

**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, 2018**  
*RFP #18-200 (Monongalia County)*

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**CITY OF MORGANTOWN, WEST VIRGINIA  
MUNICIPAL OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Office</b>	<b>Name</b>	<b>Term</b>
	<b>Elective</b>	
Mayor	Bill Kawecki	07/01/17 - 06/30/19
Deputy Mayor	Jennifer Selin	07/01/17 - 06/30/19
Council Members:	Rachel L. Fetty	07/01/17 - 06/30/19
	Ryan Wallace	07/01/17 - 06/30/19
	Ron Dulaney, Jr.	07/01/17 - 06/30/19
	Mark Brazaitis	07/01/17 - 06/30/19
	Barry Lee Wendell	07/01/17 - 06/30/19
	<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, 2018**

**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, 2018

**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*

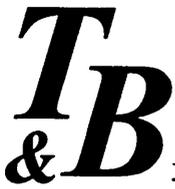
Capital Projects – Clay Battelle Branch

**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, 2018 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 78.23 percent, 173.84 percent, and 41.29 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, 2018, 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 8 to the financial statements for the year ended June 30, 2018, the City of Morgantown, West Virginia adopted new accounting guidance, GASB 85 – *Omnibus 2017* and GASB 86 – *Certain Debt Extinguishment Issues*. 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, notes to schedule of contributions – Policemen's Pension and Relief Fund, schedule of changes in net pension liability and related ratios multiyear – Employee Retirement Fund, schedule of the net pension liability multiyear – Employee Retirement Fund, schedule of contributions multiyear – Employee Retirement Fund, notes to schedule of contributions multiyear – Employee Retirement Fund, schedule of proportionate share of the net pension liability – Morgantown Utility Board schedule of contributions – Morgantown Utility Board, schedule of changes in net OPEB liability and related ratios multiyear – Other Post Employment Benefits, schedule of employer contributions – Other Post Employment Benefits, notes to schedule of contributions – Other Post Employment Benefits on pages 122 through 145 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 17, 2018, 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 solely 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 the effectiveness of the City of Morgantown, West Virginia's 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.

*Patrick J. Bartlett, Ph.D.*

Clarksburg, West Virginia  
December 17, 2018

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<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>Assets</b>								
Cash	\$ 17,312,928	\$ 289,107	\$ 17,602,035	\$ 1,208,878	\$ 1,174,828	\$ 758,989	\$ 149,000	\$ 8,057,309
Investments	3,402,759	-0-	3,402,759	1,435,355	-0-	746,300	-0-	9,320,476
Receivables	5,184,523	278,893	5,463,416	28,375	27,607	102	828,114	3,431,325
Internal balances	1,374,946	( 1,102,881)	272,065	-0-	( 245,244)	( 26,821)	-0-	-0-
Inventory	17,240	42,671	59,911	-0-	-0-	-0-	-0-	1,637,437
Prepaid expenses	6,566	-0-	6,566	128	-0-	-0-	-0-	-0-
Restricted assets	1,742,082	-0-	1,742,082	1,698,904	-0-	43,921	543,469	106,455,306
Capital assets, net	15,395,226	27,432,344	42,827,570	1,847,491	3,083,354	6,213,737	10,669,989	232,806,807
Deposits and prepayments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,204,054
Deferred financing costs	-0-	-0-	-0-	-0-	-0-	-0-	-0-	482,971
Accrued utility revenue	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,653,307
Other, net	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,044
<b>Total assets</b>	<b>44,436,270</b>	<b>26,940,134</b>	<b>71,376,404</b>	<b>6,219,131</b>	<b>4,040,545</b>	<b>7,736,228</b>	<b>12,190,572</b>	<b>365,060,036</b>
<b>Deferred Outflows of Resources</b>								
Net difference between projected and actual earnings on pension plan investments	4,064,818	241,647	4,306,465	-0-	-0-	157,099	-0-	585,854
Change in assumptions	16,124,083	359,587	16,483,670	-0-	-0-	233,775	-0-	1,652,611
Difference between expected and actual experience	1,895,464	48,161	1,943,625	19,430	19,554	31,311	-0-	221,343
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-	-0-	28,089	37,507	-0-	-0-	74,657
Deferred differences in assumptions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Employer contributions subsequent to measurement period	-0-	-0-	-0-	75,942	79,427	-0-	-0-	-0-
Unamortized bond discount refunding loss	21,841	-0-	21,841	-0-	-0-	-0-	21,238	-0-
<b>Total deferred outflows of resources</b>	<b>22,106,206</b>	<b>649,395</b>	<b>22,755,601</b>	<b>123,461</b>	<b>136,488</b>	<b>422,185</b>	<b>21,238</b>	<b>2,534,465</b>
<b>Total assets and deferred outflows of resources</b>	<b>66,542,476</b>	<b>27,589,529</b>	<b>94,132,005</b>	<b>6,342,592</b>	<b>4,177,033</b>	<b>8,158,413</b>	<b>12,211,810</b>	<b>367,594,501</b>

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION (CONTD)**  
**JUNE 30, 2018**

