0-	-0-	-0-	76,862	83,895	-0-	-0-	-0-
Unamortized bond discount refunding loss	23,401	-0-	23,401	-0-	-0-	-0-	47,922	-0-
Total deferred outflows of resources	<u>24,291,437</u>	<u>834,258</u>	<u>25,125,695</u>	<u>253,173</u>	<u>277,777</u>	<u>542,368</u>	<u>47,922</u>	<u>3,074,141</u>
Total assets and deferred outflows of resources	<u>67,290,249</u>	<u>29,413,323</u>	<u>96,703,572</u>	<u>6,114,846</u>	<u>4,019,235</u>	<u>8,294,772</u>	<u>12,856,500</u>	<u>307,403,862</u>

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION (CONT'D)**  
**JUNE 30, 2017**

	<u>Primary Government</u>			<u>Component Units</u>				
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Morgantown Public Library</u>	<u>Parks and Recreation Commission</u>	<u>Parking Authority</u>	<u>Municipal Building Commission</u>	<u>Morgantown Utility Board</u>
<b>Liabilities</b>								
Accounts payable	\$ 1,122,579	\$ 1,070,179	\$ 2,192,758	\$ 7,500	\$ 93,439	\$ 14,266	\$ -0-	\$ 2,519,679
Accrued payroll	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accrued expenses	-0-	-0-	-0-	38,576	-0-	-0-	-0-	-0-
Billing services payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	346,926
Accrued interest payable	2,826,734	-0-	2,826,734	-0-	-0-	3,828	33,049	542,918
Unearned revenues	-0-	-0-	-0-	-0-	-0-	-0-	-0-	894
Other accrued liabilities	-0-	120,000	120,000	-0-	-0-	-0-	-0-	113,603
Customer deposits	-0-	-0-	-0-	-0-	-0-	-0-	-0-	633,030
Accrued administrative costs on bonds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,705
Accrued payroll and compensated absences	492,642	87,948	580,590	52,224	71,486	72,359	-0-	798,837
Advances on construction	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,106,883
Long-term liabilities:								
Due within one year	710,692	31,413	742,105	3,034	67,488	411,422	840,000	5,779,075
Due in more than one year	<u>131,773,089</u>	<u>2,203,087</u>	<u>133,976,176</u>	<u>446,842</u>	<u>1,018,279</u>	<u>2,852,827</u>	<u>3,230,000</u>	<u>169,618,103</u>
Total liabilities	<u>136,925,736</u>	<u>3,512,627</u>	<u>140,438,363</u>	<u>548,176</u>	<u>1,250,692</u>	<u>3,354,702</u>	<u>4,103,049</u>	<u>191,468,653</u>
<b>Deferred Inflow of Resources</b>								
Difference between expected and actual experience	1,831,813	68,050	1,899,863	-0-	-0-	44,240	-0-	306,725
Change in assumptions	8,826,418	-0-	8,826,418	20,471	20,729	-0-	-0-	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	-0-	-0-	-0-	5,241	9,957	-0-	-0-	183,816
Net difference between projected and actual earnings on pension plan investments	<u>1,991,089</u>	<u>152,230</u>	<u>2,143,319</u>	<u>-0-</u>	<u>-0-</u>	<u>98,968</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflow of resources	<u>12,649,320</u>	<u>220,280</u>	<u>12,869,600</u>	<u>25,712</u>	<u>30,686</u>	<u>143,208</u>	<u>-0-</u>	<u>490,541</u>
<b>Total liabilities and deferred inflow of resources</b>	<u>149,575,056</u>	<u>3,732,907</u>	<u>153,307,963</u>	<u>573,888</u>	<u>1,281,378</u>	<u>3,497,910</u>	<u>4,103,049</u>	<u>191,959,194</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION (CONT'D)  
JUNE 30, 2017**

	<u>Primary Government</u>			<u>Component Units</u>				
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Morgantown Public Library</u>	<u>Parks and Recreation Commission</u>	<u>Parking Authority</u>	<u>Municipal Building Commission</u>	<u>Morgantown Utility Board</u>
<b>Net Position</b>								
Net investment in capital assets	\$ -0-	\$ 27,058,035	\$ 27,058,035	\$ 1,905,695	\$ 2,547,447	\$ 4,162,893	\$ 7,055,464	\$ 113,249,365
Restricted	174,166	-0-	174,166	1,575,566	-0-	41,116	513,855	4,644,279
Unrestricted	<u>( 82,458,973)</u>	<u>( 1,377,619)</u>	<u>( 83,836,592)</u>	<u>2,059,697</u>	<u>190,410</u>	<u>592,853</u>	<u>1,184,132</u>	<u>( 2,448,976)</u>
Total net position	<u>\$ ( 82,284,807)</u>	<u>\$ 25,680,416</u>	<u>\$ ( 56,604,391)</u>	<u>\$ 5,540,958</u>	<u>\$ 2,737,857</u>	<u>\$ 4,796,862</u>	<u>\$ 8,753,451</u>	<u>\$ 115,444,668</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Morgantown Public Library	Parks and Recreation Commission	Parking Authority	Municipal Building Commission	Morgantown Utility Board
					Governmental Activities	Business Type Activities						
<b>Governmental Activities</b>												
General government	\$ 6,717,316	\$ 4,693,719	\$ -0-	\$ -0-	\$( 2,023,597)	\$ -0-	\$( 2,023,597)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Public safety	21,229,264	4,595,021	275,449	-0-	(16,358,794)	-0-	(16,358,794)	-0-	-0-	-0-	-0-	-0-
Highways and streets	4,755,577	-0-	-0-	-0-	( 4,755,577)	-0-	( 4,755,577)	-0-	-0-	-0-	-0-	-0-
Culture and recreation	1,592,677	162,162	-0-	-0-	( 1,430,515)	-0-	( 1,430,515)	-0-	-0-	-0-	-0-	-0-
Social services	168,062	-0-	-0-	-0-	( 168,062)	-0-	( 168,062)	-0-	-0-	-0-	-0-	-0-
Community development	5,683,067	-0-	134,530	330,773	( 5,217,764)	-0-	( 5,217,764)	-0-	-0-	-0-	-0-	-0-
Debt service	1,150,322	-0-	-0-	-0-	( 1,150,322)	-0-	( 1,150,322)	-0-	-0-	-0-	-0-	-0-
Benefits payments	<u>5,736,134</u>	<u>-0-</u>	<u>5,351,455</u>	<u>-0-</u>	<u>( 384,679)</u>	<u>-0-</u>	<u>( 384,679)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total governmental activities	<u>47,032,419</u>	<u>9,450,902</u>	<u>5,761,434</u>	<u>330,773</u>	<u>(31,489,310)</u>	<u>-0-</u>	<u>(31,489,310)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Business-Type Activities</b>												
Airport	<u>3,629,378</u>	<u>2,308,087</u>	<u>15,000</u>	<u>338,113</u>	<u>-0-</u>	<u>( 968,178)</u>	<u>( 968,178)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total business-type activities	<u>3,629,378</u>	<u>2,308,087</u>	<u>15,000</u>	<u>338,113</u>	<u>-0-</u>	<u>( 968,178)</u>	<u>( 968,178)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<u>\$ 50,661,797</u>	<u>\$ 11,758,989</u>	<u>\$ 5,776,434</u>	<u>\$ 668,886</u>	<u>(31,489,310)</u>	<u>( 968,178)</u>	<u>(32,457,488)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Component Units</b>												
Morgantown Utility Board	\$ 30,020,541	\$ 34,284,419	\$ -0-	\$ -0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,263,878
Parking	2,494,029	2,890,032	-0-	-0-	-0-	-0-	-0-	-0-	-0-	396,003	-0-	-0-
Municipal Building Commission	599,983	948,589	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	348,606	-0-
Board of Parks and Recreation Commission	2,892,165	1,836,929	141,400	-0-	-0-	-0-	-0-	-0-	( 913,836)	-0-	-0-	-0-
Morgantown Public Library	<u>1,599,097</u>	<u>38,167</u>	<u>1,785,539</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>224,609</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total component units	<u>\$ 37,605,815</u>	<u>\$ 39,998,136</u>	<u>\$ 1,926,939</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>224,609</u>	<u>( 913,836)</u>	<u>396,003</u>	<u>348,606</u>	<u>4,263,878</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF ACTIVITIES (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Morgantown Public Library	Parks and Recreation Commission	Parking Authority	Municipal Building Commission	Morgantown Utility Board
					Governmental Activities	Business Type Activities	Total					
<b>General Revenues</b>												
Taxes and special assessments:												
Ad valorem					\$ 6,190,388	\$ -0-	\$ 6,190,388	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Gas and oil severance					41,186	-0-	41,186	-0-	-0-	-0-	-0-	-0-
Utility					1,134,694	-0-	1,134,694	-0-	-0-	-0-	-0-	-0-
Business and occupation					17,594,982	-0-	17,594,982	-0-	-0-	-0-	-0-	-0-
Wine and liquor					872,222	-0-	872,222	-0-	-0-	-0-	-0-	-0-
Animal control					4,037	-0-	4,037	-0-	-0-	-0-	-0-	-0-
Hotel and motel					777,816	-0-	777,816	-0-	-0-	-0-	-0-	-0-
Amusement					15,364	-0-	15,364	-0-	-0-	-0-	-0-	-0-
Coal severance					75,173	-0-	75,173	-0-	-0-	-0-	-0-	-0-
Licenses and permits					504,943	-0-	504,943	-0-	-0-	-0-	-0-	-0-
Franchise fees					396,193	-0-	396,193	-0-	-0-	-0-	-0-	-0-
Investment income					78,873	5,700	84,573	219,961	1,211	57,226	1,009	310,408
Video lottery and gaming income					108,124	-0-	108,124	-0-	-0-	-0-	-0-	-0-
Gain (loss) on sale of capital assets					-0-	52,003	52,003	-0-	-0-	-0-	-0-	-0-
Miscellaneous					452,233	-0-	452,233	1,328	-0-	-0-	-0-	379,646
Total general revenues					<u>28,246,228</u>	<u>57,703</u>	<u>28,303,931</u>	<u>221,289</u>	<u>1,211</u>	<u>57,226</u>	<u>1,009</u>	<u>690,054</u>
Change in net position before transfers between activities					( 3,243,082)	( 910,475)	( 4,153,557)	445,898	( 912,625)	453,229	349,615	4,953,932
Transfer between activities					( 2,369,279)	1,230,000	( 1,139,279)	-0-	1,202,154	-0-	( 62,875)	-0-
Change in net position before contributed capital					( 5,612,361)	319,525	( 5,292,836)	445,898	289,529	453,229	286,740	4,953,932
Contributed capital					-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,409,191
Transfers to other entities					-0-	-0-	-0-	-0-	-0-	-0-	( 557,764)	-0-
Net change in net position					( 5,612,361)	319,525	( 5,292,836)	445,898	289,529	453,229	( 271,024)	8,363,123
Net position – beginning					(76,672,446)	25,360,891	(51,311,555)	5,095,060	2,448,328	4,343,633	9,024,475	107,081,545
Net position – ending					<u>\$(82,284,807)</u>	<u>\$ 25,680,416</u>	<u>\$(56,604,391)</u>	<u>\$ 5,540,958</u>	<u>\$ 2,737,857</u>	<u>\$ 4,796,862</u>	<u>\$ 8,753,451</u>	<u>\$ 115,444,668</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>Primary Government</u>							<u>Component Units</u>					<u>Total</u>
	<u>General Fund</u>	<u>Coal Severance</u>	<u>Capital Reserve</u>	<u>Life and Health</u>	<u>Tax Increment Financing Debt Service</u>	<u>Airport Access Road</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Morgantown Public Library</u>	<u>Library Expendable Trust</u>	<u>Library Other Governmental Funds</u>	<u>Board of Parks and Recreation Commission</u>	
<b>ASSETS</b>													
Cash	\$ 5,723,886	\$ 409	\$ 8,737,671	\$ 522,883	\$ -0-	\$ 268,473	\$ 1,162,803	\$ 16,416,125	\$ 831,661	\$ -0-	\$ -0-	\$ 702,599	\$ 1,534,260
Investments	1,257,746	-0-	-0-	635,016	-0-	-0-	709,159	2,601,921	1,241,654	-0-	244,690	-0-	1,486,344
Receivables, net of allowances:													
Taxes	4,645,601	25,182	-0-	-0-	-0-	-0-	148,708	4,819,491	-0-	-0-	-0-	-0-	-0-
Accounts	282,987	-0-	-0-	-0-	-0-	-0-	6,149	289,136	30,618	-0-	-0-	76,368	106,986
Other	170,676	-0-	-0-	-0-	-0-	-0-	-0-	170,676	-0-	-0-	-0-	-0-	-0-
Grants	17,124	-0-	-0-	-0-	-0-	-0-	7,283	24,407	-0-	-0-	-0-	-0-	-0-
Due from/(to) other funds	697,236	-0-	669,846	(390,000)	-0-	-0-	( 56,345)	920,737	2,916	-0-	( 2,916)	(245,244)	( 245,244)
Inventory	16,863	-0-	-0-	-0-	-0-	-0-	-0-	16,863	-0-	-0-	-0-	-0-	-0-
Restricted assets	-0-	-0-	-0-	-0-	1,893,276	-0-	-0-	1,893,276	-0-	1,575,566	-0-	-0-	1,575,566
Prepaid expenses	24,402	-0-	-0-	-0-	-0-	-0-	-0-	24,402	2,105	-0-	-0-	-0-	2,105
<b>TOTAL ASSETS</b>	<b>\$ 12,836,521</b>	<b>\$ 25,591</b>	<b>\$ 9,407,517</b>	<b>\$ 767,899</b>	<b>\$ 1,893,276</b>	<b>\$ 268,473</b>	<b>\$ 1,977,757</b>	<b>\$ 27,177,034</b>	<b>\$ 2,108,954</b>	<b>\$ 1,575,566</b>	<b>\$ 241,774</b>	<b>\$ 533,723</b>	<b>\$ 4,460,017</b>

**CITY OF MORGANTOWN, WEST VIRGINIA  
FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS (CONT'D)  
JUNE 30, 2017**

	<u>Primary Government</u>							<u>Component Units</u>					<u>Total</u>
	<u>General Fund</u>	<u>Coal Severance</u>	<u>Capital Reserve</u>	<u>Life and Health</u>	<u>Tax</u>	<u>Airport Access Road</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Morgantown Public Library</u>	<u>Library Expendable Trust</u>	<u>Library Other Governmental Funds</u>	<u>Board of Parks and Recreation Commission</u>	
					<u>Increment Financing Debt Service</u>								
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
<b>Liabilities</b>													
Accounts payable	\$ 446,332	\$ -0-	\$ 637,399	\$ 1,859	\$ -0-	\$ -0-	\$ 36,989	\$ 1,122,579	\$ 7,500	\$ -0-	\$ -0-	\$ 93,439	\$ 100,939
Accrued interest payable	-0-	-0-	-0-	-0-	2,826,734	-0-	-0-	2,826,734	-0-	-0-	-0-	-0-	-0-
Accrued expenses	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	38,576	-0-	-0-	-0-	38,576
Accrued payroll and compensated absences	<u>492,642</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>492,642</u>	<u>52,224</u>	<u>-0-</u>	<u>-0-</u>	<u>71,486</u>	<u>123,710</u>
Total liabilities	<u>938,974</u>	<u>-0-</u>	<u>637,399</u>	<u>1,859</u>	<u>2,826,734</u>	<u>-0-</u>	<u>36,989</u>	<u>4,441,955</u>	<u>98,300</u>	<u>-0-</u>	<u>-0-</u>	<u>164,925</u>	<u>263,225</u>
<b>Deferred Inflows of Resources</b>													
Deferred revenue – taxes	449,063	-0-	-0-	-0-	-0-	-0-	99,792	548,855	-0-	-0-	-0-	-0-	-0-
Deferred revenue – other	<u>99,596</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>99,596</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources	<u>548,659</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>99,792</u>	<u>648,451</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balances</b>													
Restricted	17,124	-0-	-0-	-0-	-0-	-0-	157,042	174,166	-0-	1,575,566	-0-	-0-	1,575,566
Nonspendable	41,265	-0-	-0-	-0-	-0-	-0-	-0-	41,265	2,105	-0-	-0-	-0-	2,105
Assigned	-0-	25,591	8,770,118	766,040	-0-	268,473	1,724,061	11,554,283	189,099	-0-	241,774	368,798	799,671
Unassigned	<u>11,290,499</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 933,458)</u>	<u>0-</u>	<u>( 40,127)</u>	<u>10,316,914</u>	<u>1,819,450</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,819,450</u>
Total fund balance	<u>11,348,888</u>	<u>25,591</u>	<u>8,770,118</u>	<u>766,040</u>	<u>( 933,458)</u>	<u>268,473</u>	<u>1,840,976</u>	<u>22,086,628</u>	<u>2,010,654</u>	<u>1,575,566</u>	<u>241,774</u>	<u>368,798</u>	<u>4,196,792</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
	<u>\$ 12,836,521</u>	<u>\$ 25,591</u>	<u>\$ 9,407,517</u>	<u>\$ 767,899</u>	<u>\$ 1,893,276</u>	<u>\$ 268,473</u>	<u>\$ 1,977,757</u>	<u>\$ 27,177,034</u>	<u>\$ 2,108,954</u>	<u>\$ 1,575,566</u>	<u>\$ 241,774</u>	<u>\$ 533,723</u>	<u>\$ 4,460,017</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
RECONCILIATION OF FUND BALANCE SHEETS OF  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>Component Units</u>		
	<u>Primary</u>	<u>Morgantown</u>	<u>Board of</u>
	<u>Government</u>	<u>Public</u>	<u>Parks and</u>
		<u>Library</u>	<u>Recreation</u>
			<u>Commission</u>
Fund balance, fund level statement at June 30, 2017	\$ 22,086,628	\$ 3,827,994	\$ 368,798
The total fund balance of the City of Morgantown's governmental funds differs from net position of the governmental activities reported on the Statement of Net Position as follows:			
Some liabilities are not due and payable in the current period and therefore, are not reported in the fund level statements:			
Accrued compensated absences	( 1,279,866)	-0-	-0-
Obligations under capital lease	( 1,115,781)	( 29,684)	( 660,288)
Net pension obligation	(105,220,134)	( 420,192)	( 425,479)
Bonds payable	( 19,899,000)	-0-	-0-
Accrued other post-employment benefits	( 4,969,000)	-0-	-0-
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.	15,821,778	1,935,379	3,207,735
Deferred outflow – net difference between projected and actual earnings on pension plan investments	3,548,418	132,040	133,701
Deferred outflow – change in assumptions	20,064,181	-0-	-0-
Deferred outflow – difference between expected and actual experience	655,437	35,041	35,481
Deferred outflow – changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	9,230	24,700
Deferred outflow – employer contributions made subsequent to measurement date	-0-	76,862	83,895
Deferred inflow – difference between expected and actual experience	( 1,831,813)	-0-	-0-
Deferred inflow – net difference between projected and actual earnings on pension plan investments	( 1,991,089)	-0-	-0-
Deferred inflow – change in assumptions	( 8,826,418)	( 20,471)	( 20,729)

CITY OF MORGANTOWN, WEST VIRGINIA  
RECONCILIATION OF FUND BALANCE SHEETS OF  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION (CONT'D)  
JUNE 30, 2017

		<i>Component Units</i>	
<u><i>Primary Government</i></u>	<u>Morgantown Public Library</u>	<u>Board of Parks and Recreation Commission</u>	
Deferred inflow – changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -0-	\$( 5,241)	\$( 9,957)
Some assets do not provide current financial resources and are reported as deferred revenues in the fund level statements.			
Unamortized bond discount	23,401	-0-	-0-
Deferred revenue	<u>648,451</u>	<u>-0-</u>	<u>-0-</u>
Net position of governmental activities	\$ ( <u>82,284,807</u> )	\$ <u>5,540,958</u>	\$ <u>2,737,857</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN NET POSITION - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Primary Government</i>								<i>Component Units</i>					<i>Total</i>
	<u>General Fund</u>	<u>Coal Severance</u>	<u>Capital Reserve</u>	<u>Life and Health</u>	<u>Tax Increment Financing Debt Service</u>	<u>Airport Access Road</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Morgantown Public Library</u>	<u>Library Expendable Trust</u>	<u>Library Other Governmental Funds</u>	<u>Board of Parks and Recreation Commission</u>		
<b>Revenues</b>														
Taxes and special assessments:														
Ad valorem	\$ 4,348,475	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,439,388	\$ 5,787,863	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Gas and oil severance	41,186	-0-	-0-	-0-	-0-	-0-	-0-	41,186	-0-	-0-	-0-	-0-	-0-	
Utility	1,134,694	-0-	-0-	-0-	-0-	-0-	-0-	1,134,694	-0-	-0-	-0-	-0-	-0-	
Business and occupation	18,158,152	-0-	-0-	-0-	-0-	-0-	-0-	18,158,152	-0-	-0-	-0-	-0-	-0-	
Wine and liquor	872,222	-0-	-0-	-0-	-0-	-0-	-0-	872,222	-0-	-0-	-0-	-0-	-0-	
Animal control	4,037	-0-	-0-	-0-	-0-	-0-	-0-	4,037	-0-	-0-	-0-	-0-	-0-	
Hotel and motel	777,816	-0-	-0-	-0-	-0-	-0-	-0-	777,816	-0-	-0-	-0-	-0-	-0-	
Amusement	15,364	-0-	-0-	-0-	-0-	-0-	-0-	15,364	-0-	-0-	-0-	-0-	-0-	
Licenses and permits	504,943	-0-	-0-	-0-	-0-	-0-	-0-	504,943	-0-	-0-	-0-	-0-	-0-	
Charges for services	7,862,383	-0-	-0-	-0-	-0-	-0-	180,652	8,043,035	-0-	-0-	-0-	1,836,929	1,836,929	
Fines and forfeits	708,347	-0-	-0-	-0-	-0-	-0-	685,280	1,393,627	38,167	-0-	-0-	-0-	38,167	
Franchise fees	396,193	-0-	-0-	-0-	-0-	-0-	-0-	396,193	-0-	-0-	-0-	-0-	-0-	
Investment income (loss)	42,542	128	19,692	5,640	5,871	1,004	3,996	78,873	57,080	160,464	2,417	1,211	221,172	
Donations	14,530	-0-	-0-	-0-	120,000	-0-	-0-	134,530	-0-	-0-	-0-	141,400	141,400	
Video lottery and gaming income	108,124	-0-	-0-	-0-	-0-	-0-	-0-	108,124	-0-	-0-	-0-	-0-	-0-	
Intergovernmental:														
Federal	168,616	-0-	-0-	-0-	-0-	-0-	437,606	606,222	-0-	-0-	-0-	-0-	-0-	
State	-0-	75,173	-0-	-0-	-0-	-0-	-0-	75,173	524,159	-0-	-0-	-0-	524,159	
Local	14,240	-0-	-0-	-0-	-0-	-0-	-0-	14,240	1,250,906	-0-	-0-	-0-	1,250,906	
Contributions from employees	-0-	-0-	-0-	222,438	-0-	-0-	-0-	222,438	10,474	-0-	-0-	-0-	10,474	
Contributions from employers	-0-	-0-	-0-	5,129,017	-0-	-0-	-0-	5,129,017	-0-	-0-	-0-	-0-	-0-	
Other	371,218	-0-	-0-	56,015	-0-	-0-	25,000	452,233	1,328	-0-	-0-	-0-	1,328	
<b>Total revenues</b>	<b>35,543,082</b>	<b>75,301</b>	<b>19,692</b>	<b>5,413,110</b>	<b>125,871</b>	<b>1,004</b>	<b>2,771,922</b>	<b>43,949,982</b>	<b>1,882,114</b>	<b>160,464</b>	<b>2,417</b>	<b>1,979,540</b>	<b>4,024,535</b>	

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN NET POSITION – GOVERNMENTAL FUNDS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Primary Government</i>								<i>Component Units</i>					<i>Total</i>
	<i>General Fund</i>	<i>Coal Severance</i>	<i>Capital Reserve</i>	<i>Life and Health</i>	<i>Tax Incremental Financing Debt Service</i>	<i>Airport Access Road</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>	<i>Morgantown Public Library</i>	<i>Library Expendable Trust</i>	<i>Library Other Governmental Funds</i>	<i>Board of Parks and Recreation Commission</i>		
<b>Expenditures</b>														
General government	\$ 5,638,542	\$ -0-	\$ -0-	\$ 185,506	\$ 51,909	\$ -0-	\$ 493	\$ 5,876,450	\$ -0-	\$ 9,880	\$ -0-	\$ -0-	\$ 9,880	
Public safety	13,731,716	-0-	-0-	-0-	-0-	-0-	69,018	13,800,734	-0-	-0-	-0-	-0-	-0-	
Highways and streets	4,521,846	-0-	-0-	-0-	-0-	-0-	-0-	4,521,846	-0-	-0-	-0-	-0-	-0-	
Culture and recreation	1,376,041	-0-	-0-	-0-	-0-	-0-	188,752	1,564,793	1,648,991	-0-	-0-	2,904,464	4,553,455	
Social services	168,062	-0-	-0-	-0-	-0-	-0-	-0-	168,062	-0-	-0-	-0-	-0-	-0-	
Community development	-0-	-0-	4,788,725	-0-	1,138,932	-0-	627,525	6,555,182	-0-	-0-	-0-	-0-	-0-	
Debt service – principal	-0-	-0-	-0-	-0-	599,000	-0-	-0-	599,000	-0-	-0-	-0-	-0-	-0-	
Debt service – interest	-0-	-0-	-0-	-0-	1,150,322	-0-	-0-	1,150,322	-0-	-0-	-0-	-0-	-0-	
Benefits payments	-0-	-0-	-0-	4,843,843	-0-	-0-	892,291	5,736,134	-0-	-0-	-0-	-0-	-0-	
Total expenditures	<u>25,436,207</u>	<u>-0-</u>	<u>4,788,725</u>	<u>5,029,349</u>	<u>2,940,163</u>	<u>-0-</u>	<u>1,778,079</u>	<u>39,972,523</u>	<u>1,648,991</u>	<u>9,880</u>	<u>-0-</u>	<u>2,904,464</u>	<u>4,563,335</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>10,106,875</u>	<u>75,301</u>	<u>(4,769,033)</u>	<u>383,761</u>	<u>(2,814,292)</u>	<u>1,004</u>	<u>993,843</u>	<u>3,977,459</u>	<u>233,123</u>	<u>150,584</u>	<u>2,417</u>	<u>( 924,924)</u>	<u>( 538,800)</u>	
<b>Other Financing Sources (Uses)</b>														
Operating transfers in	367,500	-0-	8,610,930	-0-	1,369,667	-0-	1,060,100	11,408,197	-0-	-0-	-0-	1,202,154	1,202,154	
Operating transfers (out)	( 9,963,309)	(67,500)	(1,540,000)	( 857,000)	-0-	-0-	(1,349,667)	(13,777,476)	-0-	-0-	-0-	-0-	-0-	
Total other financing sources (uses)	<u>( 9,595,809)</u>	<u>(67,500)</u>	<u>7,070,930</u>	<u>( 857,000)</u>	<u>1,369,667</u>	<u>-0-</u>	<u>( 289,567)</u>	<u>( 2,369,279)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,202,154</u>	<u>1,202,154</u>	
Net change in fund balances	511,066	7,801	2,301,897	( 473,239)	(1,444,625)	1,004	704,276	1,608,180	233,123	150,584	2,417	277,230	663,354	
Fund balances at beginning of year	<u>10,837,822</u>	<u>17,790</u>	<u>6,468,221</u>	<u>1,239,279</u>	<u>511,167</u>	<u>267,469</u>	<u>1,136,700</u>	<u>20,478,448</u>	<u>1,777,531</u>	<u>1,424,982</u>	<u>239,357</u>	<u>91,568</u>	<u>3,533,438</u>	
Fund balances at end of year	\$ <u>11,348,888</u>	\$ <u>25,591</u>	\$ <u>8,770,118</u>	\$ <u>766,040</u>	\$ <u>( 933,458)</u>	\$ <u>268,473</u>	\$ <u>1,840,976</u>	\$ <u>22,086,628</u>	\$ <u>2,010,654</u>	\$ <u>1,575,566</u>	\$ <u>241,774</u>	\$ <u>368,798</u>	\$ <u>4,196,792</u>	

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN NET POSITION OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Primary Government</u>	<u>Component Units</u>	
		<u>Morgantown Public Library</u>	<u>Board of Parks and Recreation Commission</u>
Net change in fund balance – total governmental funds	\$ 1,608,180	\$ 386,124	\$ 277,230
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 difference between capital outlays and depreciation in the current period.	1,003,186	( 35,638)	(148,331)
Capital leases and bonds provide current financial resources to governmental funds, but entering into capital leases and bonds increase long-term liabilities in the Statement of Net Position. Repayment of capital lease obligations and bonds are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position, while proceeds are considered revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position.			
Repayment of obligation under capital lease	203,583	2,788	62,016
Repayment of bonds	599,000	-0-	-0-
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.			
Increase in compensated absences	( 73,790)	-0-	-0-
(Increase) decrease in pension benefit obligation	6,255,014	-0-	(195,696)
Decrease in unamortized bond discounts	( 1,560)	-0-	-0-
Increase in accrued other post employment benefits	( 326,000)	-0-	-0-
Some revenues reported in the Statement of Activities do not provide financial resources that are both available and measureable for use in current activities.			
Change in deferred revenues	( 160,645)	-0-	-0-
Certain pension expenses in the Statement of Activities are recognized on the accrual basis of accounting in accordance with GASB 68:			
Amount of decrease (increase) in pension expense recognized at government-wide level	(14,719,329)	92,624	294,310
Change in net position of governmental activities	\$ ( 5,612,361)	\$ 445,898	\$ 289,529

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	<u>Business-Type</u>		<u>Component Units</u>			<u>Total</u>
	<u>Activities</u>		<u>Morgantown</u>			
	<u>Airport</u>	<u>Parking</u>	<u>Building</u>	<u>Utility</u>		
	<u>Fund</u>	<u>Authority</u>	<u>Commission</u>	<u>Board</u>		
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	\$ 1,625,046	\$ 855,125	\$ 148,768	\$ 2,491,923		\$ 3,495,816
Investments	-0-	703,438	-0-	-0-		703,438
Receivables, net of allowances:						
Accounts	167,858	102	162,880	2,480,710		2,643,692
Other	-0-	-0-	-0-	1,027,997		1,027,997
Grants	12,336	-0-	-0-	-0-		-0-
Interest	-0-	15	-0-	32,561		32,576
Inventory	59,386	-0-	-0-	1,500,512		1,500,512
Due from/(to) other funds	( 653,846)	( 21,647)	-0-	-0-		( 21,647)
Deposits and prepayments	-0-	-0-	-0-	1,101,335		1,101,335
Accrued utility revenue	-0-	-0-	-0-	1,606,327		1,606,327
Prepaid expenses	2,912	-0-	-0-	-0-		-0-
Total current assets	<u>1,213,692</u>	<u>1,537,033</u>	<u>311,648</u>	<u>10,241,365</u>		<u>12,090,046</u>
<b>Noncurrent Assets</b>						
Restricted assets	<u>-0-</u>	<u>41,116</u>	<u>513,855</u>	<u>74,134,010</u>		<u>74,688,981</u>
<b>Capital Assets</b>						
Land	50,050	1,484,399	1,439,707	1,658,519		4,582,625
Intangible plant	-0-	-0-	-0-	376,834		376,834
Land improvements	-0-	-0-	744,473	-0-		744,473
Building	9,198,527	-0-	15,742,250	27,540,765		43,283,015
Structures and improvements	32,077,429	9,835,895	-0-	-0-		9,835,895
Water transmission and distribution system	-0-	-0-	-0-	75,150,888		75,150,888
Sewer and storm collection system	-0-	-0-	-0-	119,301,637		119,301,637
Treatment plant equipment	-0-	-0-	-0-	73,371,378		73,371,378
Office furniture, equipment and computer system	-0-	-0-	-0-	4,941,765		4,941,765
Vehicles and heavy duty equipment	-0-	-0-	-0-	8,137,193		8,137,193
Leasehold improvements	-0-	90,965	-0-	-0-		90,965
Machinery and equipment	2,628,795	1,401,949	1,094,319	-0-		2,496,268
Construction in progress	3,247,039	308,458	-0-	22,998,907		23,307,365
Less: Accumulated depreciation	<u>(19,836,467)</u>	<u>(6,947,411)</u>	<u>( 7,895,285)</u>	<u>(123,007,480)</u>		<u>(137,850,176)</u>
Net capital assets	<u>27,365,373</u>	<u>6,174,255</u>	<u>11,125,464</u>	<u>210,470,406</u>		<u>227,770,125</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2017**

	<u>Business-Type</u>	<u>Component Units</u>				<u>Total</u>
	<u>Activities</u>			<u>Morgantown</u>		
	<u>Airport</u> <u>Fund</u>	<u>Parking</u> <u>Authority</u>	<u>Building</u> <u>Commission</u>	<u>Utility</u> <u>Board</u>		
<b>ASSETS</b>						
<b>Other Assets</b>						
Accounts receivable	\$ -0-	\$ -0-	\$ 857,611	\$ -0-	\$ 857,611	
Investments	-0-	-0-	-0-	8,952,236	8,952,236	
Deferred financing costs	-0-	-0-	-0-	509,139	509,139	
Other net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>22,565</u>	<u>22,565</u>	
Total other assets	<u>-0-</u>	<u>-0-</u>	<u>857,611</u>	<u>9,483,940</u>	<u>10,341,551</u>	
Total assets	<u>28,579,065</u>	<u>7,752,404</u>	<u>12,808,578</u>	<u>304,329,721</u>	<u>324,890,703</u>	
<b>Deferred Outflows of Resources</b>						
Net difference between projected and actual earnings on pension plan investments	345,214	224,431	-0-	869,849	1,094,280	
Change in assumptions	429,674	279,340	-0-	1,936,692	2,216,032	
Differences between expected and actual experience	59,370	38,597	-0-	267,600	306,197	
Unamortized bond discount refunding loss	<u>-0-</u>	<u>-0-</u>	<u>47,922</u>	<u>-0-</u>	<u>47,922</u>	
Total deferred outflows of resources	<u>834,258</u>	<u>542,368</u>	<u>47,922</u>	<u>3,074,141</u>	<u>3,664,431</u>	
Total assets and deferred outflows of resources	<u>29,413,323</u>	<u>8,294,772</u>	<u>12,856,500</u>	<u>307,403,862</u>	<u>328,555,134</u>	

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2017**

	<u>Business-Type</u>		<u>Component Units</u>			<u>Total</u>
	<u>Activities</u>		<u>Morgantown</u>			
	<u>Airport</u>	<u>Parking</u>	<u>Building</u>	<u>Utility</u>		
	<u>Fund</u>	<u>Authority</u>	<u>Commission</u>	<u>Board</u>		
<b>LIABILITIES</b>						
<b>Current Liabilities (payable from current assets)</b>						
Current portion obligation under capital lease	\$ 31,413	\$ 15,152	\$ -0-	\$ -0-	\$ 15,152	
Accounts payable	1,070,179	14,266	-0-	2,519,679	2,533,945	
Unearned revenues	-0-	-0-	-0-	894	894	
Accrued payroll	23,027	28,781	-0-	798,837	827,618	
Billing services collected payable	-0-	-0-	-0-	346,926	346,926	
Other accrued liabilities	120,000	-0-	-0-	113,603	113,603	
Accrued compensated absences	64,921	43,578	-0-	-0-	43,578	
Total current liabilities (payable from current assets)	<u>1,309,540</u>	<u>101,777</u>	<u>-0-</u>	<u>3,779,939</u>	<u>3,881,716</u>	
<b>Current Liabilities (payable from restricted assets)</b>						
Revenue bonds payable	-0-	396,270	840,000	-0-	1,236,270	
Current portion of long-term debt	-0-	-0-	-0-	5,779,075	5,779,075	
Interest payable	-0-	3,828	33,049	-0-	36,877	
Total current liabilities (payable from restricted assets)	<u>-0-</u>	<u>400,098</u>	<u>873,049</u>	<u>5,779,075</u>	<u>7,052,222</u>	
<b>Long-Term Liabilities (net of current portion)</b>						
Revenue bonds payable	-0-	1,466,853	3,230,000	160,931,696	165,628,549	
Obligation under capital lease	275,925	133,087	-0-	-0-	133,087	
Net pension obligation	1,927,162	1,252,887	-0-	8,686,407	9,939,294	
Customer deposits	-0-	-0-	-0-	633,030	633,030	
Accrued administrative costs on bonds	-0-	-0-	-0-	8,705	8,705	
Accrued interest on bonds	-0-	-0-	-0-	536,820	536,820	
Interest on customer deposits	-0-	-0-	-0-	6,098	6,098	
Advances on construction	-0-	-0-	-0-	11,106,883	11,106,883	
Total long-term liabilities (net of current portion)	<u>2,203,087</u>	<u>2,852,827</u>	<u>3,230,000</u>	<u>181,909,639</u>	<u>187,992,466</u>	
<b>Total liabilities</b>	<u>3,512,627</u>	<u>3,354,702</u>	<u>4,103,049</u>	<u>191,468,653</u>	<u>198,926,404</u>	

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2017**

	<u>Business-Type</u>		<u>Component Units</u>			<u>Total</u>
	<u>Activities</u>		<u>Morgantown</u>			
	<u>Airport Fund</u>	<u>Parking Authority</u>	<u>Building Commission</u>	<u>Utility Board</u>		
<b>Deferred Inflow of Resources</b>						
Difference between expected and actual experience	\$ 68,050	\$ 44,240	\$ -0-	\$ 306,725	\$ 350,965	
Changes in proportion and differences between contributions and proportionate share of contributions	-0-	-0-	-0-	183,816	183,816	
Net difference between projected and actual earnings on pension plan investments	<u>152,230</u>	<u>98,968</u>	<u>-0-</u>	<u>-0-</u>	<u>98,968</u>	
Total deferred inflow of resources	<u>220,280</u>	<u>143,208</u>	<u>-0-</u>	<u>490,541</u>	<u>633,749</u>	
<b>Total liabilities and deferred inflow of resources</b>	<u>3,732,907</u>	<u>3,497,910</u>	<u>4,103,049</u>	<u>191,959,194</u>	<u>199,560,153</u>	
<b>Net Position</b>						
Net investment in capital assets	27,058,035	4,162,893	7,055,464	113,249,365	124,467,722	
Restricted	-0-	41,116	513,855	4,644,279	5,199,250	
Unrestricted	<u>(1,377,619)</u>	<u>592,853</u>	<u>1,184,132</u>	<u>(2,448,976)</u>	<u>(671,991)</u>	
Total net position	<u>\$ 25,680,416</u>	<u>\$ 4,796,862</u>	<u>\$ 8,753,451</u>	<u>\$ 115,444,668</u>	<u>\$ 128,994,981</u>	

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Business-Type</u>		<u>Component Units</u>		
	<u>Activities</u>		<u>Morgantown</u>		
	<u>Airport</u>	<u>Parking</u>	<u>Building</u>	<u>Utility</u>	<u>Total</u>
	<u>Fund</u>	<u>Authority</u>	<u>Commission</u>	<u>Board</u>	
<b>Operating Revenues</b>					
Charges for services	\$ 2,308,087	\$ 2,365,706	\$ 948,589	\$ 34,284,419	\$ 37,598,714
Fines	-0-	524,326	-0-	-0-	524,326
Grants	15,000	-0-	-0-	-0-	-0-
Total operating revenues	<u>2,323,087</u>	<u>2,890,032</u>	<u>948,589</u>	<u>34,284,419</u>	<u>38,123,040</u>
<b>Operating Expenses</b>					
Personal services	884,432	1,161,113	-0-	-0-	1,161,113
Purchases – fuel	1,052,843	-0-	-0-	-0-	-0-
Supplies	12,396	23,143	-0-	-0-	23,143
Liability insurance	51,518	39,542	-0-	-0-	39,542
Utilities	139,833	77,188	-0-	-0-	77,188
General and administrative	97,796	210,603	5,020	-0-	215,623
Depreciation	1,216,688	293,531	455,475	-0-	749,006
Amortization	5,825	-0-	-0-	-0-	-0-
Maintenance	121,323	124,980	-0-	-0-	124,980
Rental lease	46,724	504,122	-0-	-0-	504,122
Water operating expenses	-0-	-0-	-0-	12,244,720	12,244,720
Sewer operating expenses	-0-	-0-	-0-	11,329,904	11,329,904
Storm water utility operating expenses	-0-	-0-	-0-	1,671,917	1,671,917
Total operating expenses	<u>3,629,378</u>	<u>2,434,222</u>	<u>460,495</u>	<u>25,246,541</u>	<u>28,141,258</u>
Operating (loss) income	( 1,306,291)	455,810	488,094	9,037,878	9,981,782
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	5,700	17,491	1,009	310,408	328,908
Gain (loss) on investments	-0-	39,735	-0-	-0-	39,735
Gain on sale of capital assets	52,003	-0-	-0-	-0-	-0-
Interest and fiscal charges	-0-	( 59,807)	( 112,804)	( 4,774,000)	( 4,946,611)
Amortization of bond costs	-0-	-0-	( 26,684)	-0-	( 26,684)
Other revenue	-0-	-0-	-0-	379,646	379,646
Total nonoperating revenues (expenses)	<u>57,703</u>	<u>( 2,581)</u>	<u>( 138,479)</u>	<u>( 4,083,946)</u>	<u>( 4,225,006)</u>
Change in net position before nonoperating grants and operating transfers	( 1,248,588)	453,229	349,615	4,953,932	5,756,776
Nonoperating grants – federal	316,617	-0-	-0-	-0-	-0-
Nonoperating grants – state	21,496	-0-	-0-	-0-	-0-
Operating transfers in (out)	1,230,000	-0-	( 62,875)	-0-	( 62,875)
Transfers to other governmental units	-0-	-0-	( 557,764)	-0-	( 557,764)
Contributed capital	-0-	-0-	-0-	3,409,191	3,409,191
Change in net position	319,525	453,229	( 271,024)	8,363,123	8,545,328
Total net position – beginning – restated	<u>25,360,891</u>	<u>4,343,633</u>	<u>9,024,475</u>	<u>107,081,545</u>	<u>120,449,653</u>
Total net position – ending	\$ <u>25,680,416</u>	\$ <u>4,796,862</u>	\$ <u>8,753,451</u>	\$ <u>115,444,668</u>	\$ <u>128,994,981</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Business-Type</u>				<u>Total</u>
	<u>Component Units</u>				
	<u>Activities</u> <u>Airport</u> <u>Fund</u>	<u>Parking</u> <u>Authority</u>	<u>Building</u> <u>Commission</u>	<u>Morgantown</u> <u>Utility</u> <u>Board</u>	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 2,216,484	\$ 2,889,930	\$ 1,569,228	\$ 32,236,413	\$ 36,695,571
Receipts from other sources	15,000	-0-	-0-	485,565	485,565
Payments to suppliers	( 785,894)	(1,357,056)	( 5,020)	(10,592,910)	(11,954,986)
Payments to employees	( 479,704)	( 671,072)	-0-	( 5,024,684)	( 5,695,756)
Net cash provided by (used in) operating activities	<u>965,886</u>	<u>861,802</u>	<u>1,564,208</u>	<u>17,104,384</u>	<u>19,530,394</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
(Increase) decrease in deferred financing net of amortization	-0-	-0-	-0-	21,433	21,433
Repayment of obligation under capital lease	( 28,866)	( 13,923)	-0-	-0-	( 13,923)
Proceeds from sale of capital assets	52,003	-0-	-0-	-0-	-0-
(Increase) decrease in restricted assets	-0-	( 1,778)	( 4,809)	-0-	( 6,587)
(Increase) decrease in sinking fund	-0-	-0-	-0-	( 1,088,083)	( 1,088,083)
Proceeds from new issuance	-0-	-0-	-0-	78,502,706	78,502,706
Repayment of revenue bonds	-0-	( 386,546)	( 820,000)	( 3,994,318)	( 5,200,864)
Advances on construction	-0-	-0-	-0-	( 866,832)	( 866,832)
Nonoperating grants	679,661	-0-	-0-	-0-	-0-
Acquisition of capital assets	(2,192,577)	( 446,532)	-0-	(11,160,635)	(11,607,167)
(Increase) decrease in bond construction account	-0-	-0-	-0-	(69,484,216)	(69,484,216)
(Increase) decrease in accrued administrative cost on bonds	-0-	-0-	-0-	1	1
Customer deposits including interest	-0-	-0-	-0-	( 8,720)	( 8,720)
Other nonoperating income	-0-	-0-	-0-	379,646	379,646
Transfers from (to) other funds	1,230,000	-0-	( 62,875)	-0-	( 62,875)
Transfers to other governmental entities	-0-	-0-	( 557,764)	-0-	( 557,764)
Change in other assets net	-0-	-0-	-0-	( 22,565)	( 22,565)
Interest expense	-0-	( 60,602)	( 119,821)	( 4,517,332)	( 4,697,755)
Net cash (used in) provided by capital and related financing activities	<u>( 259,779)</u>	<u>( 909,381)</u>	<u>(1,565,269)</u>	<u>(12,238,915)</u>	<u>(14,713,565)</u>
<b>Cash Flows from Investing Activities</b>					
Change in value of investments	-0-	219,468	-0-	-0-	219,468
Proceeds from sale of investments	-0-	-0-	-0-	1,195,677	1,195,677
Purchase of investments	-0-	-0-	-0-	( 4,583,245)	( 4,583,245)
Investment income	5,700	17,491	1,009	297,956	316,456
Net cash provided by (used in) investing activities	<u>5,700</u>	<u>236,959</u>	<u>1,009</u>	<u>( 3,089,612)</u>	<u>( 2,851,644)</u>
Net increase (decrease) in cash	711,807	189,380	( 52)	1,775,857	1,965,185
Cash at beginning of year	<u>913,239</u>	<u>665,745</u>	<u>148,820</u>	<u>716,066</u>	<u>1,530,631</u>
Cash at end of year	\$ <u>1,625,046</u>	\$ <u>855,125</u>	\$ <u>148,768</u>	\$ <u>2,491,923</u>	\$ <u>3,495,816</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Business-Type</u>	<u>Component Units</u>				<u>Total</u>
	<u>Activities</u>			<u>Morgantown</u>		
	<u>Airport</u> <u>Fund</u>	<u>Parking</u> <u>Authority</u>	<u>Building</u> <u>Commission</u>	<u>Utility</u> <u>Board</u>		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating (loss) income	\$ (1,306,291)	\$ 455,810	\$ 488,094	\$ 9,037,878	\$ 9,981,782	
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:						
Depreciation and amortization	1,222,513	293,531	455,475	8,762,084	9,511,090	
Gain on investments	-0-	39,735	-0-	-0-	39,735	
(Increase) decrease in:						
Accounts receivable	( 91,603)	( 102)	620,639	( 1,114,645)	( 494,108)	
Inventory	( 25,189)	-0-	-0-	( 45,256)	( 45,256)	
Due from/(to) other funds	500,659	5,796	-0-	-0-	5,796	
Deposits and prepayments	-0-	-0-	-0-	( 342,406)	( 342,406)	
Accrued utility revenue	-0-	-0-	-0-	( 447,822)	( 447,822)	
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	125,162	81,370	-0-	-0-	81,370	
Deferred outflows of resources – change in assumptions	( 429,674)	( 279,340)	-0-	-0-	( 279,340)	
Deferred outflows of resources – differences between expected and actual experience	( 22,006)	( 14,306)	-0-	-0-	( 14,306)	
Deferred outflows	-0-	-0-	-0-	( 693,171)	( 693,171)	
Increase (decrease) in:						
Accounts payable	513,870	( 25,621)	-0-	568,667	543,046	
Deferred revenue	-0-	-0-	-0-	26	26	
Accrued payroll	4,988	1,752	-0-	23,883	25,635	
Accrued compensated absences	8,527	917	-0-	-0-	917	
Billing service payable	-0-	-0-	-0-	68,910	68,910	
Net pension obligation	332,193	215,966	-0-	1,207,036	1,423,002	
Deferred inflow of resources – differences between expected and actual experience	( 19,493)	( 12,674)	-0-	-0-	( 12,674)	
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	152,230	98,968	-0-	-0-	98,968	
Deferred inflows	-0-	-0-	-0-	80,020	80,020	
Other current accrued liabilities	-0-	-0-	-0-	( 820)	( 820)	
Net cash provided by (used in) operating activities	\$ <u>965,886</u>	\$ <u>861,802</u>	\$ <u>1,564,208</u>	\$ <u>17,104,384</u>	\$ <u>19,530,394</u>	

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –  
GENERAL FUND – BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<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>
<b>Revenues</b>						
Taxes (including interest and penalties):						
Ad valorem	\$ 4,328,000	\$ 4,347,000	\$ 4,328,102	\$ 84,072	\$ 4,412,174	\$( 18,898)
Gas and oil severance	55,000	41,000	41,186	-0-	41,186	186
Utility	1,043,000	1,021,000	1,094,109	40,585	1,134,694	73,109
Business and occupation	15,646,000	18,546,000	18,791,601	( 1,196,618)	17,594,983	245,601
Wine and liquor	850,000	879,000	879,485	( 7,263)	872,222	485
Animal control	5,000	5,000	4,037	-0-	4,037	( 963)
Hotel and motel	901,000	811,000	818,176	( 40,360)	777,816	7,176
Amusement	7,000	14,000	15,364	-0-	15,364	1,364
Motor vehicle operators	44,000	44,000	-0-	-0-	-0-	( 44,000)
Total taxes	22,879,000	25,708,000	25,972,060	( 1,119,584)	24,852,476	264,060
Licenses and permits	395,300	435,300	504,868	75	504,943	69,568
Charges for services	8,136,480	7,922,480	7,909,226	( 46,843)	7,862,383	( 13,254)
Fines and forfeitures	625,000	715,000	712,007	( 3,660)	708,347	( 2,993)
Franchise fees	394,500	394,500	395,524	669	396,193	1,024
Contributions	156,653	156,653	28,770	-0-	28,770	( 127,883)
Interest	15,000	15,000	35,535	-0-	35,535	20,535
Intergovernmental:						
Federal	116,000	116,000	147,179	21,437	168,616	31,179
Video lottery and gaming income	115,000	108,000	108,125	( 1)	108,124	125
Miscellaneous	59,700	59,700	380,015	( 8,800)	371,215	320,315
Total revenues	<u>32,892,633</u>	<u>35,630,633</u>	<u>36,193,309</u>	<u>( 1,156,707)</u>	<u>35,036,602</u>	<u>562,676</u>
<b>Expenditures</b>						
General government	6,692,004	9,594,667	8,666,137	( 1,935,985)	6,730,152	928,530
Public safety	13,856,459	14,279,349	13,731,716	7,413,995	21,145,711	547,633
Highways and streets	5,048,034	5,241,834	4,165,346	213,902	4,379,248	1,076,488
Culture and recreation	2,482,577	2,460,207	437,179	1,426,311	1,863,490	2,023,028
Social services	170,359	180,259	168,062	-0-	168,062	12,197
Total expenditures	<u>28,249,433</u>	<u>31,756,316</u>	<u>27,168,440</u>	<u>7,118,223</u>	<u>34,286,663</u>	<u>4,587,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,643,200</u>	<u>3,874,317</u>	<u>9,024,869</u>	<u>( 8,274,930)</u>	<u>749,939</u>	<u>5,150,552</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	120,000	88,700	78,700	( 11,200)	67,500	( 10,000)
Operating transfers (out)	( 5,413,200)	( 9,116,300)	( 8,745,200)	( 210,189)	( 8,955,389)	371,100
Total other financing sources (uses)	<u>( 5,293,200)</u>	<u>( 9,027,600)</u>	<u>( 8,666,500)</u>	<u>( 221,389)</u>	<u>( 8,887,889)</u>	<u>361,100</u>
Net change in fund balance	( 650,000)	( 5,153,283)	358,369	( 8,496,319)	( 8,137,950)	5,511,652
Fund balance at beginning of year	<u>650,000</u>	<u>5,153,283</u>	<u>5,443,189</u>	<u>(71,552,716)</u>	<u>(66,109,527)</u>	<u>289,906</u>
Fund balance at end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,801,558</u>	<u>\$(80,049,035)</u>	<u>\$( 74,247,477)</u>	<u>\$ 5,801,558</u>

**CITY OF MORGANTOWN, 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, 2017**

**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 and net pension obligations 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.