	<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	\$ 740,894	\$ 211,547	\$ 952,441	\$ 5,643	\$ 18,471	\$ 50,152	\$ -0-	\$ 6,353,142
Accrued payroll	-0-	-0-	-0-	-0-	-0-	-0-	-0-	839,141
Accrued expenses	-0-	-0-	-0-	46,273	-0-	-0-	-0-	-0-
Billing services payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	437,790
Accrued interest payable	3,370,224	-0-	3,370,224	-0-	-0-	3,014	25,735	-0-
Unearned revenues	-0-	-0-	-0-	-0-	-0-	-0-	-0-	921
Other accrued liabilities	-0-	120,000	120,000	-0-	-0-	-0-	-0-	105,831
Accrued payroll and compensated absences	531,797	88,158	619,955	54,783	68,565	75,005	-0-	-0-
Long-term liabilities:								
Due within one year	981,847	33,960	1,015,807	4,394	72,960	422,619	905,000	5,842,460
Due in more than one year	<u>145,605,765</u>	<u>2,733,522</u>	<u>148,151,571</u>	<u>1,270,919</u>	<u>2,087,668</u>	<u>3,143,358</u>	<u>2,325,000</u>	<u>229,223,061</u>
Total liabilities	<u>151,230,527</u>	<u>3,187,187</u>	<u>154,229,998</u>	<u>1,382,012</u>	<u>2,247,664</u>	<u>3,694,148</u>	<u>3,255,735</u>	<u>242,802,346</u>
<b>Deferred Inflow of Resources</b>								
Difference between expected and actual experience	2,615,661	138,694	2,754,355	483	486	90,167	-0-	637,420
Change in assumptions	7,517,368	-0-	7,517,368	11,325	11,397	-0-	-0-	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-	-0-	2,620	3,717	-0-	-0-	153,832
Net difference between projected and actual earnings on pension plan investments	<u>2,195,808</u>	<u>114,173</u>	<u>2,309,981</u>	<u>53,082</u>	<u>53,418</u>	<u>74,226</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflow of resources	<u>12,328,837</u>	<u>252,867</u>	<u>12,581,704</u>	<u>67,510</u>	<u>69,018</u>	<u>164,393</u>	<u>-0-</u>	<u>791,252</u>
<b>Total liabilities and deferred inflow of resources</b>	<u>163,559,364</u>	<u>3,440,054</u>	<u>166,811,702</u>	<u>1,449,522</u>	<u>2,316,682</u>	<u>3,858,541</u>	<u>3,255,735</u>	<u>243,593,598</u>

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION (CONTD)**  
**JUNE 30, 2018**

	<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-	\$ 27,156,419	\$ 27,156,419	\$ 1,820,841	\$ 2,490,554	\$ 4,613,796	\$ 7,439,989	\$ 122,357,153
Restricted	2,292,936	-0-	2,292,936	1,698,904	-0-	43,921	543,469	4,699,947
Unrestricted	( 99,309,824)	( 3,006,944)	(102,316,768)	<u>1,373,325</u>	( 630,203)	( 357,845)	<u>972,617</u>	( 3,056,197)
<b>Total net position</b>	<b><u>\$( 97,016,888)</u></b>	<b><u>\$ 24,149,475</u></b>	<b><u>\$( 72,867,413)</u></b>	<b><u>\$ 4,893,070</u></b>	<b><u>\$ 1,860,351</u></b>	<b><u>\$ 4,299,872</u></b>	<b><u>\$ 8,956,075</u></b>	<b><u>\$ 124,000,903</u></b>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