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, 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, 2017**

	<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>Differences</u>	<u>(GAAP</u>	<u>Budget</u>
					<u>Basis)</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
<b>Revenues</b>						
Interest	\$ 200	\$ 200	\$ 128	\$ -0-	\$ 128	\$ ( 72)
Intergovernmental:						
State	<u>80,000</u>	<u>65,000</u>	<u>75,173</u>	<u>-0-</u>	<u>75,173</u>	<u>10,173</u>
Total revenues	<u>80,200</u>	<u>65,200</u>	<u>75,301</u>	<u>-0-</u>	<u>75,301</u>	<u>10,101</u>
<b>Expenditures</b>						
General government	<u>11,286</u>	<u>5,471</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,471</u>
Total expenditures	<u>11,286</u>	<u>5,471</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,471</u>
Excess of revenues over expenditures	<u>68,914</u>	<u>59,729</u>	<u>75,301</u>	<u>-0-</u>	<u>75,301</u>	<u>15,572</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers (out)	<u>(80,000)</u>	<u>(77,500)</u>	<u>(67,500)</u>	<u>-0-</u>	<u>(67,500)</u>	<u>10,000</u>
Total other financing sources (uses)	<u>(80,000)</u>	<u>(77,500)</u>	<u>(67,500)</u>	<u>-0-</u>	<u>(67,500)</u>	<u>10,000</u>
Net change in fund balance	(11,086)	(17,771)	7,801	-0-	7,801	25,572
Fund balance at beginning of year	<u>11,086</u>	<u>17,771</u>	<u>17,790</u>	<u>-0-</u>	<u>-0-</u>	<u>19</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>25,591</u>	\$ <u>-0-</u>	\$ <u>7,801</u>	\$ <u>25,591</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 derived from using the accrual basis of accounting.

See accompanying notes and independent auditor's report.

CITY OF MORGANTOWN, WEST VIRGINIA  
 FIDUCIARY RESPONSIBILITIES  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

	<u>Pension and Retirement Funds</u>	<u>Component Unit Morgantown Public Library</u>
<b>Assets</b>		
Cash	\$ 184,205	\$ -0-
Investments	78,381,495	67,736
Receivables:		
Contributions	<u>181,200</u>	<u>-0-</u>
Total assets	<u>78,746,900</u>	<u>67,736</u>
<b>Liabilities</b>		
Accounts payable	<u>6,744</u>	<u>-0-</u>
Total liabilities	<u>6,744</u>	<u>-0-</u>
<b>Net Position</b>		
Held in trust	\$ <u>78,740,156</u>	\$ <u>67,736</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
FIDUCIARY RESPONSIBILITIES  
STATEMENT OF CHANGES IN NET POSITION  
JUNE 30, 2017**

	<u>Pension and Retirement Funds</u>	<u>Component Unit Morgantown Public Library</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 3,763,374	\$ -0-
Employee	1,444,994	-0-
Insurance premium tax allocation	1,115,326	-0-
Other	<u>7,140</u>	<u>-0-</u>
Total contributions	<u>6,330,834</u>	<u>-0-</u>
Investment income:		
Gain (loss) on sale of investments	6,011,123	7,837
Interest and dividends	<u>1,536,484</u>	<u>1,347</u>
Total investment income	<u>7,547,607</u>	<u>9,184</u>
Total additions	<u>13,878,441</u>	<u>9,184</u>
<b>Deductions</b>		
General and administrative	402,991	1,525
Contribution refunds	159,118	-0-
Benefit payments	<u>6,510,345</u>	<u>-0-</u>
Total deductions	<u>7,072,454</u>	<u>1,525</u>
Net increase (decrease)	6,805,987	7,659
Net position – beginning of year	<u>71,934,169</u>	<u>60,077</u>
Net position – end of year	\$ <u>78,740,156</u>	\$ <u>67,736</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**I. Summary of Significant Accounting Policies**

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

**(a) Reporting Entity**

The City of Morgantown, West Virginia is a municipal corporation governed under a Council-Manager form of government. 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 public safety for the City, sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set for by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority, and (2) the ability to impose will, or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City.

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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

***Blended Component Units***

The City of Morgantown 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 Morgantown Parking Authority serves the City of Morgantown, West Virginia, and is governed by a separate board of directors. The Morgantown Parking Authority provides parking areas within the City.

The Morgantown Municipal Building Commission serves the City of Morgantown, West Virginia, and is governed by a separate board of directors. The Morgantown Building Commission acquires property and debt on behalf of the City.

Board of Parks and Recreation Commission serves the City of Morgantown, West Virginia and is governed by a separate board of directors. The Board of Parks and Recreation Commission provides recreational facilities in Morgantown for the City.

The Morgantown Utility Board services all the citizens of the City of Morgantown. Complete financial statements for this component unit may be obtained at the entity's administrative offices at the following address:

Morgantown Utility Board  
278 Greenbag Road  
Morgantown, West Virginia 26507

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

The Morgantown Public Library serves all of the citizens of the City of Morgantown. The financial statements for this component unit may be obtained at the entity's administrative offices at the following address:

Morgantown Public Library  
373 Spruce Street  
Morgantown, West Virginia 26505

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

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

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

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

**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 Morgantown are described as follows:

**Governmental Fund Types**

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

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

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

*Capital Project Funds:* Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Funds.

**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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

The City of Morgantown reports the following major governmental funds:

General Fund, Coal Severance Fund, Life and Health Fund and Tax Increment Financing Debt Service Fund.

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

*Coal Severance Fund:* The Coal Severance Fund is a special revenue fund used to receive and disburse coal severance tax revenues received from the State of West Virginia.

*Life and Health Fund:* The Life and Health Fund is a special revenue fund used to receive and disburse funds for insurance benefits.

*Tax Increment Financing Debt Service Fund:* The Tax Increment Financing Debt Service Fund is a debt service fund used to receive and disburse funds used to repay tax increment financing debt.

*Capital Reserve Fund:* The Capital Reserve Fund is a Capital Projects Fund used to receive and disburse funds in connection with capital projects in the City of Morgantown.

The City of Morgantown reports the following major proprietary funds:

The Airport Fund.

**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 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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

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

**Proprietary Fund Types**

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

**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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Expenses for the enterprise fund include the administrative expense, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**(d) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

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:

**1. Deposits and Investments**

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

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

State statute §8-13-22c places limitations on the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

**2. Receivables and Payables**

*Interfund Transactions*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

*Trade Receivables*

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

*Property Tax Receivable*

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent annum is added for the date they become delinquent until the date they are paid.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
 FOR THE YEAR ENDED JUNE 30, 2017**

All municipalities within the State are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents) ; On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2017, were as follows:

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class II	\$ 428,610,752	25.00 cents
Class IV	\$ 773,597,749	50.00 cents

**3. 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 balance sheet because their use is limited by applicable bond covenants.

**4. Capital Assets and Depreciation**

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

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

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

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

**Governmental Funds**

Buildings	25 - 50 years
Improvements	10 - 20 years
Utility plant	10 - 20 years
Equipment	5 - 25 years

**Proprietary Funds**

Buildings and improvements	20 - 50 years
Infrastructure	20 - 65 years
Machinery and equipment	5 - 25 years
Vehicles	5 years

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

**Discretely Presented Component Units (Having Separately Issued Financial Statements)**

***Morgantown Public Library***

The Morgantown Public Library depreciates all capital assets using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Books and videos	5 years
Machinery and equipment	5 - 25 years

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

***Morgantown Utility Board***

The Board depreciates all long-term assets on a straight-line basis. The Board takes half a year's allowance in the year the asset is placed in service and a full year's allowance in the subsequent years with half a year's allowance in the final year of depreciation. At the time of retirement of depreciable utility plant in service, the amount is charged with the book cost of the property retired and the cost of removal, and is credited with any amounts recovered. The estimated useful lives of these assets are as follows:

Buildings and structures	30 years
Water transmission and distribution lines	50 - 100 years
Sewer and storm drain collection system	50 years
Treatment plants equipment	10 - 30 years
Office furniture and computers	5 - 10 years
Vehicles and heavy duty equipment	8 - 10 years

**5. Compensated Absences**

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

**Accumulated Sick Leave**

Municipal employees receive payment of 1/2 of the accumulated sick leave in excess of 720 hours. The payment for sick leave is calculated at current hourly rates and is paid in June of each fiscal year. Terminated and retiring employees hired before June 15, 1993 are entitled to receive payment for 1/2 of their accumulated sick leave, up to the amount accrued as of June 15, 1993, upon cessation of employment. Employees hired after that date do not receive payment for accumulated sick leave at cessation of employment.

**Discretely Presented Component Unit**

***Morgantown Utility Board***

The Board provides compensated absences for its employees in the form of vacation and sick leave. Vacation leave does not carry over from calendar year to calendar year.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**6. Long-Term Obligations**

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

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

**7. Fund Balances**

**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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

- b. Restricted net position – consists of net position that is restricted by the City'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

**GASB 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.

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**8. Change in Accounting Principle**

During the year ended June 30, 2017, the City adopted the following GASB statements:

**GASB 81 – *Irrevocable Split-Interest Agreements*** – This statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available for the government to carry out its mission. This statement is effective for reporting periods beginning after December 15, 2016 and had no effect on the accompanying financial statements. The City has elected early implementation of this GASB Statement.

**GASB 82 – Pension Issues** an amendment of GASB Statements No. 67, No. 68, and No. 73 – This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This GASB is effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This GASB had no effect on the accompanying financial statements.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements).

The following are recent GASB Pronouncements for which the City has not adopted as of June 30, 2017:

**GASB 83 – *Certain Asset Retirement Obligations*** – This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. This statement is effective for reporting periods beginning after June 15, 2018.

**GASB 84 – *Fiduciary Activities*** – This Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This statement is effective for reporting periods beginning after December 15, 2018.

**GASB 85 – *Omnibus 2017*** – This Statement establishes accounting and reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement is effective for reporting periods beginning after June 15, 2017.

**GASB 86 – *Certain Debt Extinguishment Issues*** – This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement is effective for reporting periods beginning after June 15, 2017.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**GASB 87 – Leases** – This Statement's objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the rights to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. This statement is effective for reporting periods beginning after December 15, 2019.

**9. Deferred Outflows/Inflows of Resources**

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

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

**10. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of City of Morgantown, West Virginia's Retirement System (PERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**Discretely Presented Component Unit (Issuing Separately Presented Financial Statements.**

***Morgantown Utility Board***

**Pension Plan and Deferred Compensation Plan**

**Plan Description** – The Board contributes to the City of Morgantown, WV (the "City") Employee's Retirement and Benefit Fund (the Plan). The Plan is a cost-sharing multiple-employer defined benefit plan. The Plan provides retirement, disability and death benefits to plan members and beneficiaries. Major features of the plan appear in Chapter 8, Article 22, Sections 2-15 of the Code of West Virginia as approved by ordinance of the City Council of Morgantown, WV.

**Funding Policy** – Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute an actuarially determined rate. The 2017 and 2016 rates were 13.31% and 13.95% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2017, 2016 and 2015, were \$1,024,171, \$1,022,554 and \$1,077,497.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Deferred Compensation Plan** – Employees are eligible to participate in an IRC Section 457 Deferred Compensation Plan. The maximum amount which may be deferred is the lesser of 100% of an employee's salary or \$18,000, for 2017 and 2016, plus \$6,000 catch-up for employees over fifty years of age. The Board provides no match for participant's contributions. All amounts which are deferred remain solely the property of the Board and are subject to its general creditors.

***Morgantown Public Library***

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

**11. Stabilization Arrangements**

The government has created a stabilization arrangement in accordance with West Virginia Code §8-37-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for any unforeseen shortfalls. The stabilization balance at fiscal year-end was \$1,285,593.

**12. Inventories**

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

**Discretely Presented Component Unit**

***Morgantown Utility Board***

The supplies inventory is valued on average cost basis.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**13. Amortization**

Debt discount on bonds is amortized on the straight-line method from the date of issuance to the date of maturity. Amortization of debt discount for fiscal year ended June 30, 2017 was \$5,825.

**14. 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.

**II. Stewardship, Compliance and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund, except that the amounts held for stabilization are not included for budgeting purposes. All annual appropriations lapse at fiscal year end.

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

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

**General Fund**

<u>Amount</u>	<u>Description</u>
\$ 6,605,763	General Government Expenditure Increase
422,890	Public Safety Expenditure Increase
193,800	Streets and Transportation Expenditure Increase
( 22,370)	Culture and Recreation Expenditure (Decrease)
9,900	Social Services Expenditure Increase

**Coal Severance**

<u>Amount</u>	<u>Description</u>
\$ ( 8,315)	General Government Expenditure (Decrease)

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

At year end, the government had the following investments:

**Policemen's Pension and Relief**

<u>Type of Investments</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money market	\$ 1,739,867	\$ -0-	\$ -0-	\$ 1,739,867	\$ 1,739,867	\$ -0-
Corporate stocks	3,567,960	-0-	-0-	3,567,960	3,259,707	308,253
Mutual funds	3,283,176	-0-	-0-	3,283,176	3,215,517	67,659
Corporate bonds	1,135,545	-0-	-0-	1,135,545	1,122,090	13,455
Exchange traded and closed end funds	4,362,532	-0-	-0-	4,362,532	3,614,975	747,557
U.S. Government obligations	<u>979,299</u>	<u>-0-</u>	<u>-0-</u>	<u>979,299</u>	<u>975,853</u>	<u>3,446</u>
<b>Total investments</b>	<b>\$ <u>15,068,379</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>15,068,379</u></b>	<b>\$ <u>13,928,009</u></b>	<b>\$ <u>1,140,370</u></b>

**Credit Risk**

	<u>Fair Value</u>	<u>Credit Risk Rating Standard &amp; Poor's and Fitch</u>
Money market	\$ 1,739,867	N/A
Corporate stocks	3,567,960	N/A
Mutual funds	3,283,176	N/A
Corporate bonds	1,135,545	BBB+ -AAA
Exchange traded and closed end funds	4,362,532	BBB+ -AAA
U.S. Government obligations	<u>979,299</u>	AA+
	<b>\$ <u>15,068,379</u></b>	

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Interest Rate Risk**

	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More than 10</u>
Corporate bonds	\$ 1,135,545	\$ 60,955	\$ 659,532	\$ 415,058	\$ -0-
U.S. Government obligations	<u>979,299</u>	<u>-0-</u>	<u>671,572</u>	<u>102,140</u>	<u>205,587</u>
	<u>\$ 2,114,844</u>	<u>\$ 60,955</u>	<u>\$ 1,331,104</u>	<u>\$ 517,198</u>	<u>\$ 205,587</u>

**Concentration of Credit Risk:**

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

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
Morgan Stanley Bank N.A.	\$ 1,739,867	11.54%

**Firemen's Pension and Relief Fund**

<u>Type of Investments</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money market	\$ 1,354,546	\$ -0-	\$ -0-	\$ 1,354,546	\$ 1,354,546	\$ -0-
Corporate stocks	2,814,599	-0-	-0-	2,814,599	2,565,317	249,282
Mutual funds	2,630,107	-0-	-0-	2,630,107	2,628,137	1,970
Corporate bonds	1,161,906	-0-	-0-	1,161,906	1,149,423	12,483
Exchange traded and closed end funds	3,403,253	-0-	-0-	3,403,253	2,820,144	583,109
U.S. Government obligations	<u>799,357</u>	<u>-0-</u>	<u>-0-</u>	<u>799,357</u>	<u>797,010</u>	<u>2,347</u>
Total investments	<u>\$ 12,163,768</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,163,768</u>	<u>\$ 11,314,577</u>	<u>\$ 849,191</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Credit Risk**

	<u>Fair Value</u>	<u>Credit Risk Rating Standard &amp; Poor's and Fitch</u>
Money market	\$ 1,354,546	N/A
Corporate stocks	2,814,599	N/A
Mutual funds	2,630,107	N/A
Corporate bonds	1,161,906	BBB+ -AAA
Exchange traded and closed end funds	3,403,253	BBB+ -AAA
U.S. Government obligations	<u>799,357</u>	AA+
	<b>\$ <u>12,163,768</u></b>	

**Interest Rate Risk**

	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Corporate bonds	\$ 1,161,906	\$ 47,973	\$ 641,230	\$ 399,550	\$ 73,153
U.S. Government obligations	<u>799,357</u>	<u>-0-</u>	<u>549,714</u>	<u>82,435</u>	<u>167,208</u>
	<b>\$ <u>1,961,263</u></b>	<b>\$ <u>47,973</u></b>	<b>\$ <u>1,190,944</u></b>	<b>\$ <u>481,985</u></b>	<b>\$ <u>240,361</u></b>

**Concentration of Credit Risk:**

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

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
Morgan Stanley Bank N.A.	\$ 1,354,546	11.13%

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Employee's Retirement and Benefit**

<u>Type of Investments</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money market	\$ 758,852	\$ -0-	\$ -0-	\$ 758,852	\$ 758,852	\$ -0-
Certificate of deposits	2,157,616	-0-	-0-	2,157,616	2,141,419	16,197
Corporate bonds	7,333,471	-0-	-0-	7,333,471	7,297,084	36,387
Corporate stocks	27,186,241	-0-	-0-	27,186,241	16,340,909	10,845,332
Mortgage backed securities	9,025,066	-0-	-0-	9,025,066	9,018,345	6,721
Municipal bonds	135,752	-0-	-0-	135,752	135,599	153
U.S. Government obligations	<u>4,552,350</u>	<u>-0-</u>	<u>-0-</u>	<u>4,552,350</u>	<u>4,549,289</u>	<u>3,061</u>
 Total investments	 \$ <u>51,149,348</u>	 \$ <u>-0-</u>	 \$ <u>-0-</u>	 \$ <u>51,149,348</u>	 \$ <u>40,241,497</u>	 \$ <u>10,907,851</u>

**Credit Risk**

	<u>Fair Value</u>	<u>Credit Risk Rating Standard &amp; Poor's and Fitch</u>
Money market	\$ 758,852	N/A
Certificates of deposit	2,157,616	N/A
Corporate bonds	7,333,471	BBB - AAA
Corporate stocks	27,186,241	BBB - AAA
Mortgage backed securities	9,025,066	BBB - AAA
Municipal bonds	135,752	BBB - AAA
U.S. Government obligations	<u>4,552,350</u>	AA+
	 \$ <u>51,149,348</u>	

**Interest Rate Risk**

	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Certificates of deposit	\$ 2,157,616	\$ -0-	\$ 2,157,616	\$ -0-	\$ -0-
Corporate bonds	7,333,471	1,007,236	5,033,340	1,209,315	83,580
Mortgage backed securities	9,025,066	-0-	1,559,154	1,189,727	6,276,185
Municipal bonds	135,752	135,752	-0-	-0-	-0-
U.S. Government obligations	<u>4,552,350</u>	<u>-0-</u>	<u>2,237,103</u>	<u>2,315,247</u>	<u>-0-</u>
	 \$ <u>23,204,255</u>	 \$ <u>1,142,988</u>	 \$ <u>10,987,213</u>	 \$ <u>4,714,289</u>	 \$ <u>6,359,765</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

At year end, the government had the following investments:

	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
<b>Government Activities</b>			
Certificates of Deposit	\$ <u>2,601,921</u>	Not Rated	Not Rated
Total Government Activities Investments	\$ <u>2,601,921</u>		

**Interest Rate Risk**

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>More Than 10 Years</u>	<u>Total</u>
Certificates of Deposit	\$ -0-	\$ 2,601,921	\$ -0-	\$ -0-	\$ 2,601,921

	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
<b>Proprietary Fund Component Unit – Parking Authority</b>			
Money Market Funds	\$ 14,984	Not Rated	Not Rated
Mutual Funds	582,692	Not Rated	Not Rated
Certificates of Deposit	<u>105,762</u>	Not Rated	Not Rated
Total Proprietary Fund Activities Investments	\$ <u>703,438</u>		

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Component Unit – Morgantown Public Library**

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>	<u>Credit Risk Rating</u>	
				<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
<b>Governmental Activity Types</b>					
Money Market funds	\$ 107,554	\$ 107,554	\$ -0-	Not Rated	Not Rated
Common stock	671,148	428,023	243,125	Not Rated	Not Rated
Corporate bonds	452,056	447,420	4,636	Not Rated	Not Rated
Certificates of deposit	1,026,431	1,026,039	392	Not Rated	Not Rated
Mutual funds	<u>804,721</u>	<u>737,264</u>	<u>67,457</u>	Not Rated	Not Rated
	<u>\$ 3,061,910</u>	<u>\$ 2,746,300</u>	<u>\$ 315,610</u>		

**Concentration of Credit Risk:**

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

<u>Interest Rate Risk</u>	<u>Less than one year</u>	<u>1 – 5 years</u>	<u>5 – 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Money market funds	\$ 107,554	\$ -0-	\$ -0-	\$ -0-	\$ 107,554
Corporate bonds	-0-	300,804	151,252	-0-	452,056
Certificates of deposit	<u>134,989</u>	<u>891,442</u>	<u>-0-</u>	<u>-0-</u>	<u>1,026,431</u>
	<u>\$ 242,543</u>	<u>\$ 1,192,246</u>	<u>\$ 151,252</u>	<u>\$ -0-</u>	<u>\$ 1,586,041</u>

At year end, the government had the following investments in fiduciary fund types:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>	<u>Credit Risk Rating</u>	
				<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
<b>Fiduciary Types</b>					
Money Market funds	\$ 1,352	\$ 1,352	\$ -0-	Not Rated	Not Rated
Mutual funds	<u>66,384</u>	<u>59,125</u>	<u>7,259</u>	Not Rated	Not Rated
	<u>\$ 67,736</u>	<u>\$ 60,477</u>	<u>\$ 7,259</u>		

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Interest Rate Risk</u>	<u>Less than one year</u>	<u>1 – 5 years</u>	<u>5 – 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Money market funds	\$ 1,352	\$ -0-	\$ -0-	\$ -0-	\$ 1,352

**Component Unit – Morgantown Utility Board**

The carrying amount of the Board's cash deposits was \$2,490,413 at June 30, 2017 and \$716,006 at June 30, 2016. The bank balance at June 30, 2017 and June 30, 2016 was \$3,031,602 and \$1,192,415 respectively, which was fully covered by Federal Deposit Insurance Coverage or collateralized with securities held by the pledging institution's trust department.

Total cash and investments at June 30, 2017 and 2016 consisted of the following:

	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash deposits				
Demand deposits	\$ 2,490,413	\$ 2,490,413	\$ 714,456	\$ 714,456
Cash and investments with fiscal agents				
Cash	1,396,961	1,396,961	1,054,552	1,054,552
Investment agreements				
Fixed income	5,480,485	5,493,129	3,032,423	3,035,211
Equities	1,635,143	2,062,146	1,091,218	1,329,852
Cash – restricted	<u>74,134,010</u>	<u>74,134,010</u>	<u>3,561,643</u>	<u>3,561,643</u>
Total cash and investments	\$ <u>85,137,012</u>	\$ <u>85,576,659</u>	\$ <u>9,454,292</u>	\$ <u>9,695,714</u>

Note that the Board held \$1,510 and \$1,610 in petty cash at June 30, 2017 and June 30, 2016, respectively.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Interest Rate Risk** – The Board's investment policy follows the State of West Virginia Code §8-13-22a and any subsequently enacted modifications of this statute concerning the limits of maturities on individual investments.

**Credit Risk** – The Board has a deposit policy for custodial credit risk beyond the requirements of the State Statute. West Virginia law requires that deposits be insured or be protected by eligible securities pledged to and deposited either with the Board or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

<u>Quality Rating</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Fair Value</u>	<u>Percent</u>	<u>Fair Value</u>	<u>Percent</u>
AAA	\$ 97,448	1.8%	\$ -0-	0%
AA+	1,491,332	27.1%	1,226,293	40.4%
AA	304,692	5.5%	108,156	3.6%
AA-	309,494	5.6%	217,415	7.1%
A+	251,628	4.6%	163,374	5.4%
A	516,480	9.4%	309,608	10.2%
Not rated	<u>2,522,055</u>	<u>46.0%</u>	<u>1,010,365</u>	<u>33.3%</u>
Total	\$ <u>5,493,129</u>	<u>100.0%</u>	\$ <u>3,035,211</u>	<u>100.0%</u>

**Concentration of Credit Risk** – The Board's investment policy follows the State of West Virginia Code §8-13-22a and any subsequently enacted modifications of this statute concerning the limits on the amount that may be invest in any one financial institution.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

Fair Value Measurements

The fair value hierarchy defines three levels of input, as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining the fair value, the Board utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets and liabilities are carried at fair value at June 30, 2017 and 2016, and are classified as Level 1, Level 2 and Level 3 as follows:

<u>June 30, 2017</u>			
Assets carried at Fair Market Value:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 5,493,129	\$ -0-	\$ -0-
Equities	<u>2,062,146</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>7,555,275</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>June 30, 2016</u>			
Assets carried at Fair Market Value:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 3,035,211	\$ -0-	\$ -0-
Equities	<u>1,329,852</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>4,365,063</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

**Government Wide**

*Concentration of Credit Risk*

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

*Custodial Credit Risk*

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to require a depository bond as collateral for all investments. At year end, the primary government's, component units' and fiduciary funds' bank balances (excluding the Pension and Retirement Funds and Morgantown Utility Board) were \$20,579,324, which were collateralized with a depository bond.

For Investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government has adopted State Code requirements as its policy for custodial credit risk. At year end, the investment balances were \$8,815,516. The entire balance is considered secured.

A reconciliation of cash and investments as shown on the Statement of Net Position of the government and Statement of Net Position of the Fiduciary Funds (excluding the Pension and Retirement Funds and Morgantown Utility Board) is as follows:

Cash and cash equivalents	\$	20,579,324
Investments – collateralized and secured		<u>8,815,516</u>
Total	\$	<u>29,394,840</u>
Cash and cash equivalents	\$	20,579,324
Cash and investments – restricted		4,023,813
Investments		<u>4,791,703</u>
Total	\$	<u>29,394,840</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

**B. Receivables**

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

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Airport</u>	<u>Other</u> <u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Component</u> <u>Units</u>
Receivables:							
Taxes	\$ 4,645,601	\$ 25,182	\$ -0-	\$ 148,708	\$ 4,819,491	\$ -0-	\$ -0-
Accounts	282,987	-0-	167,858	6,149	456,994	-0-	3,608,289
Contributions	-0-	-0-	-0-	-0-	-0-	181,200	-0-
Other	170,676	-0-	-0-	-0-	170,676	-0-	1,027,997
Grants	17,124	-0-	12,336	7,283	36,743	-0-	-0-
Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>32,576</u>
Total	\$ <u>5,116,388</u>	\$ <u>25,182</u>	\$ <u>180,194</u>	\$ <u>162,140</u>	\$ <u>5,483,904</u>	\$ <u>181,200</u>	\$ <u>4,668,862</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connections with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Property taxes receivable	\$ 479,200
Business and occupation tax receivable	<u>69,655</u>
Total deferred revenue for governmental funds	\$ <u>548,855</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,396,801	\$ -0-	\$ -0-	\$ 1,396,801
Construction in process	<u>277,974</u>	<u>-0-</u>	<u>-0-</u>	<u>277,974</u>
Total nondepreciable capital assets	<u>1,674,775</u>	<u>-0-</u>	<u>-0-</u>	<u>1,674,775</u>
<b>Depreciable Capital Assets</b>				
Buildings	7,428,304	-0-	-0-	7,428,304
Infrastructure	8,113,804	-0-	-0-	8,113,804
Machinery and equipment	4,002,399	409,193	-0-	4,411,592
Vehicles	<u>6,837,110</u>	<u>1,297,888</u>	<u>799,671</u>	<u>7,335,327</u>
Total at historical cost	<u>26,381,617</u>	<u>1,707,081</u>	<u>799,671</u>	<u>27,289,027</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	2,622,223	191,606	-0-	2,813,829
Infrastructure	1,901,504	209,288	-0-	2,110,792
Machinery and equipment	2,542,381	113,793	-0-	2,656,174
Vehicles	<u>6,171,692</u>	<u>189,208</u>	<u>799,671</u>	<u>5,561,229</u>
Total accumulated depreciation	<u>13,237,800</u>	<u>703,895</u>	<u>799,671</u>	<u>13,142,024</u>
Total depreciable capital assets, net	<u>13,143,817</u>	<u>1,003,186</u>	<u>-0-</u>	<u>14,147,003</u>
Governmental activities capital assets, net	\$ <u>14,818,592</u>	\$ <u>1,003,186</u>	\$ <u>-0-</u>	\$ <u>15,821,778</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Component Unit  
*Board of Parks and Recreation***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets</b>				
Land	\$ 86,937	\$ -0-	\$ -0-	\$ 86,937
Construction in process	<u>6,747</u>	<u>-0-</u>	<u>-0-</u>	<u>6,747</u>
Total nondepreciable capital assets	<u>93,684</u>	<u>-0-</u>	<u>-0-</u>	<u>93,684</u>
<b>Depreciable Capital Assets</b>				
Land improvements	1,030,145	-0-	-0-	1,030,145
Buildings	5,005,744	5,950	-0-	5,011,694
Machinery and equipment	965,856	101,974	-0-	1,067,830
Vehicles	<u>338,292</u>	<u>-0-</u>	<u>-0-</u>	<u>338,292</u>
Total at historical cost	<u>7,340,037</u>	<u>107,924</u>	<u>-0-</u>	<u>7,447,961</u>
<b>Less: Accumulated Depreciation</b>				
Land improvements	755,917	36,365	-0-	792,282
Buildings	2,312,842	167,466	-0-	2,480,308
Machinery and equipment	719,584	41,459	-0-	761,043
Vehicles	<u>289,312</u>	<u>10,965</u>	<u>-0-</u>	<u>300,277</u>
Total accumulated depreciation	<u>4,077,655</u>	<u>256,255</u>	<u>-0-</u>	<u>4,333,910</u>
Total depreciable capital assets, net	<u>3,262,382</u>	<u>(148,331)</u>	<u>-0-</u>	<u>3,114,051</u>
Governmental activities capital assets, net	\$ <u>3,356,066</u>	\$ <u>(148,331)</u>	\$ <u>-0-</u>	\$ <u>3,207,735</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Business-Type Activities**

***Airport Fund***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets</b>				
Land	\$ 50,050	\$ -0-	\$ -0-	\$ 50,050
Construction in process	<u>2,497,516</u>	<u>749,523</u>	<u>-0-</u>	<u>3,247,039</u>
Total nondepreciable capital assets	<u>2,547,566</u>	<u>749,523</u>	<u>-0-</u>	<u>3,297,089</u>
<b>Depreciable Capital Assets</b>				
Buildings	7,923,113	1,275,414	-0-	9,198,527
Structures and improvements	32,077,429	-0-	-0-	32,077,429
Machinery and equipment	<u>2,461,155</u>	<u>167,640</u>	<u>-0-</u>	<u>2,628,795</u>
Total at historical cost	<u>42,461,697</u>	<u>1,443,054</u>	<u>-0-</u>	<u>43,904,751</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	3,600,479	264,878	-0-	3,865,357
Structures and improvements	13,318,030	804,245	-0-	14,122,275
Machinery and equipment	<u>1,701,270</u>	<u>147,565</u>	<u>-0-</u>	<u>1,848,835</u>
Total accumulated depreciation	<u>18,619,779</u>	<u>1,216,688</u>	<u>-0-</u>	<u>19,836,467</u>
Total depreciable capital assets, net	<u>23,841,918</u>	<u>226,366</u>	<u>-0-</u>	<u>24,068,284</u>
Enterprise activities capital assets, net	\$ <u>26,389,484</u>	\$ <u>975,889</u>	\$ <u>-0-</u>	\$ <u>27,365,373</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Component Unit**

**Business-Type Activities**

***Parking Authority***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,484,399	\$ -0-	\$ -0-	\$ 1,484,399
Construction in process	<u>-0-</u>	<u>308,458</u>	<u>-0-</u>	<u>308,458</u>
Total nondepreciable capital assets	<u>1,484,399</u>	<u>308,458</u>	<u>-0-</u>	<u>1,792,857</u>
<b>Depreciable Capital Assets</b>				
Structures and improvements	9,741,706	94,189	-0-	9,835,895
Leasehold improvements	90,965	-0-	-0-	90,965
Machinery and equipment	<u>1,358,064</u>	<u>43,885</u>	<u>-0-</u>	<u>1,401,949</u>
Total at historical cost	<u>11,190,735</u>	<u>138,074</u>	<u>-0-</u>	<u>11,328,809</u>
<b>Less: Accumulated Depreciation</b>				
Structures and improvements	5,486,696	228,910	-0-	5,715,606
Leasehold improvements	90,965	-0-	-0-	90,965
Machinery and equipment	<u>1,076,219</u>	<u>64,621</u>	<u>-0-</u>	<u>1,140,840</u>
Total accumulated depreciation	<u>6,653,880</u>	<u>293,531</u>	<u>-0-</u>	<u>6,947,411</u>
Total depreciable capital assets, net	<u>4,536,855</u>	<u>(155,457)</u>	<u>-0-</u>	<u>4,381,398</u>
Business-type activities capital assets, net	\$ <u>6,021,254</u>	\$ <u>153,001</u>	\$ <u>-0-</u>	\$ <u>6,174,255</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Component Unit**

***Building Commission***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets</b>				
Land	\$ <u>1,439,707</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,439,707</u>
Total nondepreciable capital assets	<u>1,439,707</u>	<u>-0-</u>	<u>-0-</u>	<u>1,439,707</u>
<b>Depreciable Capital Assets</b>				
Land improvements	744,473	-0-	-0-	744,473
Building	15,742,250	-0-	-0-	15,742,250
Machinery and equipment	<u>1,094,319</u>	<u>-0-</u>	<u>-0-</u>	<u>1,094,319</u>
Total at historical cost	<u>17,581,042</u>	<u>-0-</u>	<u>-0-</u>	<u>17,581,042</u>
<b>Less: Accumulated Depreciation</b>				
Land improvements	177,379	17,994	-0-	195,373
Building	6,713,324	393,556	-0-	7,106,880
Machinery and equipment	<u>549,107</u>	<u>43,925</u>	<u>-0-</u>	<u>593,032</u>
Total accumulated depreciation	<u>7,439,810</u>	<u>455,475</u>	<u>-0-</u>	<u>7,895,285</u>
Total depreciable capital assets, net	<u>10,141,232</u>	<u>(455,475)</u>	<u>-0-</u>	<u>9,685,757</u>
Enterprise activities capital assets, net	\$ <u>11,580,939</u>	\$ <u>(455,475)</u>	\$ <u>-0-</u>	\$ <u>11,125,464</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 213,850
Public safety	238,051
Highways and streets	243,895
Culture and recreation	<u>8,099</u>
 Total depreciation expense	 \$ <u>703,895</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Discretely Presented Component Units**

***Morgantown Public Library***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Depreciable Assets</b>				
Buildings and fixtures	\$ 3,250,398	\$ 28,372	\$ -0-	\$ 3,278,770
Machinery and equipment	152,044	5,800	-0-	157,844
Books and videos	<u>5,277,662</u>	<u>140,871</u>	<u>-0-</u>	<u>5,418,533</u>
Total at historical cost	<u>8,680,104</u>	<u>175,043</u>	<u>-0-</u>	<u>8,855,147</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and fixtures	1,662,534	57,176	-0-	1,719,710
Machinery and equipment	148,582	23,612	-0-	172,194
Books and videos	<u>4,897,971</u>	<u>129,893</u>	<u>-0-</u>	<u>5,027,864</u>
Total accumulated depreciation	<u>6,709,087</u>	<u>210,681</u>	<u>-0-</u>	<u>6,919,768</u>
Total depreciable capital assets, net	\$ <u>1,971,017</u>	\$ <u>(35,638)</u>	\$ <u>-0-</u>	\$ <u>1,935,379</u>

***Morgantown Utility Board***

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements &amp; Transfers to Utility Plant</u>	<u>Ending Balance</u>
CWIP	\$ 14,462,057	\$ 14,515,568	\$(5,978,718)	\$ 22,998,907
Land	1,658,519	-0-	-0-	1,658,519
Intangible plant	376,834	-0-	-0-	376,834
Buildings and structures	27,506,097	64,668	( 30,000)	27,540,765
Water transmission and distribution system	72,348,328	2,930,940	( 128,380)	75,150,888
Sewer and storm collection system	116,821,495	2,542,645	( 62,503)	119,301,637
Treatment plant equipment	73,343,819	33,558	( 6,000)	73,371,378
Office furniture and equipment and computer system	4,882,479	59,286	-0-	4,941,765
Vehicles and heavy duty equipment	<u>8,375,264</u>	<u>61,597</u>	<u>( 299,669)</u>	<u>8,137,193</u>
Total capital assets	319,774,892	20,208,262	(6,505,270)	333,477,886
Less: Accumulated depreciation	<u>(114,857,706)</u>	<u>( 8,710,463)</u>	<u>560,690</u>	<u>(123,007,479)</u>
Total net capital assets	\$ <u>204,917,186</u>	\$ <u>11,497,799</u>	\$ <u>(5,944,580)</u>	\$ <u>210,470,407</u>
Depreciation expense charged to operations		\$ <u>8,710,463</u>		

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Woodburn Property Fund	Metropolitan Theater Fund	\$ 5,324
General Fund	Metropolitan Theater Fund	15,345
General Fund	Woodburn Property Fund	25,000
General Fund	Board of Parks and Recreation	245,244
Capital Reserve Fund	Tax Increment Financing Fund	16,000
Capital Reserve Fund	Airport Fund	653,846
General Fund	Parking Authority	21,647
General Fund	Life and Health Fund	390,000

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Interfund Transfers:**

<u>Total</u>	<u>Community Development Block Grant Fund</u>	<u>OPEB Trust Fund</u>	<u>Woodburn Property Fund</u>	<u>Tax Increment Financing Debt Service Fund</u>	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Metropolitan Theater Fund</u>	<u>Airport Fund</u>	<u>Board of Parks and Recreation</u>	
Transfers Out:										
General Fund	\$ 28,000	\$ -0-	\$ -0-	\$ 20,000	\$ -0-	\$ 8,548,055	\$ 35,100	\$ 130,000	\$ 1,202,154	\$ 9,963,309
Life and Health Fund	-0-	857,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	857,000
Tax Increment Financing Fund	-0-	-0-	-0-	1,349,667	-0-	-0-	-0-	-0-	-0-	1,349,667
Coal Severance Fund	-0-	-0-	-0-	-0-	67,500	-0-	-0-	-0-	-0-	67,500
Building Commission Fund	-0-	-0-	-0-	-0-	-0-	62,875	-0-	-0-	-0-	62,875
Capital Reserve Fund	-0-	-0-	140,000	-0-	300,000	-0-	-0-	1,100,000	-0-	1,540,000
	<u>\$ 28,000</u>	<u>\$ 857,000</u>	<u>\$ 140,000</u>	<u>\$ 1,369,667</u>	<u>\$ 367,500</u>	<u>\$ 8,610,930</u>	<u>\$ 35,100</u>	<u>\$ 1,230,000</u>	<u>\$ 1,202,154</u>	<u>\$ 13,840,351</u>

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**E. Fund Balance Detail**

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

	<u>General Fund</u>	<u>Coal Severance</u>	<u>Capital Reserve</u>	<u>Life and Health</u>	<u>Tax Increment Financing Debt Service</u>	<u>Airport Access Road</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Restricted:</b>								
Public safety	\$ 17,124	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 430	\$ 17,554
Debt service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Economic development	-0-	-0-	-0-	-0-	-0-	-0-	156,612	156,612
	<u>17,124</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>157,042</u>	<u>174,166</u>
<b>Nonspendable:</b>								
Inventory	<u>41,265</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>41,265</u>
<b>Assigned:</b>								
Streets and transportation	-0-	25,591	-0-	-0-	-0-	268,473	-0-	294,064
Benefit payments	-0-	-0-	-0-	766,040	-0-	-0-	712,952	1,478,992
Public safety	-0-	-0-	-0-	-0-	-0-	-0-	801,132	801,132
Community development	-0-	-0-	8,770,118	-0-	-0-	-0-	209,977	8,980,095
	<u>-0-</u>	<u>25,591</u>	<u>8,770,118</u>	<u>766,040</u>	<u>-0-</u>	<u>268,473</u>	<u>1,724,061</u>	<u>11,554,283</u>
<b>Unassigned</b>	<u>11,290,499</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(933,458)</u>	<u>-0-</u>	<u>( 40,127)</u>	<u>10,316,914</u>
<b>Total fund balance</b>	<u>\$ 11,348,888</u>	<u>\$ 25,591</u>	<u>\$ 8,770,118</u>	<u>\$ 766,040</u>	<u>\$(933,458)</u>	<u>\$ 268,473</u>	<u>\$ 1,840,976</u>	<u>\$ 22,086,628</u>

**F. Long-Term Debt**

Long-term liability activity for Governmental Activities for the year ended June 30, 2017 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>
<b>Governmental Activities</b>						
<b>Bonds Payable</b>						
2006A TIF bonds	\$ 4,470,000	\$ -0-	\$ 185,000	\$ 4,285,000	\$ 195,000	\$ 4,090,000
2007 TIF bonds	2,505,000	-0-	120,000	2,385,000	-0-	2,385,000
2007A TIF bonds	8,615,000	-0-	-0-	8,615,000	-0-	8,615,000
2014 TIF bonds	4,908,000	-0-	294,000	4,614,000	301,000	4,313,000
Total bonds payable	<u>20,498,000</u>	<u>-0-</u>	<u>599,000</u>	<u>19,899,000</u>	<u>496,000</u>	<u>19,403,000</u>
<b>Other long-term debt:</b>						
Compensated absences	1,206,076	73,790	-0-	1,279,866	-0-	1,279,866
Obligation under capital lease	1,319,364	-0-	203,583	1,115,781	214,692	901,089
Net pension obligation	111,475,148	-0-	6,255,014	105,220,134	-0-	105,220,134
Accrued other post employment benefits	4,643,000	326,000	-0-	4,969,000	-0-	4,969,000
Total other long-term debt	<u>118,643,588</u>	<u>399,790</u>	<u>6,458,597</u>	<u>112,584,781</u>	<u>214,692</u>	<u>112,370,089</u>
<b>Total long-term debt – governmental activities</b>	<u>\$ 139,141,588</u>	<u>\$ 399,790</u>	<u>\$ 7,057,597</u>	<u>\$ 132,483,781</u>	<u>\$ 710,692</u>	<u>\$ 131,773,089</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
<b>Component Unit</b>						
<i>Board of Park and Recreation Commission</i>						
Obligation under capital lease	\$ 722,304	\$ -0-	\$ 62,016	\$ 660,288	\$ 67,488	\$ 592,800
Net pension obligation	<u>229,783</u>	<u>195,696</u>	<u>-0-</u>	<u>425,479</u>	<u>-0-</u>	<u>425,479</u>
Total long-term debt component unit	\$ <u>952,087</u>	\$ <u>195,696</u>	\$ <u>62,016</u>	\$ <u>1,085,767</u>	\$ <u>67,488</u>	\$ <u>1,018,279</u>
<b>Component Unit</b>						
<i>Morgantown Public Library</i>						
Obligation under capital lease	\$ 32,472	\$ -0-	\$ 2,788	\$ 29,684	\$ 3,034	\$ 26,650
Net pension obligation	<u>244,704</u>	<u>175,488</u>	<u>-0-</u>	<u>420,192</u>	<u>-0-</u>	<u>420,192</u>
Total long-term debt component unit	\$ <u>277,176</u>	\$ <u>175,488</u>	\$ <u>2,788</u>	\$ <u>449,876</u>	\$ <u>3,034</u>	\$ <u>446,842</u>

**TIF Bonds**

In 2006, the City of Morgantown issued Tax Increment Financing (TIF) revenue bonds to provide funds to finance the costs of certain private capital improvements within the City's designated areas. The bonds do not constitute a general obligation, or pledge of the full faith and credit of the City of Morgantown. The principal and interest on the tax increment revenue bonds are to be repaid solely by the property taxes generated in association with increased assessed values of property within the TIF district area.