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>Governmental Activities</b>												
General government	\$ 8,708,277	\$ 4,992,640	\$ -0-	\$ -0-	\$( 3,715,637)	\$ -0-	\$( 3,715,637)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Public safety	19,591,159	4,353,813	373,869	-0-	(14,863,477)	-0-	(14,863,477)	-0-	-0-	-0-	-0-	-0-
Highways and streets	4,578,972	-0-	-0-	-0-	( 4,578,972)	-0-	( 4,578,972)	-0-	-0-	-0-	-0-	-0-
Culture and recreation	1,398,515	140,036	-0-	-0-	( 1,258,479)	-0-	( 1,258,479)	-0-	-0-	-0-	-0-	-0-
Community development	5,472,210	49,828	2,504,956	24,165	( 2,893,261)	-0-	( 2,893,261)	-0-	-0-	-0-	-0-	-0-
Debt service	1,198,449	-0-	-0-	-0-	( 1,198,449)	-0-	( 1,198,449)	-0-	-0-	-0-	-0-	-0-
Benefits payments	<u>6,918,510</u>	<u>-0-</u>	<u>6,806,288</u>	<u>-0-</u>	<u>( 112,222)</u>	<u>-0-</u>	<u>( 112,222)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total governmental activities	<u>47,866,092</u>	<u>9,536,317</u>	<u>9,685,113</u>	<u>24,165</u>	<u>(28,620,497)</u>	<u>-0-</u>	<u>(28,620,497)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Business-Type Activities</b>												
Airport	<u>4,379,857</u>	<u>2,472,125</u>	<u>-0-</u>	<u>359,130</u>	<u>-0-</u>	<u>( 1,548,602)</u>	<u>( 1,548,602)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total business-type activities	<u>4,379,857</u>	<u>2,472,125</u>	<u>-0-</u>	<u>359,130</u>	<u>-0-</u>	<u>( 1,548,602)</u>	<u>( 1,548,602)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<u>\$ 52,245,949</u>	<u>\$ 12,008,442</u>	<u>\$ 9,685,113</u>	<u>\$ 383,295</u>	<u>(28,620,497)</u>	<u>( 1,548,602)</u>	<u>(30,169,099)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Component Units</b>												
Morgantown Utility Board	\$ 31,167,654	\$ 33,963,520	\$ -0-	\$ -0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,795,866
Parking	2,558,340	2,758,492	-0-	-0-	-0-	-0-	-0-	-0-	-0-	200,152	-0-	-0-
Municipal Building Commission	581,519	971,371	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	389,852	-0-
Board of Parks and Recreation Commission	2,946,460	1,953,206	215,950	-0-	-0-	-0-	-0-	-0-	( 777,304)	-0-	-0-	-0-
Morgantown Public Library	<u>1,725,332</u>	<u>28,514</u>	<u>1,881,039</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>184,221</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total component units	<u>\$ 38,979,305</u>	<u>\$ 39,675,103</u>	<u>\$ 2,096,989</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>184,221</u>	<u>( 777,304)</u>	<u>200,152</u>	<u>389,852</u>	<u>2,795,866</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF ACTIVITIES (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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					\$ 6,695,359	\$ -0-	\$ 6,695,359	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Gas and oil severance					38,919	-0-	38,919	-0-	-0-	-0-	-0-	-0-
Utility					1,228,054	-0-	1,228,054	-0-	-0-	-0-	-0-	-0-
Business and occupation					15,108,765	-0-	15,108,765	-0-	-0-	-0-	-0-	-0-
Wine and liquor					822,098	-0-	822,098	-0-	-0-	-0-	-0-	-0-
Animal control					3,621	-0-	3,621	-0-	-0-	-0-	-0-	-0-
Hotel and motel					897,712	-0-	897,712	-0-	-0-	-0-	-0-	-0-
Amusement					4,841	-0-	4,841	-0-	-0-	-0-	-0-	-0-
Coal severance					79,502	-0-	79,502	-0-	-0-	-0-	-0-	-0-
Licenses and permits					529,318	-0-	529,318	-0-	-0-	-0-	-0-	-0-
Franchise fees					363,989	-0-	363,989	-0-	-0-	-0-	-0-	-0-
Investment income					140,527	1,171	141,698	177,408	3,458	53,328	5,149	983,830
Video lottery and gaming income					115,002	-0-	115,002	-0-	-0-	-0-	-0-	-0-
Gain (loss) on sale of capital assets					-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous					328,985	-0-	328,985	135	-0-	-0-	-0-	332,450
Total general revenues					<u>26,356,692</u>	<u>1,171</u>	<u>26,357,863</u>	<u>177,543</u>	<u>3,458</u>	<u>53,328</u>	<u>5,149</u>	<u>1,316,280</u>
Change in net position before transfers between activities					( 2,263,805)	( 1,547,431)	( 3,811,236)	361,764	( 773,846)	253,480	395,001	4,112,146
Transfer between activities					( 1,803,497)	648,973	( 1,154,524)	-0-	1,217,399	-0-	( 62,875)	-0-
Change in net position before contributed capital					( 4,067,302)	( 898,458)	( 4,965,760)	361,764	443,553	253,480	332,126	4,112,146
Contributed capital					-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,444,089
Transfers to other entities					-0-	-0-	-0-	-0-	-0-	-0-	( 129,502)	-0-
Net change in net position					( 4,067,302)	( 898,458)	( 4,965,760)	361,764	443,553	253,480	202,624	8,556,235
Net position – beginning - restated					(92,949,586)	25,047,933	(67,901,653)	4,531,306	1,416,798	4,046,392	8,753,451	115,444,668
Net position – ending					<u>\$(97,016,888)</u>	<u>\$ 24,149,475</u>	<u>\$(72,867,413)</u>	<u>\$ 4,893,070</u>	<u>\$ 1,860,351</u>	<u>\$ 4,299,872</u>	<u>\$ 8,956,075</u>	<u>\$ 124,000,903</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<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>Capital Projects Funds</u>	<u>Parks and Recreation Commission</u>	
<b>ASSETS</b>													
Cash	\$ 4,328,815	\$ 37,109	\$ 11,049,735	\$ 677,565	\$ -0-	\$ 269,794	\$ 949,910	\$ 17,312,928	\$ 1,208,878	\$ -0-	\$ -0-	\$ 1,174,828	\$ 2,383,706
Investments	2,055,033	-0-	-0-	636,950	-0-	-0-	710,776	3,402,759	1,189,712	-0-	245,643	-0-	1,435,355
Receivables, net of allowances:													
Taxes	4,318,484	24,341	-0-	-0-	-0-	-0-	148,708	4,491,533	-0-	-0-	-0-	-0-	-0-
Accounts	511,119	-0-	-0-	-0-	-0-	-0-	4,936	516,055	28,375	-0-	-0-	27,607	55,982
Other	31,569	-0-	-0-	-0-	-0-	-0-	-0-	31,569	-0-	-0-	-0-	-0-	-0-
Grants	142,129	-0-	-0-	-0-	-0-	-0-	3,237	145,366	-0-	-0-	-0-	-0-	-0-
Due from/(to) other funds	( 159,565)	-0-	1,620,612	-0-	-0-	-0-	( 86,101)	1,374,946	2,703	-0-	( 2,703)	( 245,244)	( 245,244)
Inventory	17,240	-0-	-0-	-0-	-0-	-0-	-0-	17,240	-0-	-0-	-0-	-0-	-0-
Restricted assets	-0-	-0-	-0-	-0-	1,742,082	-0-	-0-	1,742,082	-0-	1,698,904	-0-	-0-	1,698,904
Prepaid expenses	6,566	-0-	-0-	-0-	-0-	-0-	-0-	6,566	128	-0-	-0-	-0-	128
<b>TOTAL ASSETS</b>	<b>\$ 11,251,390</b>	<b>\$ 61,450</b>	<b>\$ 12,670,347</b>	<b>\$ 1,314,515</b>	<b>\$ 1,742,082</b>	<b>\$ 269,794</b>	<b>\$ 1,731,466</b>	<b>\$ 29,041,044</b>	<b>\$ 2,429,796</b>	<b>\$ 1,698,904</b>	<b>\$ 242,940</b>	<b>\$ 957,191</b>	<b>\$ 5,328,831</b>