**2006A TIF Bonds**

The 2006A TIF bonds were issued in the amount of \$6,180,000 to provide financing for the Parking Garage Project No. 1. This is a private/public partnership project undertaken to economically revitalize the Riverfront area. The bonds are payable solely from the tax increment property taxes assessed and collected in the district area. Annual principal and interest on the bonds are expected to require less than 55% of the net revenues associated with the property taxes within the district. The bonds mature incrementally with final maturity due June 1, 2033. Payments of principal and interest are due annually on June 1st with varying interest rates. The City has pledged future tax increment revenue to provide for the repayment of these bonds. The following is a schedule of future debt retirement based on current financing arrangements:

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 195,000	\$ 221,030	\$ 416,030
2019	200,000	211,670	411,670
2020	210,000	202,070	412,070
2021	220,000	191,990	411,990
2022	235,000	170,150	405,150
2023 – 2027	1,345,000	727,630	2,072,630
2028 – 2032	1,685,000	362,500	2,047,500
2033	<u>195,000</u>	<u>19,750</u>	<u>214,750</u>
Total	\$ <u>4,285,000</u>	\$ <u>2,106,790</u>	\$ <u>6,391,790</u>

**2007 TIF Bonds**

The 2007 TIF bonds were issued in the amount of \$3,000,000 to provide financing for certain private capital improvements within the City's designated TIF Falling Run district area. The bonds are payable solely from the property taxes generated in association with increased assessed values of property within the TIF district area. The bonds do not constitute a general obligation, or pledge of the faith and credit of the City of Morgantown. Payments of interest only are due semiannually with the principal and any outstanding interest due in 2033. The bonds bear interest at 5.69%. 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>
2018	\$ -0-	\$ 87,341	\$ 87,341
2019	-0-	87,341	87,341
2020	-0-	87,341	87,341
2021	-0-	87,341	87,341
2022	-0-	87,341	87,341
2023 – 2027	-0-	436,705	436,705
2028 – 2032	-0-	436,705	436,705
2033	<u>2,385,000</u>	<u>87,341</u>	<u>2,472,341</u>
Total	\$ <u>2,385,000</u>	\$ <u>1,397,456</u>	\$ <u>3,782,456</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**2007A TIF Bonds**

The 2007A TIF bonds were issued subordinate to the 2006 TIF bonds, and were issued to provide funds to finance the costs of certain private capital improvements with the City's designated TIF riverfront district area. Proceeds from the bonds provided additional financing for the Riverfront Event Center Project No. 1. The bonds are payable solely from the property taxes generated in associated with the increased assessed values of property within the TIF district area. The bonds do not constitute a general obligation, or pledge of the full faith and credit of the City of Morgantown. The bonds bear interest of 8.00%, with interest only payments due quarterly and principal and interest due in June 2033. 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>
2018	\$ -0-	\$ 689,200	\$ 689,200
2019	-0-	689,200	689,200
2020	-0-	689,200	689,200
2021	-0-	689,200	689,200
2022	-0-	689,200	689,200
2023 – 2027	-0-	3,446,000	3,446,000
2028– 2032	-0-	3,446,000	3,446,000
2033	<u>8,615,000</u>	<u>689,200</u>	<u>9,304,200</u>
 Total	 \$ <u>8,615,000</u>	 \$ <u>11,027,200</u>	 \$ <u>19,642,200</u>

**2014 TIF Bonds**

The 2014 TIF bonds were issued to provide funds to finance the costs of certain private capital improvements with the City's designated TIF Sunnyside district area and to refinance the 2010 TIF bonds. Proceeds from the bonds provided additional financing for the Sunnyside district area improvements with the City's designated TIF Sunnyside district area. The bonds are payable solely from the property taxes generated in association with the increased assessed values of property within the TIF district area. The bonds do not constitute a general obligation, or pledge of the full faith and credit of the City of Morgantown. The bonds bear interest of 2.64%. The following is a schedule of future debt retirement based on current financing arrangements:

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 301,000	\$ 121,809	\$ 422,809
2019	309,000	113,863	422,863
2020	318,000	105,706	423,706
2021	326,000	97,310	423,310
2022	335,000	44,352	379,352
2023 – 2027	1,809,000	306,293	2,115,293
2028 – 2029	<u>1,216,000</u>	<u>53,882</u>	<u>1,269,882</u>
 Total	 \$ <u>4,614,000</u>	 \$ <u>843,215</u>	 \$ <u>5,457,215</u>

Total debt retirement of all TIF bonds based on current financing arrangements is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 496,000	\$ 1,119,380	\$ 1,615,380
2019	509,000	1,102,074	1,611,074
2020	528,000	1,084,317	1,612,317
2021	546,000	1,065,841	1,611,841
2022	570,000	991,043	1,561,043
2023 – 2027	3,154,000	4,916,628	8,070,628
2028 – 2032	2,901,000	4,299,087	7,200,087
2033	<u>11,195,000</u>	<u>796,291</u>	<u>11,991,291</u>
 Total	 \$ <u>19,899,000</u>	 \$ <u>15,374,661</u>	 \$ <u>35,273,661</u>

**Obligation Under Capital Leases**

The General Fund of the City of Morgantown entered into a capital lease to finance the acquisition of various lighting upgrades and energy efficient equipment and upgrades. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

Fiscal Year Ending June 30,

2018		\$ 95,648
2019		98,364
2020		100,897
2021		104,778
2022		108,266
2023 – 2025		<u>282,099</u>
		790,052
Less: Amount representing interest		<u>122,601</u>
		667,451
Less: Current maturities		<u>67,914</u>
		599,537
Non-current maturities		\$ <u>599,537</u>

The General Fund of the City of Morgantown entered into a capital lease to finance the acquisition of various equipment. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,

2018		\$ 153,603
2019		153,603
2020		<u>153,603</u>
		460,809
Less: Amount representing interest		<u>12,479</u>
		448,330
Less: Current maturities		<u>146,778</u>
		301,552
Non-current maturities		\$ <u>301,552</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

The following is a schedule of future minimum lease payments required under all governmental fund capital leases and the present value of the net minimum lease payments at June 30, 2017:

<u>Fiscal Year Ending June 30,</u>		
2018		\$ 249,251
2019		251,967
2020		254,500
2021		104,778
2022		108,266
2023 – 2025		<u>282,099</u>
		1,250,861
Less: Amount representing interest		<u>135,080</u>
		1,115,781
Less: Current maturities		<u>214,692</u>
		901,089
Non-current maturities		\$ <u>901,089</u>

**Component Unit – Board of Parks and Recreation Commission**

The Board of Parks and Recreation Commission of the City of Morgantown entered into a capital lease to finance the acquisition of lighting upgrades, boiler upgrades and ice plant at the City's ice rink. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

Fiscal Year Ending June 30,

2018	\$ 95,049
2019	97,748
2020	100,265
2021	104,122
2022	107,588
2023 – 2025	<u>280,332</u>
	785,104
Less: Amount representing interest	<u>124,816</u>
	660,288
Less: Current maturities	<u>67,488</u>
	592,800
Non-current maturities	\$ <u>592,800</u>

**Component Unit – Morgantown Public Library**

The Morgantown Public Library entered into a capital lease to finance the acquisition of various lighting upgrades and energy efficient equipment and upgrades. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,

2018	\$ 4,273
2019	4,395
2020	4,508
2021	4,681
2022	4,837
2023 – 2025	<u>12,602</u>
	35,296
Less: Amount representing interest	<u>5,612</u>
	29,684
Less: Current maturities	<u>3,034</u>
	26,650
Non-current maturities	\$ <u>26,650</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

Long-term liability activity for Business-Type Activities Unit for the year ended June 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due After</u> <u>One Year</u>
<b>Business-Type Activities</b>						
Obligation Under Capital Lease	\$ 336,204	\$ -0-	\$ 28,866	\$ 307,338	\$ 31,413	\$ 275,925
<b>Discretely Presented Component Unit</b>						
Obligation Under Capital Lease	<u>162,162</u>	<u>-0-</u>	<u>13,923</u>	<u>148,239</u>	<u>15,152</u>	<u>133,087</u>
Total Capital Lease	<u>498,366</u>	<u>-0-</u>	<u>42,789</u>	<u>455,577</u>	<u>46,565</u>	<u>409,012</u>
<b>Bonds Payable</b>						
2012 Municipal Building Lease Revenue Refunding Bonds	1,845,000	-0-	585,000	1,260,000	600,000	660,000
2013A Municipal Building Lease Revenue Refunding Bonds	3,045,000	-0-	235,000	2,810,000	240,000	2,570,000
2012 Parking System Refunding Revenue Bonds	<u>2,249,669</u>	<u>-0-</u>	<u>386,546</u>	<u>1,863,123</u>	<u>396,270</u>	<u>1,466,853</u>
Total Bonds Payable	<u>7,139,669</u>	<u>-0-</u>	<u>1,206,546</u>	<u>5,933,123</u>	<u>1,236,270</u>	<u>4,696,853</u>
Total Discretely Presented Component Units	\$ <u>7,638,035</u>	\$ <u>-0-</u>	\$ <u>1,249,335</u>	\$ <u>6,388,700</u>	\$ <u>1,282,835</u>	\$ <u>5,105,865</u>

**2012 Municipal Building Lease Revenue Refunding Bond**

This issue was authorized to refinance the 2003 Municipal Building Lease Revenue Refunding Bonds. The bonds were issued bearing interest of 2.00%-2.25% payable semiannually on the first day of January and the first day of July of each year.

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>
2018	\$ 600,000	\$ 26,850	\$ 626,850
2019	<u>660,000</u>	<u>14,850</u>	<u>674,850</u>
Total	\$ <u>1,260,000</u>	\$ <u>41,700</u>	\$ <u>1,301,700</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

The 2012 bonds are secured by the lease rentals derived from the lease of the public safety and parking building to the City pursuant to the lease, and from funds on deposit in the reserve account.

As required by the 2012 bond ordinance, a sinking fund has been established with WesBanco Trust Investment Services. Monies in the sinking fund are to be used only for the purposes of paying principal of and interest on the bonds. Payments are required to be made into the sinking fund to pay interest which will mature and become due on the next succeeding interest payment date. The balance in the sinking fund account with the WesBanco Trust Investment Services at June 30, 2017 was \$313,736.

**2013A Municipal Building Lease Revenue Refunding Bonds**

This issue was authorized to refinance the \$4,500,000, 2008A Municipal Building Lease Revenue Bonds. The bonds were issued bearing interest of 1.00% - 2.75% payable semiannually on the first day of April and the first day of October of each year.

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>
2018	\$ 240,000	\$ 78,915	\$ 318,915
2019	245,000	73,915	318,915
2020	255,000	63,915	318,915
2021	260,000	58,915	318,915
2022	265,000	53,915	318,915
2023 – 2027	1,445,000	149,575	1,594,575
2028	<u>100,000</u>	<u>32,881</u>	<u>132,881</u>
Total	\$ <u>2,810,000</u>	\$ <u>512,031</u>	\$ <u>3,322,031</u>

The 2013A bonds are secured by the lease rentals derived from the lease of the station to the City pursuant to the lease, and from funds on deposit in the reserve account.

As required by the 2013A bond ordinance, a sinking fund has been established. Monies in the sinking fund are to be used only for the purposes of paying principal of and interest on the bonds. Payments are required to be made into the sinking fund to pay interest and principal which will mature and become due on the next succeeding payment date. The balance in the sinking fund account at June 30, 2017 was \$200,119.

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**2012 Parking System Refunding Revenue Bonds**

This issue was authorized to refinance the 2002 Parking Revenue Bonds. The bonds were issued bearing interest of 2.50% with principal and interest payable semiannually on the first day of June and the first day of December of each year in semiannual payments of \$220,193.

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>
2018	\$ 396,270	\$ 44,117	\$ 440,387
2019	406,239	34,148	440,387
2020	416,458	23,929	440,387
2021	426,935	13,452	440,387
2022	<u>217,221</u>	<u>2,715</u>	<u>219,936</u>
Total	\$ <u>1,863,123</u>	\$ <u>118,361</u>	\$ <u>1,981,484</u>

The 2012 bonds are secured by the revenues of the Parking Authority and a statutory mortgage lien on the Parking Authority system.

**Discretely Presented Component Unit**

***Morgantown Utility Board***

**2000A Bonds Payable**

The Board issued \$7,842,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on March 1, 2026. The bonds bear no interest and were issued to the West Virginia Division of Environmental Protection. The bonds carry a 0.5% administrative fee per annum and are payable quarterly. Annualized payments of \$323,384 are required.

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**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2000B Bonds Payable**

The Board issued \$2,488,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on December 31, 2039. The bonds bear no interest and were issued to the West Virginia Infrastructure and Jobs Development Council. Annualized payments of \$65,476 are required.

**2006A Bonds Payable**

The Board issued bonds of \$6,410,000 in a combined waterworks and sewerage system revenue bonds on June 30, 2006, for the acquisition and construction of the extension, additions, betterments and improvements of the sewerage portion of the existing public combined waterworks and sewerage system. The bonds bear interest rates of 3% with a 20 year term paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of \$424,240 are required.

**2007 Bonds Payable**

The Board issued bonds of \$8,500,000 in a combined utility system revenue bonds on June 30, 2007, for the acquisition and construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear interest rates of 3% with a 20 year term paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of \$579,232 are required.

**2010A Bonds Payable**

The Board issued on January 28, 2010, combined utility system revenue bonds, series 2010A (Direct Payment Build America Bonds), for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system in the original aggregate principal amount of \$37,950,000. The bonds are 30 year and bear an annual interest rate of 5% - 6.375%. Interest is paid semi-annually on June 1 and December 1 and principal payments annually beginning December 1, 2019. Annualized payments of \$2,280,000 are required.

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**2010C Bonds Payable**

The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010C (West Virginia SRF Program) for the acquisition and construction of the extension, additions, betterments and improvements of the sewerage portion of the existing public combined utility system in the original aggregate principal amount of \$15,380,277. The bonds bear a 2% interest rate and a 1% administrative fee paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of \$1,017,898 are required.

**2010D Bonds Payable**

The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010D (West Virginia DWTRF Program), for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system in the original aggregate principal amount \$9,317,286. The bonds bear a 2% interest rate paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of \$566,381 are required.

**2010E Bonds Payable**

The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010E (West Virginia DWTRF Program/ARRA) for the acquisition and construction of the extension, additions, betterments, and improvements of the waterworks portion of the existing public combined utility system, in the original aggregate principal amount of \$100,000. The bonds bear a 2% interest rate paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of \$6,079 are required.

**2010F Bonds Payable**

The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010F (Bank Qualified) in the original aggregate principal amount of \$7,250,000 for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system. The bonds bear interest rates of 1.5% to 3.2% with a 5.932 year term. Interest is paid semi-annually on June 1 and December 1 and principal payments annually on December 1. Annualized payments of \$1,155,252 are required.

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**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2012A Bonds Payable**

The Board issued on August 24, 2012 \$570,000 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds bear an interest rate of .5% and a .5% administrative fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2014 until March 1, 2044. Annualized payments of \$21,945 plus annual payments of \$2,047 until a reserve requirement of \$20,472 is met.

**2012C Bonds Payable**

The Board issued on September 28, 2012 \$2,325,000 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 2.25% - 4.25%. Interest is payable semi-annually on April 1 and October 1 beginning April 2013 and principal is paid annually on October 1 until October 2032. Annual payments of \$163,920 are required.

**2013A Bonds Payable**

The Board issued on August 22, 2013 \$4,605,260 combined utility system revenue bonds for the assumption and replacement of the Canyon Public Service District Series 2008A bonds. The bonds bear an interest rate of 0%. Principal is paid quarterly until June 2048.

**2014B Bonds Payable**

The Board issued on July 23, 2014 \$505,421 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 3.16%. Principal and interest is paid monthly.

**2015A Bonds Payable**

The Board issued on March 31, 2015 \$137,568 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 1991A bonds. The bonds bear an interest rate of 7.75%. Principal and interest is paid annually until October 2031.

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**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2015B Bonds Payable**

The Board issued on March 31, 2015 \$4,586 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 1991B bonds. The bonds bear an interest rate of 0%. Principal is paid annually until October 2031.

**2015C Bonds Payable**

The Board issued on March 31, 2015 \$8,111,813 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 2003A bonds. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until September 2043.

**2015D Bonds Payable**

The Board issued on March 31, 2015 \$1,688,394 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 2009A bonds. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until December 2049.

**2015E Bonds Payable**

The Board issued on June 11, 2015 \$662,300 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until June 2055.

**2016A Bonds Payable**

The Board issued on December 1, 2016 \$69,755,000 combined utility system revenue bonds for construction of the improvements to the Star City Wastewater Plant and to upgrade the existing Popenoe Run Sewer Interceptor. The bonds were issued at a premium of \$4,883,284. The bonds are 30 year bonds and bear interest rates of 3% to 5%. Interest is paid semi-annually on June 1 and December 1 and principal payments annually beginning December 1, 2017. Annualized payments of \$4,227,000 are required.

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**2016B1 and B2 Bonds Payable**

The Board issued on December 15, 2016 \$25,000,000 (B1) combined utility system revenue bonds (WV SRF Program) and \$500,000 (B2) combined utility system revenue bonds (WV SRF Program/Green) for construction of the improvements to the Star City Wastewater Treatment Plant and to upgrade the existing Popenoe Run Sewer Interceptor. The 2015 B1 bonds are 30 year bonds and bear an interest rate of .75% and an administrative fee of .25% paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of \$978,000 are required. The 2016 B2 bonds are interest free and principal forgiven.

Long-term debt bond activity for the year ended June 30, 2017 was as follows:

	<u>Beginning</u>	<u>Payments/ Amortization</u>	<u>Proceeds</u>	<u>Ending</u>	<u>Current Portion</u>
Morgantown 2000A	\$ 3,152,955	\$ ( 323,380)	\$ -0-	\$ 2,829,575	\$ 323,380
Morgantown 2000B	1,538,598	( 65,476)	-0-	1,473,122	65,474
Morgantown 2006A	4,147,999	( 309,012)	-0-	3,838,987	315,238
Morgantown 2007A	6,069,570	( 416,759)	-0-	5,652,811	425,157
Morgantown 2010A	37,950,000	-0-	-0-	37,950,000	-0-
Morgantown 2010C	12,943,588	( 681,151)	-0-	12,262,437	694,877
Morgantown 2010D	7,841,178	( 412,639)	-0-	7,428,539	420,954
Morgantown 2010E	84,157	( 4,429)	-0-	79,728	4,518
Morgantown 2010F	3,250,000	(1,050,000)	-0-	2,200,000	1,085,000
Morgantown 2012A	530,150	( 17,855)	-0-	512,295	17,945
Morgantown 2012C	2,050,000	( 95,000)	-0-	1,955,000	95,000
Morgantown 2013A	4,210,520	( 131,580)	-0-	4,078,940	131,580
Morgantown 2014B	471,533	( 19,529)	-0-	452,004	20,155
Morgantown 2015A	101,414	( 3,415)	-0-	97,999	3,680
Morgantown 2015B	1,881	( 117)	-0-	1,764	117
Morgantown 2015C	5,817,003	( 213,468)	-0-	5,603,535	213,468
Morgantown 2015D	1,478,710	( 44,144)	-0-	1,434,566	44,144
Morgantown 2015E	658,081	( 16,876)	-0-	641,205	16,876
Morgantown 2016A	-0-	-0-	69,755,000	69,755,000	1,140,000
Morgantown 2016B	<u>-0-</u>	<u>( 189,489)</u>	<u>3,864,417</u>	<u>3,674,928</u>	<u>761,512</u>
Total Bonds Payable	92,297,337	(3,994,319)	73,619,417	161,922,435	5,779,075
Unamortized Bond Premium	<u>-0-</u>	<u>( 94,953)</u>	<u>4,883,289</u>	<u>4,788,336</u>	<u>-0-</u>
Net Bonds Payable	\$ <u>92,297,337</u>	\$ <u>(4,089,272)</u>	\$ <u>78,502,706</u>	\$ <u>166,710,771</u>	\$ <u>5,779,075</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Changes in other long-term obligations during the year ended June 30, 2017 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Net pension liability	\$ 7,479,371	\$ 1,207,036	\$ -0-	\$ 8,686,407	\$ -0-
Note payable	<u>14,447</u>	<u>-0-</u>	<u>(14,447)</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<b>\$ <u>7,493,818</u></b>	<b>\$ <u>1,207,036</u></b>	<b>\$ <u>(14,447)</u></b>	<b>\$ <u>8,686,407</u></b>	<b>\$ <u>-0-</u></b>

Maturities of the Board's debt principal for the years subsequent to June 30, 2017 are as follows:

	<u>2000A</u> <u>Issue</u> <u>Principal</u>	<u>2000B</u> <u>Issue</u> <u>Principal</u>	<u>2006A</u> <u>Issue</u> <u>Principal</u>	<u>2007A</u> <u>Issue</u> <u>Principal</u>	<u>2010A</u> <u>Issue</u> <u>Principal</u>	<u>2010C</u> <u>Issue</u> <u>Principal</u>	<u>2010D</u> <u>Issue</u> <u>Principal</u>	<u>2010E</u> <u>Issue</u> <u>Principal</u>	<u>2010F</u> <u>Issue</u> <u>Principal</u>
2018	\$ 323,380	\$ 65,474	\$ 315,238	\$ 425,157	\$ -0-	\$ 694,877	\$ 420,954	\$ 4,518	\$ 1,085,000
2019	323,380	65,474	321,590	433,724	-0-	708,879	429,436	4,609	1,115,000
2020	323,380	65,472	328,070	442,463	1,150,000	723,162	438,089	4,702	-0-
2021	323,380	65,472	334,681	451,379	1,190,000	737,735	446,918	4,796	-0-
2022	323,380	65,472	341,425	460,475	1,230,000	752,601	455,923	4,892	-0-
2023-2027	1,212,675	327,360	1,813,142	2,445,353	6,795,000	3,996,688	2,421,179	25,988	-0-
2028-2032	-0-	327,360	384,841	994,260	8,130,000	4,415,924	2,675,149	28,711	-0-
2033-2037	-0-	327,360	-0-	-0-	9,925,000	232,571	140,891	1,512	-0-
2038-2042	-0-	163,678	-0-	-0-	9,530,000	-0-	-0-	-0-	-0-
2043-2047	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2048-2052	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2053-2055	<u>-0-</u>								
<b>Total</b>	<b>\$ <u>2,829,575</u></b>	<b>\$ <u>1,473,122</u></b>	<b>\$ <u>3,838,987</u></b>	<b>\$ <u>5,652,811</u></b>	<b>\$ <u>37,950,000</u></b>	<b>\$ <u>12,262,437</u></b>	<b>\$ <u>7,428,539</u></b>	<b>\$ <u>79,728</u></b>	<b>\$ <u>2,200,000</u></b>

	<u>2012A</u> <u>Issue</u> <u>Principal</u>	<u>2012C</u> <u>Issue</u> <u>Principal</u>	<u>2013A</u> <u>Issue</u> <u>Principal</u>	<u>2014B</u> <u>Issue</u> <u>Principal*</u>	<u>2015A</u> <u>Issue</u> <u>Principal</u>	<u>2015B</u> <u>Issue</u> <u>Principal</u>	<u>2015C</u> <u>Issue</u> <u>Principal</u>	<u>2015D</u> <u>Issue</u> <u>Principal</u>	<u>2015E</u> <u>Issue</u> <u>Principal</u>
2018	\$ 17,945	\$ 95,000	\$ 131,580	\$ 20,155	\$ 3,680	\$ 117	\$ 213,468	\$ 44,144	\$ 16,876
2019	18,034	100,000	131,580	20,802	3,965	117	213,468	44,144	16,876
2020	18,125	100,000	131,580	21,468	4,273	117	213,468	44,144	16,876
2021	18,215	105,000	131,580	22,157	4,604	117	213,468	44,143	16,876
2022	18,307	110,000	131,580	22,867	4,960	117	213,468	44,140	16,876
2023-2027	92,920	590,000	657,900	125,815	31,201	589	1,067,340	220,700	84,380
2028-2032	95,268	700,000	657,900	147,319	45,316	590	1,067,340	220,700	84,380
2033-2037	97,680	155,000	657,900	71,421	-0-	-0-	1,067,340	220,700	84,368
2038-2042	100,152	-0-	657,900	-0-	-0-	-0-	1,067,340	220,700	84,360
2043-2047	35,649	-0-	657,884	-0-	-0-	-0-	266,835	220,700	84,360
2048-2052	-0-	-0-	131,576	-0-	-0-	-0-	-0-	110,351	84,360
2053-2055	<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>50,617</u>
<b>Total</b>	<b>\$ <u>512,295</u></b>	<b>\$ <u>1,955,000</u></b>	<b>\$ <u>4,078,940</u></b>	<b>\$ <u>452,004</u></b>	<b>\$ <u>97,999</u></b>	<b>\$ <u>1,764</u></b>	<b>\$ <u>5,603,535</u></b>	<b>\$ <u>1,434,566</u></b>	<b>\$ <u>641,205</u></b>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
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	<u>2016A</u> <u>Issue</u> <u>Principal</u>	<u>2016B</u> <u>Issue</u> <u>Principal</u> *
2018	\$ 1,140,000	\$ 761,512
2019	1,180,000	767,239
2020	1,225,000	773,010
2021	1,285,000	778,824
2022	1,350,000	784,682
2023-2027	7,855,000	4,012,827
2028-2032	9,840,000	4,166,021
2033-2037	11,970,000	4,325,060
2038-2042	14,990,000	4,490,171
2043-2047	18,920,000	3,951,166
2048-2052	-0-	-0-
2053-2055	-0-	-0-
<b>Total</b>	<b>\$ <u>69,755,000</u></b>	<b>\$ <u>24,810,512</u></b>

\* This is the scheduled amortization from the bond agreement. This assumes that the entire available amount will be drawn down.

Estimated annual interest is as follows:

	<u>2006A</u> <u>Issue</u> <u>Interest</u>	<u>2007</u> <u>Issue</u> <u>Interest</u>	<u>2010A (Gross) *</u> <u>Issue</u> <u>Interest</u>	<u>2010C</u> <u>Issue</u> <u>Interest</u>	<u>2010D</u> <u>Issue</u> <u>Interest</u>	<u>2010E</u> <u>Issue</u> <u>Interest</u>
2018	\$ 74,425	\$ 109,881	\$ 2,278,885	\$ 240,059	\$ 145,427	\$ 1,561
2019	68,073	101,314	2,278,885	226,057	136,944	1,470
2020	61,593	92,574	2,250,135	211,772	128,291	1,377
2021	54,982	83,658	2,191,635	197,200	119,463	1,282
2022	48,238	74,563	2,131,135	182,335	110,457	1,185
2023-2027	135,178	229,834	9,631,369	677,988	410,722	4,408
2028-2032	4,822	21,694	7,505,325	258,754	156,752	1,682
2033-2037	-0-	-0-	4,671,121	1,163	705	8
2038-2042	-0-	-0-	1,245,995	-0-	-0-	-0-
2043-2047	-0-	-0-	-0-	-0-	-0-	-0-
2048-2052	-0-	-0-	-0-	-0-	-0-	-0-
2053-2055	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total</b>	<b>\$ <u>447,311</u></b>	<b>\$ <u>713,518</u></b>	<b>\$ <u>34,184,485</u></b>	<b>\$ <u>1,995,328</u></b>	<b>\$ <u>1,208,761</u></b>	<b>\$ <u>12,973</u></b>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
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	<u>2010F</u> <u>Issue</u> <u>Interest</u>	<u>2012A</u> <u>Issue</u> <u>Interest</u>	<u>2012C</u> <u>Issue</u> <u>Interest</u>	<u>2014B</u> <u>Issue</u> <u>Interest</u> *	<u>2015A</u> <u>Issue</u> <u>Interest</u>	<u>2016A</u> <u>Issue</u> <u>Interest</u>	<u>2016B</u> <u>Issue</u> <u>Interest</u> *
2018	\$ 52,498	\$ 2,528	\$ 65,163	\$ 13,993	\$ 7,595	\$ 3,069,988	\$ 183,940
2019	17,840	2,438	62,963	13,347	7,310	3,029,288	178,213
2020	-0-	2,348	60,463	12,680	7,002	2,981,188	172,443
2021	-0-	2,257	57,638	11,992	6,671	2,924,563	166,629
2022	-0-	2,166	54,413	11,281	6,314	2,858,688	160,771
2023-2027	-0-	9,443	218,094	44,927	25,174	13,181,813	714,437
2028-2032	-0-	7,092	102,675	23,422	11,059	11,191,563	561,245
2033-2037	-0-	4,682	3,100	2,566	-0-	9,059,494	402,205
2038-2042	-0-	2,211	-0-	-0-	-0-	6,048,750	237,093
2043-2047	-0-	179	-0-	-0-	-0-	2,116,600	67,009
2048-2052	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2053-2055	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total</b>	<b>\$ <u>70,338</u></b>	<b>\$ <u>35,344</u></b>	<b>\$ <u>624,509</u></b>	<b>\$ <u>134,208</u></b>	<b>\$ <u>71,125</u></b>	<b>\$ <u>56,461,935</u></b>	<b>\$ <u>2,843,985</u></b>

\* Interest shown gross rather than net of the interest credit since future credit rate is questionable.

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**CITY OF MORGANTOWN, WEST VIRGINIA  
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**Obligations Under Capital Lease**

The Airport Authority of the City of Morgantown entered into a capital lease to finance the acquisition of lighting upgrades and HVAC upgrades. The lease qualified as a capital lease for the accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under the capital lease and the present value of the net minimum lease payments at June 30, 2017.

Fiscal Year Ending June 30,

2018	\$ 44,241
2019	45,498
2020	46,670
2021	48,464
2022	50,078
2023 – 2025	<u>130,483</u>
	365,434
Less: Amount representing interest	<u>58,096</u>
	307,338
Less: Current maturities	<u>31,413</u>
	275,925
Non-current maturities	<u>\$ 275,925</u>

The Parking Authority of the City of Morgantown entered into a capital lease to finance the acquisition of lighting upgrades. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under the capital lease and the present value of the net minimum lease payments at June 30, 2017:

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
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Fiscal Year Ending June 30,

2018	\$ 21,339
2019	21,945
2020	22,510
2021	23,376
2022	24,154
2022 – 2025	<u>62,936</u>
	176,260
Less: Amount representing interest	<u>28,021</u>
	148,239
Less: Current maturities	<u>15,152</u>
	\$ <u>133,087</u>
Non-current maturities	\$ <u>133,087</u>

**G. Benefits Funded by the State of West Virginia**

For the year ended June 30, 2017, the State of West Virginia contributed estimated payments on behalf of the governments public safety employees as follows:

<u>Plan</u>	<u>Amount</u>
Policemen's Pension and Relief Fund	\$ 629,967
Firemen's Pension and Relief Fund	<u>485,359</u>
Total	\$ <u>1,115,326</u>

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**IV. Other Information**

**A. Risk Management**

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

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

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

**B. Contingent Liabilities**

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

**V. Employee Retirement System and Plans**

**Plan Descriptions. Contribution Information**

The City of Morgantown, West Virginia participates in three 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, 2017.

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 the latest actuarial valuation, July 1, 2017.

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

The Employees Pension and Relief Fund (ERF) provides retirement benefits for substantially all full-time permanent employees not covered by other plans. Unless otherwise indicated, ERF information in this Note is provided as of the latest actuarial valuation, July 1, 2017.

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, FPRF and ERF's board.

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

	<b>PPRF</b>	<b>FPRF</b>	<b>ERF</b>
Governing authority	City Council Ordinance	City Council Ordinance	City Council Ordinance
Determination of contribution requirements	Actuarially determined	Actuarially determined	Actuarially determined
Employer	Contribute 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 unfunded actuarial accrued liability. Municipalities may utilize an alternative contribution method which allows the municipality to contribute no less than 107% of the prior years contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method. In no event can the employer contribution be less than the normal cost as determined by the actuary.		Contribute annually an amount sufficient to meet the normal cost of the fund and amortize the actuarial deficit over a period of 22 years.
Plan members	7.00% for pre January 2010 hires	9.5% for post January 2010 hires	6.00% of covered payroll
Period Required to Vest	20 years of service but no later than the date the participant reaches 65.		The latter of the date the participant attains age 60 and 10 years of service credit, or attains age 55 and age plus years of Service Credit total 85.
Post-retirement Benefit	Cost of living adjustment after two years of retirement. Adjustment calculated on the first \$15,000 of the total annual benefit multiplied by the Consumer Price Index (not to exceed 4%). Cost of Living adjustment calculated thereafter on a cumulative basis.		Annual Cost of Living adjustments is the lesser of 3% or the annual consumer price index multiplied by 50%; provided that the municipality's contribution for the year is less than 6% of the participating payroll.
Provisions for:			
Disability benefits	Yes	Yes	Yes
Death benefits	Yes	Yes	Yes

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Annual Required Contributions and Significant Actuarial Assumptions**

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

	<b>Policemen's and Firemen's Pension &amp; Relief Fund</b>	<b>Employees Pension and Relief Fund</b>
Valuation Date	7/1/2017	7/1/2017
Actuarial Cost Method	Projected Unit Credit	Aggregate entry age
Amortization Method	Level % Open	
Amortization Period	25 year (level percentage)	
Actuarial asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	7%	7.0%
Projected salary increases	4%	4.0%
Post retirement benefit increases	None	None
Inflation	3%	3%
Cost of living adjustments	0%	None

Current year annual pension costs for the PPRF, FPRF and ERF are shown in the trend information. A summary schedule of prior employer contributions is presented in the required supplementary information (note 11). The annual required contributions were made by the PPRF, FPRF and ERF fund plans.

**Reserves**

There are no assets legally reserved for purposes other than the payment of plan members benefits for either plan. The plans held no investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds 10 percent or more of net assets available for benefits.

**Deferred Compensation Plan**

The government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held for the exclusive benefit of the participants and their beneficiaries.

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
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**Other Postemployment Benefits**

Upon termination from city service, an employee working for the City of Morgantown on June 15, 1993, who subsequently retires from the city will be eligible to convert sick leave days in excess of ninety (90) days but less than one hundred and eighty one (181) days as of June 15, 1993, to health insurance upon his/her day of retirement at the rate of three (3) sick days for one (1) month of single group medical insurance as carried by the city, or at the rate of four (4) sick days for one (1) month of family group medical insurance as carried by the city. This benefit requires that employees with such qualifying sick days put them into escrow for this benefit and forgo collecting 1/3 day pay for each day of sick leave. By placing these days in escrow, city employees as of the date of this amendment will have their sick day balance reduced to 90 days. All employees hired subsequent to June 15, 1993, are not granted this option.

**Accrued Other Post Employment Benefits**

**Plan description/contribution information**

The City maintains a single employer health insurance plan that covers substantially all eligible full-time employees as well as certain current and future retirees of the system. The accrued other post employment benefits (OPEB) provides retirement health insurance benefits for substantially all full-time employees.

**Pension Trust Funds Financial Statements**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Employee's Retirement and Benefit</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 113,386	\$ 69,339	\$ 1,480	\$ 184,205
Investments	15,068,379	12,163,768	51,149,348	78,381,495
Receivables:				
Contributions	<u>-0-</u>	<u>-0-</u>	<u>181,200</u>	<u>181,200</u>
Total assets	<u>15,181,765</u>	<u>12,233,107</u>	<u>51,332,028</u>	<u>78,746,900</u>
<b>Liabilities</b>				
Accounts payable	<u>-0-</u>	<u>-0-</u>	<u>6,744</u>	<u>6,744</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>6,744</u>	<u>6,744</u>
<b>Net Position</b>				
Held in trust	\$ <u>15,181,765</u>	\$ <u>12,233,107</u>	\$ <u>51,325,284</u>	\$ <u>78,740,156</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Employee's Retirement and Benefit</u>	<u>Total</u>
<b>Additions</b>				
Contributions:				
Employer	\$ 1,073,218	\$ 870,926	\$ 1,819,230	\$ 3,763,374
Employee	423,661	218,900	802,433	1,444,994
Insurance premium tax allocation	629,967	485,359	-0-	1,115,326
Other	<u>4</u>	<u>3</u>	<u>7,133</u>	<u>7,140</u>
Total contributions	<u>2,126,850</u>	<u>1,575,188</u>	<u>2,628,796</u>	<u>6,330,834</u>
Investment Income:				
Gain (loss) on investments	1,185,760	925,596	3,899,767	6,011,123
Interest and dividends	<u>265,755</u>	<u>210,370</u>	<u>1,060,359</u>	<u>1,536,484</u>
Total investment income	<u>1,451,515</u>	<u>1,135,966</u>	<u>4,960,126</u>	<u>7,547,607</u>
Total additions	<u>3,578,365</u>	<u>2,711,154</u>	<u>7,588,922</u>	<u>13,878,441</u>
<b>Deductions</b>				
General and administrative	103,739	83,298	215,954	402,991
Contribution refunds	2,082	5,118	151,918	159,118
Benefit payments	<u>2,117,547</u>	<u>1,528,283</u>	<u>2,864,515</u>	<u>6,510,345</u>
Total deductions	<u>2,223,368</u>	<u>1,616,699</u>	<u>3,232,387</u>	<u>7,072,454</u>
Net increase (decrease)	1,354,997	1,094,455	4,356,535	6,805,987
Net position – beginning of year	<u>13,826,768</u>	<u>11,138,652</u>	<u>46,968,749</u>	<u>71,934,169</u>
Net position – end of year	\$ <u>15,181,765</u>	\$ <u>12,233,107</u>	\$ <u>51,325,284</u>	\$ <u>78,740,156</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
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For the year ended June 30, 2017, the City's Policemen's Pension and Relief, Firemen's Pension and Relief and Employees' Retirement and Benefit reported deferred outflows of resources and deferred inflows of resources related to these pension plans from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 4,118,063	\$ 2,143,319
Change in assumptions	20,773,195	8,826,418
Difference between expected and actual experience	<u>753,404</u>	<u>1,944,103</u>
	\$ <u>25,644,662</u>	\$ <u>12,913,840</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2018	\$ 3,182,706
2019	3,182,706
2020	3,182,705
2021	<u>3,182,705</u>
	\$ <u>12,730,822</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

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

**Public Employees Retirement system (PERS)**

The City's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2017 is as follows:

	<i>Component Unit Board of Parks and Recreation Commission</i>	<i>Component Unit Morgantown Public Library</i>
Total wages	\$ 1,080,955	\$ 855,485
Covered wages	\$ 700,211	\$ 651,533
Employer share 12.00%	\$ 83,895	\$ 78,184
Employee share 4.50%	\$ 32,016	\$ 28,076
Employee share 6.00%	\$ 16,617	\$ 997

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

Public Employees' Retirement System (PERS)

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% and 6.00%
City's contribution rate	12.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

**Public Employees' Retirement System (PERS)**

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

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

The City of Morgantown elected to become a participating employer under the West Virginia Employees Retirement System (PERS plan).

***General Information About the Plan***

The plan is a defined benefit plan and provides pensions for all participating employees of the City. The PERS plan is a statewide, cost-sharing, multiple-employer, defined benefit retirement plan for public employees established on July 1, 1961. All employees of the State of West Virginia and any political subdivision whose governing body elects to participate are required (with certain exceptions) to become members. The PERS Plan is managed by a Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, and Secretary of the Department of Administration together with the following gubernatorial appointments that are subject to the advice and consent of the State Senate: for residents of the State who are not participants in the retirement plans, one State and one non-state employee participant in PERS, and one participant each from TRS, SPDDRS, SPRS, DSRS, EMSRS, MPFRS, and TDCRS.

Participants in the PERS Plan who retire at age 60 with at least five years of credited service or at least age 55 with their age plus service equal to 80 or greater are entitled to a retirement benefit, payable monthly for life, equal to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their benefits at age 62. The PERS Plan also provides death and disability benefits.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

Employees covered by benefit terms are all active employees.

Contribution rates for the PERS Plan are subject to Chapter 5, Article 10 of the West Virginia State Code. For the year ended June 30, 2015, active members contributed 4.5 percent of their salary, and employers contributed 14.0 percent of the member's compensation into the plan. For the year ended June 30, 2016, active members contributed 4.5 percent of their salary, and employers contributed 13.5 percent of the member's compensation into the plan. For the year ended June 30, 2017, active members contributed 4.5 and 6.0 percent of their salary, and employers contributed 12.0 percent of the member's compensation into the plan.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2017 the City's component units reported a liability of \$845,671 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 using the actuarial assumption and methods described in the appropriate section of the notes. The City's component unit portion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating public employers actuarially determined.

At June 30, 2017, the City's component units reported the following proportions and increases/decreases from its proportion measured as of June 30, 2016:

Amount for proportionate share of net pension liability	\$ 845,671
Percentage for proportionate share of net pension liability	0.092001%
Increase (decrease) % from prior proportion measured	0.007029%

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

For the year ended June 30, 2017, the City's component units recognized pension expense on their government wide financial statements. At June 30, 2017, the City's component units (Morgantown Public Library and Board of Parks and Recreation Commission) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 265,741	\$ -0-
Net difference between expected and actual experience	70,522	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,930	15,198
Employer contributions subsequent to measurement date	160,757	-0-
Change in assumptions	<u>-0-</u>	<u>41,200</u>
Total	\$ <u>530,950</u>	\$ <u>56,398</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2018	\$ 78,449
2019	78,449
2020	78,449
2021	<u>78,448</u>
	\$ <u>313,795</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

***Actuarial Assumptions***

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2015 and 2014 and rolled forward to June 30, 2016 and 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.0 percent
Salary increases:	3.0% – 4.6% average, including inflation
Investment rate of return:	7.5 percent, net of pension plan investment expenses, including inflation.

Mortality rates were based on the following:

- Healthy Males: 110% of RP – 2,000 Non-Annuitant, Scale AA
- Healthy Females: 101% of RP – 2,000 Non-Annuitant, Scale AA
- Disabled Males: 96% of RP – 2,000 Disable Annuitant, Scale AA
- Disabled Females: Revenue Rule 107% of RP – Disable Annuitant, Scale AA

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
US Equity	27.5%	7.0%
International Equity	27.5%	7.7%
Core Fixed Income	7.5%	2.7%
High Yield Fixed Income	7.5%	5.5%
TIPS	0.0%	2.7%
Real Estate	10.0%	7.0%
Private Equity	10.0%	9.4%
Hedge Funds	<u>10.0%</u>	4.7%
Total	<u>100.0%</u>	

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assuming that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Current Discount</u> <u>Rate (7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
City's proportionate share of the net pension liability	\$ 1,530,800	\$ 845,671	\$ 263,817

***Pension Liabilities, Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions***

***Morgantown Utility Board***

**Plan Description** – The Board contributes to the City of Morgantown, WV (the “City”) Employee’s Retirement and Benefit Fund (the Plan). The Plan is a cost-sharing multiple-employer defined benefit plan. The Plan provides retirement, disability and death benefits to plan members and beneficiaries. Major features of the plan appear in Chapter 8, Article 22, Sections 2-15 of the Code of West Virginia as approved by ordinance of the City Council of Morgantown, WV.

**Funding Policy** – Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute an actuarially determined rate. The 2017, 2016 and 2015 rates were 13.31%, 13.95% and 15.54% of annual covered payroll. The Board’s contributions to the Plan for the years ended June 30, 2017, 2016 and 2015 were \$1,024,171, \$1,022,554, and \$1,077,497.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

Deferred Compensation Plan – Employees are eligible to participate in an IRC Section 457 Deferred Compensation Plan. The maximum amount which may be deferred is the lesser of 100% of an employee’s salary or \$18,000, for 2017 and 2016, plus \$6,000 catch-up for employees over fifty years of age. The Board provides no match for participant’s contributions. All amounts which are deferred remain solely the property of the Board and are subject to its general creditors.

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

Governing authority:	City Council Ordinance
Eligibility to participate:	All Board full-time permanent employees, except those covered by other plans
Determination of contribution requirements:	Actuarially determined
Employer:	Contribute annually an amount sufficient to meet the normal cost of the fund and amortize the actuarial deficit over a period of 19 years.
Plan member:	6.00% of covered payroll
Period required to vest:	The latter of the date the participant attains age 60 and 10 years of service credit, or attains age 55 and age plus years of service credit total 85.
Post-retirement benefit:	Annual Cost of Living adjustment is the lesser of 3% or the annual consumer price index multiplied by 50%; provided that the municipality’s contribution for the year is less than 6.0% of the participating payroll.
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

***Pension Liabilities, Pension Expense, Deferred Outflows, and Deferred Inflows  
 Related to Pensions***

At fiscal year-end, the Board reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016 using the actuarial assumptions and methods described in the appropriate section of this note. The Board's proportion of the net pension liability was based on a calculation of Board employer contributions to total employer contributions to the Plan in fiscal years 2017 and 2016. At June 30, 2017 and 2016, the Board's reported the following proportions:

	<u>2017</u>	<u>2016</u>
Amount for proportionate share of net pension liability	\$ 8,686,407	\$ 7,479,371
Percentage for proportionate share of net pension liability	0.562969%	0.585702%
Increase/(decrease) in % from prior proportion measured	-0.022731%	0.012376%

For the year ended June 30, 2017 and 2016, the Board recognized the following pension expense:

	<u>2017</u>	<u>2016</u>
Pension Expense	\$ <u>1,618,056</u>	\$ <u>1,248,715</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

The Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the year ended June 30, 2017:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 869,849	\$ -0-
Net difference between projected and actual experiences	267,600	306,725
Deferred differences in assumptions	1,936,692	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>-0-</u>	<u>183,816</u>
Totals	\$ <u>3,074,141</u>	\$ <u>490,541</u>

The Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the year ended June 30, 2016:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 2,205,761	\$ -0-
Net differences between projected and actual experiences	<u>175,209</u>	<u>410,521</u>
Totals	\$ <u>2,380,970</u>	\$ <u>410,521</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the years ended June 30, 2017 and 2016 as follows:

<u>Year ended June 30,</u>	<u>2017</u>	<u>Year ended June 30,</u>	<u>2016</u>
2018	\$ 641,194	2017	\$ 526,234
2019	641,195	2018	526,234
2020	504,748	2019	526,234
2021	121,775	2020	384,279
2022	327,712	2021	( 14,158)
Thereafter	<u>346,976</u>	Thereafter	<u>21,626</u>
Total	\$ <u>2,583,600</u>	Total	\$ <u>1,970,449</u>

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, using the following actuarial assumptions, applied to all periods included in the measurement. Actuarially determined contribution rates are calculated as of July 1, which is 24 months prior to the end of the fiscal year in which contributions will be made.

<u>Methods and Assumptions</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Actuarial Cost Method:	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method:	Level dollar, closed	Level dollar, closed
Remaining Amortization Period:	19 years	19 years
Asset Valuation Method:	5-Year smoothed market	5-Year smoothed market
Inflation:	3.0% - approximate; No explicit price inflation assumption is used in this valuation.	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.0% per year	4.0% per year
Investment Rate of Return:	7.0% per year, net of expenses, compounded annually	7.0% per year, net of expenses, compounded annually

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Methods and Assumptions</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition and years of Service Credit.	Experience-based table of rates that are specific to the type of eligibility condition and years of Service Credit.
Mortality:	Pre-retirement mortality is assumed to follow the RP-2014 Total Employee Mortality Table, sex distinct, with generational mortality improvements using MP-2015 two-dimensional mortality improvement scales. Post-retirement mortality is assumed to follow the RP-2014 Healthy Annuitant mortality improvements using MP-2015 two-dimensional mortality improvement scales. Post-disablement mortality is assumed to follow RP-2014 Disabled Annuitant mortality table, sex distinct.	Pre-retirement mortality is assumed to follow 85% of the 1994 Group Annuity Mortality Table for Males and Females. Post-retirement is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females. Post-disablement mortality is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females set forward 4 years.
Cost of Living Adjustment:	None	None

Information regarding plan investments can be found in a separately issued financial report available at the City of Morgantown's website at [www.morgantownwv.gov](http://www.morgantownwv.gov).

***Discount Rate***

A Single Discount Rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using the Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

<u>2017</u>	<u>1% Decrease</u> <u>6.00%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
Proportionate share of PERS's Net pension liability	\$ 13,314,497	\$ 8,686,407	\$ 4,816,029
 <u>2016</u>	 <u>1% Decrease</u> <u>6.00%</u>	 <u>Current</u> <u>Discount Rate</u> <u>7.00%</u>	 <u>1% Increase</u> <u>8.00%</u>
Proportionate share of PERS's Net pension liability	\$ 11,849,375	\$ 7,479,371	\$ 4,078,149

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the City of Morgantown's website at [www.morgantownwv.gov](http://www.morgantownwv.gov).

**Accrued Other Post Employment Benefits**

**Plan description/contribution information**

The City maintains a single employer health insurance plan that covers substantially all eligible full-time employees as well as certain current and future retirees of the system. The accrued other post employment benefits (OPEB) provides retirement health insurance benefits for substantially all full-time employees.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

Valuation Date	7/1/2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Open
Amortization Period	30 Years
Actuarial asset valuation method	Market Value
Actuarial Assumptions:	
Investment rate of return	5.25%
Salary Scale	2.50%
Medical Trend Rate	7.00% graded down to 5.00%

The City's annual required contribution and net OPEB obligation is as follows:

Annual Required Contribution	\$ 1,272,000
Interest on net OPEB obligation	244,000
Adjustment to annual required contribution	<u>( 227,000)</u>
Annual OPEB cost	1,289,000
Contributions made	<u>( 963,000)</u>
Increase in net OPEB obligation	326,000
Net OPEB obligation – beginning of year	<u>4,643,000</u>
 Net OPEB obligation – end of year	 \$ <u>4,969,000</u>

**Trend Information**

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 1,289,000	74.70%	\$ 4,969,000
2016	\$ 1,263,000	105.31%	\$ 4,643,000
2015	\$ 1,248,000	98.16%	\$ 4,710,000

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**VI. Debt Service Coverage**

The debt service coverage factor for the Parking Authority has been calculated as follows for the year ended June 30, 2017:

Total revenues	\$ 2,890,032
Interest and dividend income	<u>17,491</u>
Adjusted gross revenues	2,907,523
Total expenses	<u>2,434,222</u>
	473,301
Add: Depreciation expense	<u>293,531</u>
Amount available for debt service and capital expenditures	\$ <u>766,832</u>
Maximum annual debt service	\$ <u>440,387</u>
Calculated debt service coverage factor	1.74
Required debt service coverage factor	1.20

Based on this calculation, it appears that the Parking Authority was in compliance with the provisions set forth in its bond ordinance as of June 30, 2017.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

**VII. Lease of Property**

On April 30, 2009, the City of Morgantown Building Commission entered into a lease agreement with the West Virginia University Board of Governors for the lease of docks to West Virginia University. The lease payment is \$756 per month and will be used to reduce the cost of the docks of \$90,720 expended by the City of Morgantown.

On April 30, 2009, the City of Morgantown Building Commission entered into a lease agreement with Platinum Properties Limited Liability Company for the lease of a parcel of real estate located in the First Ward of the City of Morgantown to Platinum Properties Limited Liability Company. This lease is for a period of 50 years and requires Platinum Properties Limited Liability Company to remit a rental payment of \$1 per year.