**CITY OF MORGANTOWN, WEST VIRGINIA  
FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS (CONTD)  
JUNE 30, 2018**

	<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>Capital Projects Funds</u>	<u>Parks and Recreation Commission</u>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
<b>Liabilities</b>													
Accounts payable	\$ 536,759	\$ -0-	\$ 179,179	\$ 2,795	\$ -0-	\$ -0-	\$ 22,161	\$ 740,894	\$ 5,643	\$ -0-	\$ -0-	\$ 18,471	\$ 24,114
Accrued interest payable	-0-	-0-	-0-	-0-	3,370,224	-0-	-0-	3,370,224	-0-	-0-	-0-	-0-	-0-
Accrued expenses	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	56,273	-0-	-0-	-0-	56,273
Accrued payroll and compensated absences	<u>530,388</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,409</u>	<u>531,797</u>	<u>54,783</u>	<u>-0-</u>	<u>-0-</u>	<u>68,565</u>	<u>123,348</u>
Total liabilities	<u>1,067,147</u>	<u>-0-</u>	<u>179,179</u>	<u>2,795</u>	<u>3,370,224</u>	<u>-0-</u>	<u>23,570</u>	<u>4,642,915</u>	<u>116,699</u>	<u>-0-</u>	<u>-0-</u>	<u>87,036</u>	<u>203,735</u>
<b>Deferred Inflows of Resources</b>													
Deferred revenue – taxes	110,830	-0-	-0-	-0-	-0-	-0-	99,792	210,622	-0-	-0-	-0-	-0-	-0-
Deferred revenue – other	<u>275,233</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>275,233</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources	<u>386,063</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>99,792</u>	<u>485,855</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balances</b>													
Restricted	142,129	-0-	2,000,000	-0-	-0-	-0-	150,807	2,292,936	-0-	1,698,904	-0-	-0-	1,698,904
Nonspendable	6,566	-0-	-0-	-0-	-0-	-0-	-0-	6,566	128	-0-	-0-	-0-	128
Assigned	-0-	61,450	10,491,168	1,311,720	-0-	269,794	1,483,712	13,617,844	189,099	-0-	242,940	870,155	1,302,194
Unassigned	<u>9,649,485</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,628,142)</u>	<u>0-</u>	<u>(26,415)</u>	<u>7,994,928</u>	<u>2,133,870</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,133,870</u>
Total fund balance	<u>9,798,180</u>	<u>61,450</u>	<u>12,491,168</u>	<u>1,311,720</u>	<u>(1,628,142)</u>	<u>269,794</u>	<u>1,608,104</u>	<u>23,912,274</u>	<u>2,323,097</u>	<u>1,698,904</u>	<u>242,940</u>	<u>870,155</u>	<u>5,135,096</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
	\$ <u>11,251,390</u>	\$ <u>61,450</u>	\$ <u>12,670,347</u>	\$ <u>1,314,515</u>	\$ <u>1,742,082</u>	\$ <u>269,794</u>	\$ <u>1,731,466</u>	\$ <u>29,041,044</u>	\$ <u>2,439,796</u>	\$ <u>1,698,904</u>	\$ <u>242,940</u>	\$ <u>957,191</u>	\$ <u>5,338,831</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, 2018**

	<u>Component Units</u>		
	<u>Primary Government</u>	<u>Morgantown Public Library</u>	<u>Parks and Recreation Commission</u>
Fund balance, fund level statement at June 30, 2018	\$ 23,912,274	\$ 4,264,941	\$ 870,155
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	( 1,398,341)	-0-	-0-
Obligations under capital lease	( 898,089)	( 26,650)	( 592,800)
Net pension obligation	(108,471,335)	( 218,339)	( 219,723)
Bonds payable	( 19,871,543)	-0-	-0-
Accrued other post-employment benefits	( 15,948,304)	(1,030,324)	(1,348,105)
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.	15,395,226	1,847,491	3,083,354
Deferred outflow – net difference between projected and actual earnings on pension plan investments	4,064,818	-0-	-0-
Deferred outflow – change in assumptions	16,124,083	-0-	-0-
Deferred outflow – difference between expected and actual experience	1,895,464	19,430	19,554
Deferred outflow –changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	28,089	37,507
Deferred outflow – employer contributions made subsequent to measurement period	-0-	75,942	79,427
Deferred inflow – difference between expected and actual experience	( 2,615,661)	( 483)	( 486)
Deferred inflow – net difference between projected and actual earnings on pension plan investments	( 2,195,808)	( 53,082)	( 53,418)
Deferred inflow – change in assumptions	( 7,517,368)	( 11,325)	( 11,397)

CITY OF MORGANTOWN, WEST VIRGINIA  
RECONCILIATION OF FUND BALANCE SHEETS OF  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION (CONT'D)  
JUNE 30, 2018

	<u>Primary Government</u>	<u>Component Units</u>	
		<u>Morgantown Public Library</u>	<u>Parks and Recreation Commission</u>
Deferred inflow – changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -0-	\$( 2,620)	\$( 3,717)
Some assets do not provide current financial resources and are reported as deferred revenues in the fund level statements.			
Unamortized bond discount	21,841	-0-	-0-
Deferred revenue	<u>485,855</u>	<u>-0-</u>	<u>-0-</u>
Net position of governmental activities	\$ ( <u>97,016,888</u> )	\$ <u>4,893,070</u>	\$ <u>1,860,351</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, 2018**

	<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>Parks and Recreation Commission</u>		
<b>Revenues</b>														
Taxes and special assessments:														
Ad valorem	\$ 4,854,561	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,003,394	\$ 6,857,955	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Gas and oil severance	38,919	-0-	-0-	-0-	-0-	-0-	-0-	38,919	-0-	-0-	-0-	-0-	-0-	
Utility	1,228,054	-0-	-0-	-0-	-0-	-0-	-0-	1,228,054	-0-	-0-	-0-	-0-	-0-	
Business and occupation	15,108,765	-0-	-0-	-0-	-0-	-0-	-0-	15,108,765	-0-	-0-	-0-	-0-	-0-	
Wine and liquor	822,098	-0-	-0-	-0-	-0-	-0-	-0-	822,098	-0-	-0-	-0-	-0-	-0-	
Animal control	3,621	-0-	-0-	-0-	-0-	-0-	-0-	3,621	-0-	-0-	-0-	-0-	-0-	
Hotel and motel	897,712	-0-	-0-	-0-	-0-	-0-	-0-	897,712	-0-	-0-	-0-	-0-	-0-	
Amusement	4,841	-0-	-0-	-0-	-0-	-0-	-0-	4,841	-0-	-0-	-0-	-0-	-0-	
Licenses and permits	529,318	-0-	-0-	-0-	-0-	-0-	-0-	529,318	-0-	-0-	-0-	-0-	-0-	
Charges for services	8,302,366	-0-	-0-	-0-	-0-	-0-	210,674	8,513,040	28,514	-0-	-0-	1,953,206	1,981,720	
Fines and forfeits	663,618	-0-	-0-	-0-	-0-	-0-	382,499	1,046,117	-0-	-0-	-0-	-0-	-0-	
Franchise fees	363,989	-0-	-0-	-0-	-0-	-0-	-0-	363,989	-0-	-0-	-0-	-0-	-0-	
Investment income (loss)	61,866	172	44,136	5,670	20,877	1,321	6,485	140,527	42,214	134,028	1,166	3,458	180,866	
Donations	13,573	-0-	2,000,000	-0-	240,000	-0-	-0-	2,253,573	24,720	-0-	-0-	215,950	240,670	
Video lottery and gaming income	115,002	-0-	-0-	-0-	-0-	-0-	-0-	115,002	-0-	-0-	-0-	-0-	-0-	
Intergovernmental:														
Federal	350,829	-0-	-0-	-0-	-0-	-0-	242,988	593,817	-0-	-0-	-0-	-0-	-0-	
State	-0-	79,502	-0-	-0-	-0-	-0-	-0-	79,502	514,854	-0-	-0-	-0-	514,854	
Local	32,760	-0-	-0-	-0-	-0-	-0-	-0-	32,760	1,341,465	-0-	-0-	-0-	1,341,465	
Contributions from employees	-0-	-0-	-0-	257,419	-0-	-0-	-0-	257,419	-0-	-0-	-0-	-0-	-0-	
Contributions from employers	-0-	-0-	-0-	6,548,869	-0-	-0-	-0-	6,548,869	-0-	-0-	-0-	-0-	-0-	
Other	<u>257,425</u>	<u>-0-</u>	<u>-0-</u>	<u>71,560</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>328,985</u>	<u>-0-</u>	<u>135</u>	<u>-0-</u>	<u>-0-</u>	<u>135</u>	
<b>Total revenues</b>	<u>33,649,317</u>	<u>79,674</u>	<u>2,044,136</u>	<u>6,883,518</u>	<u>260,877</u>	<u>1,321</u>	<u>2,846,040</u>	<u>45,764,883</u>	<u>1,951,767</u>	<u>134,163</u>	<u>1,166</u>	<u>2,172,614</u>	<u>4,259,710</u>	