On July 1, 2008, the City of Morgantown Building Commission entered into a lease agreement with Mermaid Limited Liability Company for the lease of the event center. This lease is for a period of 10 years and requires Mermaid Limited Liability Company to remit payments of \$5,240, to begin 12 months after the date the event center opens for public use. The facility was completed and open for public use in March 2010.

The balance receivable is as follows:

Fiscal Year Ended June 30,

2018	\$ 62,880
2019	62,880
2020	62,880
2021	<u>374,132</u>
	 \$ <u>562,772</u>

On October 23, 2012, the City of Morgantown Building Commission entered into an agreement with West Virginia University Board of Governors on behalf of West Virginia University whereby the City of Morgantown Building Commission transferred certain real estate to West Virginia University and in return West Virginia University is to pay the City of Morgantown Building Commission the sum of \$4,200,000 on August 31, 2026.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2017**

The total balance of the accounts receivable is as follows:

Fiscal Year Ended June 30,

2018	\$ 100,000
2019	100,000
2020	100,000
2021	109,032
2022	-0-
2023	-0-
2024	-0-
2025	-0-
2026	<u>48,687</u>
	<b>\$ <u>457,719</u></b>

**VIII. Deficit Fund Balance**

It was noted during our audit that the Metropolitan Theater Fund fund had a deficit fund balance of \$40,127 and the Tax Increment Financing Debt Service fund had a deficit fund balance of \$993,458. The elimination of these deficit fund balances is dependent on increasing revenues and decreasing expenses for these funds.

**IX. Tax Abatement**

The City of Morgantown entered into tax abatement agreements with local businesses located in the tax increment financing districts of the City. For the fiscal year ended June 30, 2017, the City abated property taxes totaling \$387,547.

**X. Subsequent Events**

The City has considered all subsequent events through December 18, 2017, the date the financial statements were made available.

See independent auditor's report.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2017**

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>
City's proportion of the net pension liability (asset)	.092%	0.85%	0.36%
City's proportionate share of the net pension liability (asset)	\$ 845,671	\$ 474,487	\$ 1,315,320
City's covered – employee payroll	\$ 1,351,744	\$ 1,351,170	\$ 1,151,193
City's proportionate share of the net pension liability (asset) as a percentage of its covered – employee payroll	62.57%	35.12%	115%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%

The information presented in the schedule of the proportionate share of the net pension liability is the only years available as of June 30, 2017. The City will be adding additional years to the accompanying schedule as information is available.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF CITY CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2017**

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>
Contractually required contribution	\$ 162,079	\$ 170,510	\$ 161,167
Contributions in relation to the contractually required contribution	<u>162,079</u>	<u>170,510</u>	<u>161,167</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
City's covered – employee payroll	\$ 1,351,744	\$ 1,351,170	\$ 1,151,193
Contributions as a percentage of covered – employee payroll	12.00%	13.50%	14.00%

The information presented in the schedule of City's contributions is the only years available as of June 30, 2017. The City will be adding additional years to the accompanying schedules as information is available.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

**Change of Assumptions**

***Actuarial Revisions***

Subsequent to the issuance of the West Virginia Consolidated Public Retirement Board's June 30, 2016 Comprehensive Annual Financial Report, certain actuarial amounts from the actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016 were revised. The amounts revised as of June 30, 2016 were used to prepare these schedules and are described below:

Total Pension Liability	\$ 6,616,588,000
Plan Fiduciary Net Position	(5,697,470,000)
Net Pension Liability	\$ <u>919,118,000</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	91.29%

<u>Sensitivity of Discount Rate</u>	<u>1% Decrease</u> (6.5%)	<u>Current</u> <u>Discount Rate</u> (7.5%)	<u>1% Increase</u> (8.5%)
Total Net Pension Liability (Asset)	\$ 1,663,751,000	\$ 919,118,000	\$ 268,731,000

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS MULTIYEAR**  
**FIREMEN'S PENSION AND RELIEF FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Year ending June 30,	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,925,405	\$ 1,160,928	\$ 1,084,316	\$ 1,008,137
Interest on the total pension liability	1,749,559	1,817,826	1,775,489	1,840,353
Benefit changes	-0-	-0-	-0-	-0-
Difference between expected and actual experience	( 454,836)	( 113,977)	( 1,590,303)	-0-
Assumption changes	( 4,690,165)	11,346,226	662,125	1,349,132
Benefit payments	( 1,528,283)	( 1,509,425)	( 1,496,332)	( 1,408,588)
Refunds	( 5,118)	-0-	-0-	( 47,548)
Net change in total pension liability	( 3,003,438)	12,701,578	435,295	2,741,486
Total pension liability – beginning	<u>53,826,064</u>	<u>41,124,486</u>	<u>40,689,191</u>	<u>37,947,705</u>
Total pension liability – ending (a)	<u>50,822,626</u>	<u>53,826,064</u>	<u>41,124,486</u>	<u>40,689,191</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	1,356,285	1,188,366	1,070,305	1,013,374
Employee contributions	218,900	202,830	191,330	183,544
Pension plan net investment income	1,054,659	( 250,341)	300,409	1,162,709
Benefit payments	( 1,528,283)	( 1,509,425)	( 1,496,332)	( 1,408,588)
Refunds	( 5,118)	-0-	-0-	( 47,548)
Pension plan administrative expense	( 2,158)	( 3,042)	( 1,943)	( 1,725)
Other	170	-0-	-0-	-0-
Net change in plan fiduciary net position	<u>1,094,455</u>	<u>( 371,612)</u>	<u>63,769</u>	<u>901,766</u>
Plan fiduciary net position – beginning	<u>11,138,652</u>	<u>11,510,264</u>	<u>11,482,554</u>	<u>10,580,788</u>
Plan fiduciary net position – ending (b)	<u>12,233,107</u>	<u>11,138,652</u>	<u>11,546,323</u>	<u>11,482,554</u>
Net pension liability – ending (a) – (b)	<u>\$ 38,589,519</u>	<u>\$ 42,687,412</u>	<u>\$ 29,578,163</u>	<u>\$ 29,206,637</u>
Plan fiduciary net position as a percentage of total pension liability	24.07%	20.69%	28.08%	28.22%
Covered employee payroll	\$ 2,590,922	\$ 2,534,252	\$ 2,441,567	\$ 2,453,297
Net pension liability as a percentage of covered employee payroll	1,489.41%	1,684.42%	1,211.44%	1,190.51%

**Notes to Schedule**

Market value of assets as of July 1, 2015, excludes \$36,059 included in the market value of assets as of June 30, 2015, used for the actuarial valuation report for the fiscal year ended June 30, 2015.

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR  
LAST 10 FISCAL YEARS (WHICH MAY BE BUILT PROSPECTIVELY)  
FIREMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>FY Ending June 30.</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 40,689,191	\$ 11,482,554	\$ 29,206,637	28.22%	\$ 2,453,297	1,190.51%
2015	\$ 41,124,486	\$ 11,546,323	\$ 29,578,163	28.08%	\$ 2,441,567	1,211.44%
2016	\$ 53,826,064	\$ 11,138,652	\$ 42,687,412	20.69%	\$ 2,534,252	1,684.42%
2017	\$ 50,822,626	\$ 12,233,107	\$ 38,589,519	24.07%	\$ 2,590,922	1,489.41%

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULES OF CONTRIBUTIONS MULTIYEAR  
FIREMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u> (a)	<u>Employer Contribution</u> (b)	<u>State Contribution</u> (c)	<u>Percentage Contributed</u> [(b)+(c)]/(a)	<u>Covered Payroll</u> (f)	<u>Actual Contribution as a % of Covered Payroll</u> [(b)+(c)]/(f)
06/30/2013	\$ 1,841,042	\$ 540,495	\$ 464,202	55%	\$ 2,447,766	41%
06/30/2014	\$ 1,885,133	\$ 578,330	\$ 435,044	54%	\$ 2,453,297	41%
06/30/2015	\$ 1,890,064	\$ 618,813	\$ 451,492	57%	\$ 2,441,567	44%
06/30/2016	\$ 2,514,255	\$ 728,343	\$ 460,023	47%	\$ 2,534,252	47%
06/30/2017	\$ 2,670,559	\$ 870,926	\$ 485,359	51%	\$ 2,590,922	52%

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
FIREMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

<b><i>Measurement Date</i></b>	June 30, 2017, measurement date based on actuarial liabilities as of July 1, 2016
<b><i>Actuarial Cost Method</i></b>	Entry Age Normal, Level-Percentage-of-Pay
<b><i>Actuarial Value of Assets</i></b>	Market value used for GASB Nos. 67 and 68 reporting
<b><i>Contribution Policy and Amortization Method</i></b>	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings are not expected to fully fund the projected actuarial liability for current plan members, and assets for the closed plan are projected to be depleted by 2033.
<b><i>Actuarial Assumptions:</i></b>	
<b><i>Investment Rate of Return</i></b>	4.5000% per year
<b><i>GASB 67/68 Discount Rate</i></b>	3.8261% per year at June 30, 2017, and 3.2661% at June 30, 2016
<b><i>Projected Salary Increases</i></b>	Service-based increases: 20.00% in year 1, 6.50% in year 2, reducing over years of service down to 1.25% in years 30 -34. 0% increases for service over 34
<b><i>Cost of Living Increases</i></b>	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
FIREMEN'S PENSION AND RELIEF FUND (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Single Discount Rate**

A GASB Nos. 67 and 68 single discount rate of 3.8261% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 4.5000%, and the municipal bond rate of 3.5600%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members until plan year end 2033. Therefore, the single discount rate of 3.8261% was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Net Pension Liability to the Single Discount Rate Assumption**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 3.8261%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher.

<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
<u>2.8261%</u>	<u>3.8261%</u>	<u>4.8261%</u>
\$ 47,443,001	\$ 38,589,519	\$ 31,608,158

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS MULTIYEAR**  
**POLICEMEN'S PENSION AND RELIEF FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Year ending June 30,	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 2,861,572	\$ 1,530,284	\$ 1,410,460	\$ 1,376,895
Interest on the total pension liability	2,354,181	2,409,970	2,333,177	2,364,924
Benefit changes	-0-	-0-	-0-	-0-
Difference between expected and actual experience	( 95,360)	440,163	( 935,554)	-0-
Assumption changes	( 6,346,566)	16,140,037	927,148	1,904,795
Benefit payments	( 2,117,547)	( 2,084,457)	( 1,974,707)	( 1,896,160)
Refunds	( 2,082)	( 14,429)	( 33,200)	( 22,672)
Net change in total pension liability	( 3,345,802)	18,421,568	1,727,324	3,727,782
Total pension liability – beginning	<u>72,638,594</u>	<u>54,217,026</u>	<u>52,489,702</u>	<u>48,761,920</u>
Total pension liability – ending (a)	<u>69,292,792</u>	<u>72,638,594</u>	<u>54,217,026</u>	<u>52,489,702</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	1,703,185	1,445,898	1,299,492	1,236,729
Employee contributions	423,661	360,533	343,444	260,782
Pension plan net investment income	1,349,142	( 313,457)	372,888	1,430,259
Benefit payments	( 2,117,547)	( 2,084,457)	( 1,974,707)	( 1,896,160)
Refunds	( 2,082)	( 14,429)	( 33,200)	( 22,672)
Pension plan administrative expense	( 1,560)	( 1,994)	( 1,344)	( 1,275)
Other	198	267	-0-	-0-
Net change in plan fiduciary net position	1,354,997	( 607,639)	6,573	1,007,663
Plan fiduciary net position – beginning	<u>13,826,768</u>	<u>14,434,407</u>	<u>14,472,339</u>	<u>13,464,676</u>
Plan fiduciary net position – ending (b)	<u>15,181,765</u>	<u>13,826,768</u>	<u>14,478,912</u>	<u>14,472,339</u>
Net pension liability – ending (a) – (b)	\$ <u>54,111,027</u>	\$ <u>58,811,826</u>	\$ <u>39,738,114</u>	\$ <u>38,017,363</u>
Plan fiduciary net position as a percentage of total pension liability	21.91%	19.04%	26.71%	27.57%
Covered employee payroll	\$ 4,054,650	\$ 3,527,889	\$ 3,381,767	\$ 3,514,416
Net pension liability as a percentage of covered employee payroll	1,334.54%	1,667.05%	1,175.07%	1,081.75%

**Notes to Schedule**

Market value of assets as of July 1, 2015, excludes \$44,505, included in the market value of assets as of June 30, 2015, used for the actuarial valuation report for the fiscal year ended June 30, 2015.

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR  
LAST 10 FISCAL YEARS (WHICH MAY BE BUILT PROSPECTIVELY)  
POLICEMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 52,489,702	\$ 14,472,339	\$ 38,017,363	27.57%	\$ 3,514,416	1,081.75%
2015	\$ 54,217,026	\$ 14,478,912	\$ 39,738,114	26.71%	\$ 3,381,767	1,175.07%
2016	\$ 72,638,594	\$ 13,826,768	\$ 58,811,826	19.04%	\$ 3,527,889	1,667.05%
2017	\$ 69,292,792	\$ 15,181,765	\$ 54,111,027	21.91%	\$ 4,054,650	1,334.54%

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF CONTRIBUTIONS MULTIYEAR  
POLICEMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u> (a)	<u>Employer Contribution</u> (b)	<u>State Contribution</u> (c)	<u>Percentage Contributed</u> [(b)+(c)]/(a)	<u>Covered Payroll</u> (f)	<u>Actual Contribution as a % of Covered Payroll</u> [(b)+(c)]/(f)
06/30/2013	\$ 2,339,128	\$ 629,555	\$ 821,786	62%	\$ 3,281,961	44%
06/30/2014	\$ 2,480,580	\$ 673,624	\$ 563,105	50%	\$ 3,514,416	35%
06/30/2015	\$ 2,478,419	\$ 720,778	\$ 578,714	52%	\$ 3,381,767	38%
06/30/2016	\$ 3,285,978	\$ 848,356	\$ 597,542	44%	\$ 3,527,889	41%
06/30/2017	\$ 3,675,688	\$ 1,073,218	\$ 629,967	46%	\$ 4,054,650	42%

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
POLICEMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

<b><i>Measurement Date</i></b>	June 30, 2017, measurement date based on actuarial liabilities as of July 1, 2016
<b><i>Actuarial Cost Method</i></b>	Entry Age Normal, Level-Percentage-of-Pay
<b><i>Actuarial Value of Assets</i></b>	Market value used for GASB Nos. 67 and 68 reporting
<b><i>Contribution Policy and Amortization Method</i></b>	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings are not expected to fully fund the projected actuarial liability for current plan members, and assets for the closed plan are projected to be depleted by 2033.
<b><i>Actuarial Assumptions:</i></b>	
<b><i>Investment Rate of Return</i></b>	4.5000% per year
<b><i>GASB 67/68 Discount Rate</i></b>	3.7637% per year at June 30, 2017, and 3.2287% at June 30, 2016
<b><i>Projected Salary Increases</i></b>	Service-based increases: 20.00% in year 1, 6.50% in year 2, reducing over years of service down to 1.25% in years 30-34. 0% increases for service over 34
<b><i>Cost of Living Increases</i></b>	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
POLICEMEN'S PENSION AND RELIEF FUND (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Single Discount Rate**

A GASB Nos. 67 and 68 single discount rate of 3.7637% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 4.5000%, and the municipal bond rate of 3.5600%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, until plan year end 2033. Therefore, the single discount rate of 3.7637% was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Net Pension Liability to the Single Discount Rate Assumption**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 3.7637%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher.

<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
<u>2.7637%</u>	<u>3.7637%</u>	<u>4.7637%</u>
\$ 66,783,359	\$ 54,111,027	\$ 44,187,159

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS MULTIYEAR  
EMPLOYEE RETIREMENT AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

Year ending June 30,	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,577,096	\$ 1,434,188	\$ 1,408,684	\$ 1,578,745
Interest on the total pension liability	4,188,317	3,978,071	3,873,941	3,788,795
Changes of benefit terms				
Difference between expected and actual experience	265,931	351,587	( 1,013,053)	( 255,545)
Changes in assumptions	4,001,292	-0-	-0-	( 970,431)
Benefit payments	( 2,864,515)	( 2,713,421)	( 2,650,584)	( 2,479,097)
Refunds	<u>( 151,918)</u>	<u>( 80,376)</u>	<u>( 170,164)</u>	<u>( 212,619)</u>
Net change in total pension liability	7,016,203	2,970,049	1,448,824	1,449,848
 Total pension liability – beginning	 <u>59,738,718</u>	 <u>56,768,669</u>	 <u>55,319,845</u>	 <u>53,869,997</u>
Total pension liability – ending (a)	<u>66,754,921</u>	<u>59,738,718</u>	<u>56,768,669</u>	<u>55,319,845</u>
 <b>Plan Fiduciary Net Position</b>				
Employer contributions	1,819,231	1,745,681	1,879,379	1,572,414
Employee contributions	802,434	739,622	725,508	699,093
Pension plan net investment income	4,796,205	( 470,858)	1,992,100	5,680,536
Benefit payments	( 2,864,515)	( 2,713,421)	( 2,650,584)	( 2,479,097)
Refunds	( 151,918)	( 80,376)	( 170,164)	( 212,619)
Pension plan administrative expense	( 44,902)	( 40,044)	( 41,215)	( 40,192)
Other	<u>-0-</u>	<u>151,342</u>	<u>5,261</u>	<u>1,861</u>
Net change in plan fiduciary net position	4,356,535	( 668,043)	1,740,285	5,221,996
 Plan fiduciary net position – beginning	 <u>46,968,749</u>	 <u>47,636,792</u>	 <u>45,896,507</u>	 <u>40,674,511</u>
Plan fiduciary net position – ending (b)	<u>51,325,284</u>	<u>46,968,749</u>	<u>47,636,792</u>	<u>\$ 45,896,507</u>
 Net pension liability – ending (a) – (b)	 <u>\$ 15,429,637</u>	 <u>\$ 12,769,969</u>	 <u>\$ 9,131,877</u>	 <u>\$ 9,423,338</u>
 Plan fiduciary net position as a percentage of total pension liability	 76.89%	 78.62%	 83.91%	 82.97%
 Covered employee payroll	 13,321,335	 13,182,134	 12,172,614	 11,880,381
 Net pension liability as a percentage of covered employee payroll	 115.83%	 96.87%	 75.02%	 79.32%

*10 fiscal years will be built prospectively.*

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR  
EMPLOYEE RETIREMENT AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll<sup>a</sup></u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 55,319,845	\$ 45,896,507	\$ 9,423,338	82.97%	\$ 11,880,381	79.32%
2015	\$ 56,768,669	\$ 47,636,792	\$ 9,131,877	83.91%	\$ 12,172,614	75.02%
2016	\$ 59,738,718	\$ 46,968,749	\$ 12,769,969	78.62%	\$ 13,182,134	96.87%
2017	\$ 66,754,921	\$ 51,325,284	\$ 15,429,637	76.89%	\$ 13,321,335	115.83%

<sup>a</sup> Covered employee payroll is based on pensionable payroll for membership data used in the actuarial valuation as of the same date.

10 fiscal years will be built prospectively.

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF CONTRIBUTIONS MULTIYEAR  
LAST 10 FISCAL YEARS  
EMPLOYEE RETIREMENT AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>FY Ending June 30,</u>	<u>Actuarially Determined Contribution<sup>a</sup></u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll<sup>b</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2008	\$ 810,248	\$ 898,077	\$( 87,829)	\$ 10,385,815	8.65%
2009	860,984	758,122	102,862	10,994,139	6.90%
2010	1,137,893	930,998	206,895	10,687,987	8.71%
2011	1,261,182	1,151,765	109,417	11,040,216	10.43%
2012	1,303,850	1,314,738	( 10,888)	11,526,601	11.41%
2013	1,921,461	1,379,087	542,374	11,908,975	11.58%
2014	2,116,999	1,574,275	542,724	11,880,381	13.25%
2015	1,850,655	1,879,379	( 28,724)	12,172,614	15.44%
2016	1,657,313	1,745,681	( 88,368)	13,182,134	13.24%
2017	1,620,175	1,819,231	(199,056)	13,321,335	13.66%

<sup>a</sup> ADC for years ending 2008 through 2014 was determined based on the requirements of GASB Statement No. 25:  
ADC for 2015 and later is based on the funding policy adopted by the Fund.

<sup>b</sup> Covered payroll is based on pensionable payroll for membership data used in the actuarial valuation as of the same date.

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
EMPLOYEE RETIREMENT AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

**Valuation Date:** July 1, 2017

*Notes* Actuarially determined contribution rates are calculated as of July 1, which is 24 months prior to the end of the fiscal year in which contributions will be made.

**Methods and Assumptions Used to Determine Contribution Rates:**

*Actuarial Cost Method* Individual Entry Age Normal

*Amortization Method* Level dollar, closed

*Remaining Amortization Period* 19 years

*Asset Valuation Method* 5-year smoothed market

*Inflation* 3.0% - approximate; No explicit price inflation assumption is used in this actuarial valuation.

*Salary Increases* 4.0% per year

*Investment Rate of Return* 7.00% per year, net of expenses, compounded annually

*Retirement Age* Experience-based table of rates that are specific to the type of eligibility condition and years of service credit.

*Mortality* Pre-retirement mortality is assumed to follow the RP-2014 Total Employee mortality table, sex distinct, with generational mortality improvements using scale MP-2015. Post-retirement mortality is assumed to follow the RP-2014 Health Annuitant mortality table, sex distinct, with generational mortality improvements using scale MP-2015. Post-disability mortality is assumed to follow the RP-2014 Disabled Annuitant mortality table.

*Cost-of-Living Adjustment* None

**Other Information:**

*Notes* There were no benefit changes during the year.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
EMPLOYEE RETIREMENT PENSION AND RELIEF FUND (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Single Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

**Sensitivity of Net Pension Liability  
to the Single Discount Rate Assumption**

<u>1% Decrease</u> <u>6.00%</u>	<u>Current Single</u> <u>Discount</u> <u>Rate Assumption</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
\$ 23,650,497	\$ 15,429,637	\$ 8,554,697

See independent auditor's report.

**MORGANTOWN UTILITY BOARD  
(A COMPONENT UNIT OF THE CITY OF MORGANTOWN)  
SCHEDULE OF PROPORTIONATE SHARE OF  
NET PENSION LIABILITY  
JUNE 30, 2017**

**Employees' Retirement and Benefit Fund of the City of Morgantown  
Last 10 Fiscal Years\***

	2017	2016	2015	2014
Board's proportion of the net pension liability (percentage)	56.30%	58.57%	57.33%	57.33%
Board's proportionate share of the net pension liability	\$ 8,686,407	\$ 7,479,371	\$ 5,235,305	\$ 5,402,449
Board's covered payroll	\$ 7,694,751	\$ 7,330,133	\$ 6,935,715	\$ 6,623,068
Board's proportionate share of the net pension liability as a percentage of its covered payroll	112.89%	102.04%	75.48%	81.57%
Plan fiduciary net position as a percentage of the total pension liability	76.89%	78.62%	83.91%	82.97%

*Information prior to fiscal year 2014 is not available.*

\*Will be built prospectively.

See accompanying notes and independent auditor's report.

**MORGANTOWN UTILITY BOARD  
(A COMPONENT UNIT OF THE CITY OF MORGANTOWN)  
SCHEDULE OF CONTRIBUTIONS  
JUNE 30, 2017**

**Employees' Retirement and Benefit Fund of the City of Morgantown  
Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 1,024,171	\$ 1,022,554	\$ 1,060,981	\$ 1,186,366	\$ 1,053,537	\$ 711,381	\$ 707,649	\$ 585,332	\$ 542,420	\$ 469,944
Actual contribution	(1,024,171)	(1,022,554)	(1,077,497)	( 882,191)	( 756,125)	( 717,285)	( 646,270)	( 478,911)	( 475,353)	( 522,183)
Contribution deficit (surplus)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(16,516)</u>	\$ <u>304,175</u>	\$ <u>297,412</u>	\$ <u>(5,904)</u>	\$ <u>61,379</u>	\$ <u>106,421</u>	\$ <u>67,067</u>	\$ <u>(52,239)</u>
Board's covered payroll	\$ 7,694,751	\$ 7,330,133	\$ 6,935,715	\$ 6,623,068	\$ 6,403,272	\$ 6,078,627	\$ 6,246,232	\$ 5,778,093	\$ 5,861,334	\$ 6,071,770
Actual contributions as a percentage of covered payroll	13.31%	13.95%	15.54%	13.32%	11.81%	11.80%	10.35%	8.29%	8.11%	8.60%

See accompanying notes and independent auditor's report.