**CITY OF MORGANTOWN, WEST VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN NET POSITION – GOVERNMENTAL FUNDS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<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 Increment 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>Parks and Recreation Commission</i>	
<b>Expenditures</b>													
General government	\$ 6,888,357	\$ -0-	\$ -0-	\$ 167,374	\$ 341,356	\$ -0-	\$ 270	\$ 7,397,357	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Public safety	14,582,746	-0-	-0-	-0-	-0-	-0-	757,919	15,340,665	-0-	-0-	-0-	-0-	-0-
Highways and streets	4,389,529	-0-	-0-	-0-	-0-	-0-	-0-	4,389,529	-0-	-0-	-0-	-0-	-0-
Culture and recreation	1,122,420	43,815	-0-	-0-	-0-	-0-	221,445	1,387,680	1,639,324	10,825	-0-	2,888,656	4,538,805
Community development	-0-	-0-	3,888,488	-0-	1,272,838	-0-	310,884	5,472,210	-0-	-0-	-0-	-0-	-0-
Debt service – principal	-0-	-0-	-0-	-0-	951,000	-0-	-0-	951,000	-0-	-0-	-0-	-0-	-0-
Debt service – interest	-0-	-0-	-0-	-0-	1,166,889	-0-	-0-	1,166,889	-0-	-0-	-0-	-0-	-0-
Benefits payments	-0-	-0-	-0-	<u>5,373,549</u>	<u>-0-</u>	<u>-0-</u>	<u>1,544,961</u>	<u>6,918,510</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>26,983,052</u>	<u>43,815</u>	<u>3,888,488</u>	<u>5,540,923</u>	<u>3,732,083</u>	<u>-0-</u>	<u>2,835,479</u>	<u>43,023,840</u>	<u>1,639,324</u>	<u>10,825</u>	<u>-0-</u>	<u>2,888,656</u>	<u>4,538,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,666,265</u>	<u>35,859</u>	<u>( 1,844,352)</u>	<u>1,342,595</u>	<u>(3,471,206)</u>	<u>1,321</u>	<u>10,561</u>	<u>2,741,043</u>	<u>312,443</u>	<u>123,338</u>	<u>1,166</u>	<u>( 716,042)</u>	<u>( 279,095)</u>
<b>Other Financing Sources (Uses)</b>													
Proceeds from bond issuance	-0-	-0-	-0-	-0-	893,543	-0-	-0-	893,543	-0-	-0-	-0-	-0-	-0-
Operating transfers in	12,469	-0-	6,014,375	-0-	1,882,979	-0-	1,639,546	9,549,369	-0-	-0-	-0-	1,217,399	1,217,399
Operating transfers (out)	( 8,223,999)	-0-	( 448,973)	( 796,915)	<u>-0-</u>	<u>-0-</u>	(1,882,979)	(11,352,866)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>( 8,211,530)</u>	<u>-0-</u>	<u>5,565,402</u>	<u>( 796,915)</u>	<u>2,776,522</u>	<u>-0-</u>	<u>( 243,433)</u>	<u>( 909,954)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,217,399</u>	<u>1,217,399</u>
Net change in fund balances	( 1,545,265)	35,859	3,721,050	545,680	( 694,684)	1,321	( 232,872)	1,831,089	312,443	123,338	1,166	501,357	938,304
Fund balances at beginning of year	<u>11,343,445</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>22,081,185</u>	<u>2,010,654</u>	<u>1,575,566</u>	<u>241,774</u>	<u>368,798</u>	<u>4,196,792</u>
Fund balances at end of year	<u>\$ 9,798,180</u>	<u>\$ 61,450</u>	<u>\$ 12,491,168</u>	<u>\$ 1,311,720</u>	<u>\$ (1,628,142)</u>	<u>\$ 269,794</u>	<u>\$ 1,608,104</u>	<u>\$ 23,912,274</u>	<u>\$ 2,323,097</u>	<u>\$ 1,698,904</u>	<u>\$ 242,940</u>	<u>\$ 870,155</u>	<u>\$ 5,135,096</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, 2018**

	<u>Component Units</u>		
	<u>Primary Government</u>	<u>Morgantown Public Library</u>	<u>Parks and Recreation Commission</u>
Net change in fund balance – total governmental funds	\$ 1,831,089	\$ 436,947	\$ 501,357
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.	( 426,552)	( 87,888)	(124,381)
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	217,692	3,034	67,488
Repayment of bonds	921,000	-0-	-0-
Proceeds from bond issuance	( 893,543)	-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	( 118,475)	-0-	-0-
(Increase) decrease in pension benefit obligation	(3,251,201)	-0-	205,756
(Increase) decrease in accrued other post employment benefits	( 319,968)	( 20,672)	( 27,046)
Decrease in unamortized bond discounts	( 1,560)	-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	( 162,596)	-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	(1,863,188)	30,343	(179,621)
Change in net position of governmental activities	\$ (4,067,302)	\$ 361,764	\$ 443,553

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<u>Business-Type</u>		<u>Component Units</u>			<u>Total</u>
	<u>Activities</u>		<u>Municipal</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	\$ 289,107	\$ 758,989	\$ 149,000	\$ 8,057,309	\$ 8,965,298	
Investments	-0-	746,300	-0-	-0-	746,300	
Receivables, net of allowances:						
Accounts	278,893	102	162,880	2,690,053	2,853,035	
Other	-0-	-0-	-0-	700,851	700,851	
Interest	-0-	-0-	-0-	40,421	40,421	
Inventory	42,671	-0-	-0-	1,637,437	1,637,437	
Internal balances	( 1,102,881)	( 26,821)	-0-	-0-	( 26,821)	
Deposits and prepayments	-0-	-0-	-0-	1,204,054	1,204,054	
Accrued utility revenue	-0-	-0-	-0-	1,653,307	1,653,307	
Total current assets	<u>( 492,210)</u>	<u>1,478,570</u>	<u>311,880</u>	<u>15,983,432</u>	<u>17,773,882</u>	
<b>Noncurrent Assets</b>						
Restricted assets	-0-	43,921	543,469	106,455,306	107,042,696	
<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	27,618,485	43,360,735	
Structures and improvements	32,622,898	9,835,895	-0-	-0-	9,835,895	
Water transmission and distribution system	-0-	-0-	-0-	77,129,215	77,129,215	
Sewer and storm collection system	-0-	-0-	-0-	121,870,782	121,870,782	
Treatment plant equipment	-0-	-0-	-0-	72,846,947	72,846,947	
Office furniture, equipment and computer system	-0-	-0-	-0-	5,090,020	5,090,020	
Vehicles and heavy duty equipment	-0-	-0-	-0-	8,536,403	8,536,403	
Leasehold improvements	-0-	90,965	-0-	-0-	90,965	
Machinery and equipment	2,649,647	2,041,896	1,094,319	-0-	3,136,215	
Construction in progress	3,895,341	39,875	-0-	47,410,006	47,449,881	
Less: Accumulated depreciation	<u>(20,984,119)</u>	<u>(7,279,293)</u>	<u>( 8,350,760)</u>	<u>(129,730,404)</u>	<u>(145,360,457)</u>	
Net capital assets	<u>27,432,344</u>	<u>6,213,737</u>	<u>10,669,989</u>	<u>232,806,807</u>	<u>249,690,533</u>	

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2018**

	<u>Business-Type</u>		<u>Component Units</u>		<u>Total</u>
	<u>Activities</u>		<u>Municipal</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 (CONT'D)</b>					
<b>Other Assets</b>					
Accounts receivable	\$ -0-	\$ -0-	\$ 665,234	\$ -0-	\$ 665,234
Investments	-0-	-0-	-0-	9,320,476	9,320,476
Deferred financing costs	-0-	-0-	-0-	482,971	482,971
Other net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,044</u>	<u>11,044</u>
Total other assets	<u>-0-</u>	<u>-0-</u>	<u>665,234</u>	<u>9,814,491</u>	<u>10,479,725</u>
Total assets	<u>26,940,134</u>	<u>7,736,228</u>	<u>12,190,572</u>	<u>365,060,036</u>	<u>384,986,836</u>
<b>Deferred Outflows of Resources</b>					
Net difference between projected and actual earnings on pension plan investments	241,647	157,099	-0-	585,854	742,953
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-	-0-	74,657	74,657
Change in assumptions	359,587	233,775	-0-	1,652,611	1,886,386
Difference between expected and actual experience	48,161	31,311	-0-	221,343	252,654
Unamortized bond discount refunding loss	<u>-0-</u>	<u>-0-</u>	<u>21,238</u>	<u>-0-</u>	<u>21,238</u>
Total deferred outflows of resources	<u>649,395</u>	<u>422,185</u>	<u>21,238</u>	<u>2,534,465</u>	<u>2,977,888</u>
Total assets and deferred outflows of resources	<u>27,589,529</u>	<u>8,158,413</u>	<u>12,211,810</u>	<u>367,594,501</u>	<u>387,964,724</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2018**