***SUPPLEMENTARY INFORMATION***

**CITY OF MORGANTOWN, WEST VIRGINIA  
COMBINING FUND BALANCE SHEETS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>Primary Government</u>			<u>Component Unit</u>		
	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 1,002,343	\$ 160,460	\$ 1,162,803	\$ 702,599	\$ -0-	\$ 702,599
Investments	709,159	-0-	709,159	-0-	244,690	244,690
Receivables (net of allowances for uncollectibles)						
Taxes	-0-	148,708	148,708	-0-	-0-	-0-
Accounts	6,149	-0-	6,149	76,368	-0-	76,368
Grants	7,283	-0-	7,283	-0-	-0-	-0-
Due from/(to) other funds	( 40,345)	( 16,000)	( 56,345)	(245,244)	( 2,916)	(248,160)
<b>TOTAL ASSETS</b>	<b>\$ <u>1,684,589</u></b>	<b>\$ <u>293,168</u></b>	<b>\$ <u>1,977,757</u></b>	<b>\$ <u>533,723</u></b>	<b>\$ <u>241,774</u></b>	<b>\$ <u>775,497</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 36,989	\$ -0-	\$ 36,989	\$ 93,439	\$ -0-	\$ 93,439
Accrued payroll and compensated absences	-0-	-0-	-0-	71,486	-0-	71,486
Total liabilities	<u>36,989</u>	<u>-0-</u>	<u>36,989</u>	<u>164,925</u>	<u>-0-</u>	<u>164,925</u>
<b>Deferred Inflow of Resources</b>						
Deferred revenue - taxes	-0-	99,792	99,792	-0-	-0-	-0-
Total deferred inflow of resources	<u>-0-</u>	<u>99,792</u>	<u>99,792</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balances</b>						
Restricted	157,042	-0-	157,042	-0-	-0-	-0-
Assigned	1,530,685	193,376	1,724,061	368,798	241,774	610,572
Unassigned	( 40,127)	-0-	( 40,127)	-0-	-0-	-0-
Total fund balances	<u>1,647,600</u>	<u>193,376</u>	<u>1,840,976</u>	<u>368,798</u>	<u>241,774</u>	<u>610,572</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>1,684,589</u></b>	<b>\$ <u>293,168</u></b>	<b>\$ <u>1,977,757</u></b>	<b>\$ <u>533,723</u></b>	<b>\$ <u>241,774</u></b>	<b>\$ <u>775,497</u></b>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Primary Government</u>			<u>Component Unit</u>		
	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<b>Revenues</b>						
Charges for services	\$ 180,652	\$ -0-	\$ 180,652	\$ 1,836,929	\$ -0-	\$ 1,836,929
Fines and forfeits	685,280	-0-	685,280	-0-	-0-	-0-
Investment income	3,431	565	3,996	1,211	2,417	3,628
Donations	-0-	-0-	-0-	141,400	-0-	141,400
Taxes:						
Ad valorem	-0-	1,439,388	1,439,388	-0-	-0-	-0-
Intergovernmental:						
Federal	437,606	-0-	437,606	-0-	-0-	-0-
Other	<u>-0-</u>	<u>25,000</u>	<u>25,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>1,306,969</u>	<u>1,464,953</u>	<u>2,771,922</u>	<u>1,979,540</u>	<u>2,417</u>	<u>1,981,957</u>
<b>Expenditures</b>						
General government	260	233	493	-0-	-0-	-0-
Public safety	69,018	-0-	69,018	-0-	-0-	-0-
Culture and recreation	188,752	-0-	188,752	2,904,464	-0-	2,904,464
Community development	613,800	13,725	627,525	-0-	-0-	-0-
Benefit payments	<u>892,291</u>	<u>-0-</u>	<u>892,291</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>1,764,121</u>	<u>13,958</u>	<u>1,778,079</u>	<u>2,904,464</u>	<u>-0-</u>	<u>2,904,464</u>
(Deficiency) excess of revenues (under) over expenditures	( 457,152)	1,450,995	993,843	( 924,924)	2,417	( 922,507)
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	1,060,100	-0-	1,060,100	1,202,154	-0-	1,202,154
Operating transfers (out)	<u>-0-</u>	<u>(1,349,667)</u>	<u>(1,349,667)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>1,060,100</u>	<u>(1,349,667)</u>	<u>( 289,567)</u>	<u>1,202,154</u>	<u>-0-</u>	<u>1,202,154</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	602,948	101,328	704,276	277,230	2,417	279,647
Fund balance beginning of year	<u>1,044,652</u>	<u>92,048</u>	<u>1,136,700</u>	<u>91,568</u>	<u>239,357</u>	<u>330,925</u>
Fund balance end of year	\$ <u>1,647,600</u>	\$ <u>193,376</u>	\$ <u>1,840,976</u>	\$ <u>368,798</u>	\$ <u>241,774</u>	\$ <u>610,572</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 COMBINING FUND BALANCE SHEETS –  
 NONMAJOR GOVERNMENTAL FUNDS –  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2017**

	<u>Economic Development Grant</u>	<u>Community Development Block Grant</u>	<u>Police Forfeiture</u>	<u>Special Grants</u>	<u>Local Law Enforcement Grant</u>	<u>I.C. White Coal Severance</u>	<u>OPEB Trust</u>	<u>Metropolitan Theater</u>	<u>Property Auction</u>	<u>Woodburn Property</u>	<u>Court Technology</u>	<u>Total</u>	<u>Component Unit Board of Parks and Recreation</u>
<b>ASSETS</b>													
Cash	\$ 37,893	\$ 3,660	\$ 799,310	\$ 13,092	\$ 430	\$ 101,586	\$ 3,793	\$ 6,343	\$ 11,256	\$ 23,158	\$ 1,822	\$ 1,002,343	\$ 702,599
Investments	-0-	-0-	-0-	-0-	-0-	-0-	709,159	-0-	-0-	-0-	-0-	709,159	-0-
Receivables (net of allowances for uncollectibles):													
Accounts	-0-	3,120	-0-	-0-	-0-	-0-	-0-	-0-	1,213	1,816	-0-	6,149	76,368
Grants	-0-	7,283	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,283	-0-
Due from/(to) other funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(20,669)	-0-	(19,676)	-0-	( 40,345)	(245,244)
<b>TOTAL ASSETS</b>	<b>\$ 37,893</b>	<b>\$ 14,063</b>	<b>\$ 799,310</b>	<b>\$ 13,092</b>	<b>\$ 430</b>	<b>\$ 101,586</b>	<b>\$ 712,952</b>	<b>\$(14,326)</b>	<b>\$ 12,469</b>	<b>\$ 5,298</b>	<b>\$ 1,822</b>	<b>\$ 1,684,589</b>	<b>\$ 533,723</b>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>Liabilities</b>													
Accounts payable	\$ -0-	\$ 7,283	\$ -0-	\$ 2,739	\$ -0-	\$ -0-	\$ -0-	\$ 25,801	\$ -0-	\$ 1,166	\$ -0-	\$ 36,989	\$ 93,439
Accrued payroll and compensated absences	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	71,486
Total liabilities	-0-	7,283	-0-	2,739	-0-	-0-	-0-	25,801	-0-	1,166	-0-	36,989	164,925
<b>Fund Balances</b>													
Restricted	37,893	6,780	-0-	10,353	430	101,586	-0-	-0-	-0-	-0-	-0-	157,042	-0-
Assigned	-0-	-0-	799,310	-0-	-0-	-0-	712,952	-0-	12,469	4,132	1,822	1,530,685	368,798
Unassigned	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(40,127)	-0-	-0-	-0-	( 40,127)	-0-
Total fund balances	37,893	6,780	799,310	10,353	430	101,586	712,952	(40,127)	12,469	4,132	1,822	1,647,600	368,798
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,893</b>	<b>\$ 14,063</b>	<b>\$ 799,310</b>	<b>\$ 13,092</b>	<b>\$ 430</b>	<b>\$ 101,586</b>	<b>\$ 712,952</b>	<b>\$(14,326)</b>	<b>\$ 12,469</b>	<b>\$ 5,298</b>	<b>\$ 1,822</b>	<b>\$ 1,684,589</b>	<b>\$ 533,723</b>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS –  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Economic Development Grant</u>	<u>Community Development Block Grant</u>	<u>Police Forfeiture</u>	<u>Special Grants</u>	<u>Local Law Enforcement Grant</u>	<u>I.C. White Coal Severance</u>	<u>OPEB Trust</u>	<u>Metropolitan Theater</u>	<u>Property Auction</u>	<u>Woodburn Property</u>	<u>Court Technology</u>	<u>Total</u>	<u>Component Unit Board of Parks and Recreation</u>
<b>Revenues</b>													
Charges for services	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 113,525	\$ -0-	\$ 48,637	\$ 18,490	\$ 180,652	\$ 1,836,929
Fines and forfeits	-0-	-0-	685,280	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	685,280	-0-
Interest	-0-	35	1,811	5	14	380	1,097	-0-	-0-	80	9	3,431	1,211
Donations	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	141,400
Intergovernmental:													
Federal	-0-	330,773	-0-	88,516	18,317	-0-	-0-	-0-	-0-	-0-	-0-	437,606	-0-
Total revenues	-0-	330,808	687,091	88,521	18,331	380	1,097	113,525	-0-	48,717	18,499	1,306,969	1,979,540
<b>Expenditures</b>													
General government	-0-	-0-	-0-	-0-	-0-	-0-	260	-0-	-0-	-0-	-0-	260	-0-
Public safety	-0-	-0-	36,585	-0-	32,433	-0-	-0-	-0-	-0-	-0-	-0-	69,018	-0-
Culture and recreation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	188,752	-0-	-0-	-0-	188,752	2,904,464
Community development	-0-	360,067	-0-	78,199	-0-	-0-	-0-	-0-	-0-	175,534	-0-	613,800	-0-
Benefit payments	-0-	-0-	-0-	-0-	-0-	-0-	892,291	-0-	-0-	-0-	-0-	892,291	-0-
Total expenditures	-0-	360,067	36,585	78,199	32,433	-0-	892,551	188,752	-0-	175,534	-0-	1,764,121	2,904,464
(Deficiency) excess of revenues (under) over expenditures	-0-	( 29,259)	650,506	10,322	(14,102)	380	(891,454)	( 75,227)	-0-	(126,817)	18,499	( 457,152)	( 924,924)
<b>Other Financing Sources (Uses)</b>													
Operating transfers in (out)	-0-	28,000	-0-	-0-	-0-	-0-	857,000	35,100	-0-	140,000	-0-	1,060,100	1,202,154
Total other financing sources (uses)	-0-	28,000	-0-	-0-	-0-	-0-	857,000	35,100	-0-	140,000	-0-	1,060,100	1,202,154
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	-0-	( 1,259)	650,506	10,322	(14,102)	380	( 34,454)	(40,127)	-0-	13,183	18,499	602,948	277,230
Fund balance beginning of year	37,893	8,039	148,804	31	14,532	101,206	747,406	-0-	12,469	( 9,051)	(16,677)	1,044,652	91,568
Fund balance end of year	\$ 37,893	\$ 6,780	\$ 799,310	\$ 10,353	\$ 430	\$ 101,586	\$ 712,952	\$ (40,127)	\$ 12,469	\$ 4,132	\$ 1,822	\$ 1,647,600	\$ 368,798

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 COMBINING FUND BALANCE SHEETS –  
 NONMAJOR GOVERNMENTAL FUNDS –  
 CAPITAL PROJECT FUNDS  
 JUNE 30, 2017**

	<i>Primary Government</i>			<i>Component Unit</i>	
	<u>Business Improvement District</u>	<u>Tax Increment Financing</u>	<u>Total</u>	<i>Morgantown Public Library Capital Project Clay Battelle Branch</i>	<u>Total Component Unit</u>
<b>ASSETS</b>					
Cash	\$ 33,433	\$ 127,027	\$ 160,460	\$ -0-	\$ -0-
Investments	-0-	-0-	-0-	244,690	244,690
Taxes receivable	-0-	148,708	148,708	-0-	-0-
Due from/(to) other funds	<u>-0-</u>	<u>( 16,000)</u>	<u>( 16,000)</u>	<u>( 2,916)</u>	<u>( 2,916)</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>33,433</u></b>	<b>\$ <u>259,735</u></b>	<b>\$ <u>293,168</u></b>	<b>\$ <u>241,774</u></b>	<b>\$ <u>241,774</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Deferred Inflow of Resources</b>					
Deferred revenue - taxes	<u>-0-</u>	<u>99,792</u>	<u>99,792</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflow of resources	<u>-0-</u>	<u>99,792</u>	<u>99,792</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balances</b>					
Assigned	<u>33,433</u>	<u>159,943</u>	<u>193,376</u>	<u>241,774</u>	<u>241,774</u>
Total fund balances	<u>33,433</u>	<u>159,943</u>	<u>193,376</u>	<u>241,774</u>	<u>241,774</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>33,433</u></b>	<b>\$ <u>259,735</u></b>	<b>\$ <u>293,168</u></b>	<b>\$ <u>241,774</u></b>	<b>\$ <u>241,774</u></b>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -  
 CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Primary Government</i>			<i>Component Unit</i>	
	<u>Business</u>	<u>Tax</u>	<u>Total</u>	<i>Morgantown</i>	<u>Total</u>
	<u>Improvement</u>	<u>Increment</u>		<i>Public Library</i>	
	<u>District</u>	<u>Financing</u>		<u>Capital Project</u>	<u>Unit</u>
				<u>Clay Battelle</u>	
				<u>Branch</u>	<u>Unit</u>
<b>Revenues</b>					
Investment income	\$ 170	\$ 395	\$ 565	\$ 2,417	\$ 2,417
Taxes:					
Ad valorem	-0-	1,439,388	1,439,388	-0-	-0-
Other	<u>-0-</u>	<u>25,000</u>	<u>25,000</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>170</u>	<u>1,464,783</u>	<u>1,464,953</u>	<u>2,417</u>	<u>2,417</u>
<b>Expenditures</b>					
General government	-0-	233	233	-0-	-0-
Community development	<u>13,725</u>	<u>-0-</u>	<u>13,725</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>13,725</u>	<u>233</u>	<u>13,958</u>	<u>-0-</u>	<u>-0-</u>
(Deficiency) excess of revenues (under) over expenditures	(13,555)	<u>1,464,550</u>	<u>1,450,995</u>	<u>2,417</u>	<u>2,417</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	-0-	-0-	-0-	-0-	-0-
Operating transfers (out)	<u>-0-</u>	<u>(1,349,667)</u>	<u>(1,349,667)</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>(1,349,667)</u>	<u>(1,349,667)</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(13,555)	114,883	101,328	2,417	2,417
Fund balance beginning of year	<u>46,988</u>	<u>45,060</u>	<u>92,048</u>	<u>239,357</u>	<u>239,357</u>
Fund balance end of year	\$ <u>33,433</u>	\$ <u>159,943</u>	\$ <u>193,376</u>	\$ <u>241,774</u>	\$ <u>241,774</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
FIDUCIARY RESPONSIBILITIES  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Employee's Retirement and Benefit</u>	<u>Total</u>	<u>Component Unit</u>		
					<i>Morgantown Public Library</i>		
					<u>Nonexpendable Trust</u>	<u>Endowment Fund</u>	<u>Total</u>
<b>Assets</b>							
Cash	\$ 113,386	\$ 69,339	\$ 1,480	\$ 184,205	\$ -0-	\$ -0-	\$ -0-
Investments	15,068,379	12,163,768	51,149,348	78,381,495	51,637	16,099	67,736
Receivables:							
Contributions	<u>-0-</u>	<u>-0-</u>	<u>181,200</u>	<u>181,200</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets	<u>15,181,765</u>	<u>12,233,107</u>	<u>51,332,028</u>	<u>78,746,900</u>	<u>51,637</u>	<u>16,099</u>	<u>67,736</u>
<b>Liabilities</b>							
Accounts payable	<u>-0-</u>	<u>-0-</u>	<u>6,744</u>	<u>6,744</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>6,744</u>	<u>6,744</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Net Position</b>							
Held in trust	\$ <u>15,181,765</u>	\$ <u>12,233,107</u>	\$ <u>51,325,284</u>	\$ <u>78,740,156</u>	\$ <u>51,637</u>	\$ <u>16,099</u>	\$ <u>67,736</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
FIDUCIARY RESPONSIBILITIES  
COMBINING STATEMENT OF CHANGES NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Employee's Retirement and Benefit</u>	<u>Total</u>	<u>Component Unit</u>		
					<u>Morgantown Public Library Nonexpendable Trust</u>	<u>Endowment Fund</u>	<u>Total</u>
<b>Additions</b>							
Contributions:							
Employer	\$ 1,073,218	\$ 870,926	\$ 1,819,230	\$ 3,763,374	\$ -0-	\$ -0-	\$ -0-
Employee	423,661	218,900	802,433	1,444,994	-0-	-0-	-0-
Insurance premium tax allocation	629,967	485,359	-0-	1,115,326	-0-	-0-	-0-
Other	4	3	7,133	7,140	-0-	-0-	-0-
Total contributions	<u>2,126,850</u>	<u>1,575,188</u>	<u>2,628,796</u>	<u>6,330,834</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Investment Income:							
Gain (loss) on investments	1,185,760	925,596	3,899,767	6,011,123	4,860	2,977	7,837
Interest and dividends	265,755	210,370	1,060,359	1,536,484	1,132	215	1,347
Total investment income	<u>1,451,515</u>	<u>1,135,966</u>	<u>4,960,126</u>	<u>7,547,607</u>	<u>5,992</u>	<u>3,192</u>	<u>9,184</u>
Total additions	<u>3,578,365</u>	<u>2,711,154</u>	<u>7,588,922</u>	<u>13,878,441</u>	<u>5,992</u>	<u>3,192</u>	<u>9,184</u>
<b>Deductions</b>							
General and administrative	103,739	83,298	215,954	402,991	1,307	218	1,525
Contribution refunds	2,082	5,118	151,918	159,118	-0-	-0-	-0-
Benefit payments	2,117,547	1,528,283	2,864,515	6,510,345	-0-	-0-	-0-
Total deductions	<u>2,223,368</u>	<u>1,616,699</u>	<u>3,232,387</u>	<u>7,072,454</u>	<u>1,307</u>	<u>218</u>	<u>1,525</u>
Net increase (decrease)	1,354,997	1,094,455	4,356,535	6,805,987	4,685	2,974	7,659
Net position – beginning of year	<u>13,826,768</u>	<u>11,138,652</u>	<u>46,968,749</u>	<u>71,934,169</u>	<u>46,952</u>	<u>13,125</u>	<u>60,077</u>
Net position – end of year	\$ <u>15,181,765</u>	\$ <u>12,233,107</u>	\$ <u>51,325,284</u>	\$ <u>78,740,156</u>	\$ <u>51,637</u>	\$ <u>16,099</u>	\$ <u>67,736</u>

See accompanying notes and independent auditor's report.



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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**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***

To the Honorable Mayor and Council  
City of Morgantown  
Morgantown, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Morgantown, West Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Morgantown, West Virginia's basic financial statements and have issued our report thereon dated December 18, 2017.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*J. Strick, Bachelor, PHA*

Clarksburg, West Virginia  
December 18, 2017



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Council  
City of Morgantown  
Morgantown, West Virginia

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

We have audited the City of Morgantown, West Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Morgantown, West Virginia's major federal programs for the year ended June 30, 2017. City of Morgantown, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Morgantown, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Morgantown, West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the City of Morgantown, 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, 2017.

### **Report on Internal Control over Compliance**

Management of the City of Morgantown, West Virginia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Morgantown, 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Morgantown, 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.

Honorable Mayor and Council  
City of Morgantown

Page 3

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

*Detrick S. Bantrol, Ph.D.*

Clarksburg, West Virginia  
December 18, 2017

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**A. Summary of Audit Results**

***Financial Statements***

Type of auditor's report issued:	<u>Unmodified 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>No</u>

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Deficiency(s) identified that are not considered to be material weaknesses?	<u>None reported</u>

Type of auditor's report issued on compliance for major programs:	<u>Unmodified Opinion</u>
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u>No</u>
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Identification of major programs:

United States Department of Transportation/Federal Aviation Administration Airport Improvement Program	CFDA #20.106
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United States Environmental Protection Agency/Office of Solid Waste and Emergency Response	
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ARRA – Brownfields Assessment and Cleanup Cooperative Agreement	CFDA #68.818
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Dollar threshold used to distinguish between Type A and Type B programs	<u>\$750,000</u>
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Auditee qualified as low-risk auditee	<u>    </u> yes <u>  X  </u> no
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**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2017**

**B. Findings – Financial Statement Audit**

**No Findings**

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

**United States Department of Transportation – Federal Aviation Administration – Airport Improvement Program – CFDA Number 20.106 – Fiscal Year Ended June 30, 2017 and United States Environmental Protection Agency – Office of Solid Waste and Emergency Response – ARRA – Brownfields Assessment and Cleanup Cooperative Agreement – CFDA Number 68.818 – Fiscal Year Ended June 30, 2017.**

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
<b>United States Department of Transportation</b>					
<u>Federal Aviation Administration</u>					
Airport Improvement Program	20.106	3-54-0015-039-2016	\$ 135,022	\$ 134,901	\$ 134,901
Airport Improvement Program	20.106	3-54-0015-038-2016	498,552	148,729	148,729
Airport Improvement Program	20.106	3-54-0015-035-2013	1,185,422	2,109	2,109
Airport Improvement Program	20.106	3-54-0015-037-2015	1,860,313	30,878	30,878
				<u>316,617</u>	<u>316,617</u>
<u>National Highway Traffic Safety Administration</u>					
<i>West Virginia Department of Transportation</i>					
National Priority Safety Programs	20.616	F-17-HS-18-154	15,000	15,000	15,000
National Priority Safety Programs	20.616	F-16-HS-18-154	100,000	98,616	98,616
				<u>113,616</u>	<u>113,616</u>
Total United States Department of Transportation				<u>430,233</u>	<u>430,233</u>
<b>United States Department of Justice</b>					
<u>Bureau of Justice Assistance</u>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0327	18,317	18,317	18,317
Total United States Department of Justice				<u>18,317</u>	<u>18,317</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
<b>United States Environmental Protection Agency/Office of Solid Waste and Emergency Response</b>					
ARRA – Brownfields Assessment and Cleanup Cooperative Agreement	66.818	BF96329701	\$ 200,000	\$ <u>88,516</u>	\$ <u>88,516</u>
Total United States Environmental Protection Agency				<u>88,516</u>	<u>88,516</u>
<b>United States Department of Homeland Security</b>					
<u>State of West Virginia Department of Military Affairs &amp; Public Safety/Homeland Security State Administrative Agency</u> Homeland Security Grant Program	97.067	EMW2016SS00003	55,000	<u>55,000</u>	<u>55,000</u>
Total United States Department of Homeland Security				<u>55,000</u>	<u>55,000</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
<b>United States Department of Housing and Urban Development</b>					
<u>Office of Community Planning and Development</u>					
Community Development Block Grant/Entitlement Grants	14.218	B-16-MC-54-0007	\$ 366,375	\$ <u>330,773</u>	\$ <u>330,773</u>
Total United States Department of Housing and Urban Development				<u>330,773</u>	<u>330,773</u>
Total Expenditures of Federal Awards				\$ <u>922,839</u>	\$ <u>922,839</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Morgantown, West Virginia under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Morgantown, West Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Morgantown, West Virginia.

**Note B – Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMG Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The City of Morgantown, West Virginia has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

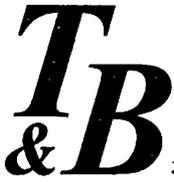
**United States Department of Transportation – Federal Aviation Administration – Airport Improvement Program – CFDA Number 20.106 – Year Ended June 30, 2016.**

There were no prior audit findings.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF PASSENGER FACILITY CHARGES  
FOR THE YEAR ENDED JUNE 30, 2017**

Balance June 30, 2016	\$ 7,333
Revenues received:	
Passenger facility charges	24,281
Interest income	10
Disbursements:	
Capital improvements	( 1,962)
Balance June 30, 2017	\$ <u>29,662</u>

See accompanying notes and independent auditor's report.



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO THE PASSENGER  
FACILITY CHARGES PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE**

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

**Compliance**

We have audited the compliance of the City of Morgantown, West Virginia with the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2017. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City of Morgantown, West Virginia's management. Our responsibility is to express an opinion on the City of Morgantown, West Virginia's compliance based on our audit.

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 the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Morgantown, 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. Our audit does not provide a legal determination of the City of Morgantown, West Virginia's, compliance with those requirements.

In our opinion, City of Morgantown, West Virginia complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2017.

## Internal Control Over Compliance

The management of the City of Morgantown, West Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City of Morgantown, West Virginia's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Municipal Officials of the City of Morgantown, West Virginia and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Detrick + Bartlett, PLLC*

Clarksburg, West Virginia  
December 18, 2017