	<u>Business-Type</u>		<u>Component Units</u>			<u>Total</u>
	<u>Activities</u>		<u>Municipal</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	\$ 33,960	\$ 16,380	\$ -0-	\$ -0-	\$ 16,380	\$ 16,380
Accounts payable	211,547	50,152	-0-	6,353,142	6,403,294	6,403,294
Unearned revenues	-0-	-0-	-0-	921	921	921
Accrued payroll	24,943	27,896	-0-	839,141	867,037	867,037
Billing services payable	-0-	-0-	-0-	437,790	437,790	437,790
Other accrued liabilities	120,000	-0-	-0-	105,831	105,831	105,831
Accrued compensated absences	<u>63,215</u>	<u>47,109</u>	<u>-0-</u>	<u>-0-</u>	<u>47,109</u>	<u>47,109</u>
Total current liabilities (payable from current assets)	<u>453,665</u>	<u>141,537</u>	<u>-0-</u>	<u>7,736,825</u>	<u>7,878,362</u>	<u>7,878,362</u>
<b>Current Liabilities (payable from restricted assets)</b>						
Revenue bonds payable	-0-	406,239	905,000	-0-	1,311,239	1,311,239
Current portion of long-term debt	-0-	-0-	-0-	5,842,460	5,842,460	5,842,460
Interest payable	<u>-0-</u>	<u>3,014</u>	<u>25,735</u>	<u>-0-</u>	<u>28,749</u>	<u>28,749</u>
Total current liabilities (payable from restricted assets)	<u>-0-</u>	<u>409,253</u>	<u>930,735</u>	<u>5,842,460</u>	<u>7,182,448</u>	<u>7,182,448</u>
<b>Long-Term Liabilities (net of current portion)</b>						
Revenue bonds payable	-0-	1,060,614	2,325,000	206,362,552	209,748,166	209,748,166
Obligation under capital lease	241,965	116,708	-0-	-0-	116,708	116,708
Net pension obligation	1,846,124	1,200,202	-0-	8,484,558	9,684,760	9,684,760
Net other post employment benefit obligation	645,433	765,834	-0-	-0-	765,834	765,834
Customer deposits	-0-	-0-	-0-	635,870	635,870	635,870
Accrued administrative costs on bonds	-0-	-0-	-0-	7,702	7,702	7,702
Accrued interest on bonds	-0-	-0-	-0-	678,570	678,570	678,570
Interest on customer deposits	-0-	-0-	-0-	6,098	6,098	6,098
Advances on construction	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>13,047,711</u>	<u>13,047,711</u>	<u>13,047,711</u>
Total long-term liabilities (net of current portion)	<u>2,733,522</u>	<u>3,143,358</u>	<u>2,325,000</u>	<u>229,223,061</u>	<u>234,691,419</u>	<u>234,691,419</u>
Total liabilities	<u>3,187,187</u>	<u>3,694,148</u>	<u>3,255,735</u>	<u>242,802,346</u>	<u>249,752,229</u>	<u>249,752,229</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2018**

	<u>Business-Type</u>		<u>Component Units</u>			<u>Total</u>
	<u>Activities</u>		<u>Municipal</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>Deferred Inflow of Resources</b>						
Difference between expected and actual experience	\$ 138,694	\$ 90,167	\$ -0-	\$ 637,420		\$ 727,587
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-	-0-	153,832		153,832
Net difference between projected and actual earnings on pension plan investments	<u>114,173</u>	<u>74,226</u>	<u>-0-</u>	<u>-0-</u>		<u>74,226</u>
Total deferred inflow of resources	<u>252,867</u>	<u>164,393</u>	<u>-0-</u>	<u>791,252</u>		<u>955,645</u>
Total liabilities and deferred inflow of resources	<u>3,440,054</u>	<u>3,858,541</u>	<u>3,255,735</u>	<u>243,593,598</u>		<u>250,707,874</u>
<b>Net Position</b>						
Net investment in capital assets	27,156,419	4,613,796	7,439,989	122,357,153		134,410,938
Restricted	-0-	43,921	543,469	4,699,947		5,287,337
Unrestricted	<u>( 3,006,944)</u>	<u>( 357,845)</u>	<u>972,617</u>	<u>( 3,056,197)</u>		<u>( 2,441,425)</u>
Total net position	<u>\$ 24,149,475</u>	<u>\$ 4,299,872</u>	<u>\$ 8,956,075</u>	<u>\$ 124,000,903</u>		<u>\$ 137,256,850</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, 2018**

	<u>Business-Type</u>		<u>Component Units</u>		
	<u>Activities</u>		<u>Municipal</u>	<u>Morgantown</u>	<u>Total</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>Operating Revenues</b>					
Charges for services	\$ 2,472,125	\$ 2,253,028	\$ 971,371	\$ 33,963,520	\$ 37,187,919
Fines	-0-	505,464	-0-	-0-	505,464
Total operating revenues	<u>2,472,125</u>	<u>2,758,492</u>	<u>971,371</u>	<u>33,963,520</u>	<u>37,693,383</u>
<b>Operating Expenses</b>					
Personal services	982,711	1,095,660	-0-	-0-	1,095,660
Purchases – fuel	1,205,782	-0-	-0-	-0-	-0-
Supplies	12,660	25,773	-0-	-0-	25,773
Liability insurance	54,533	45,725	-0-	-0-	45,725
Utilities	163,885	87,175	-0-	-0-	87,175
General and administrative	97,861	211,290	3,540	-0-	214,830
Depreciation	1,147,652	331,882	455,475	-0-	787,357
Amortization	2,912	-0-	-0-	-0-	-0-
Maintenance	670,934	148,150	-0-	-0-	148,150
Rental lease	40,927	563,195	-0-	-0-	563,195
Water operating expenses	-0-	-0-	-0-	12,100,726	12,100,726
Sewer operating expenses	-0-	-0-	-0-	11,387,605	11,387,605
Storm water utility operating expenses	-0-	-0-	-0-	1,588,848	1,588,848
Total operating expenses	<u>4,379,857</u>	<u>2,508,850</u>	<u>459,015</u>	<u>25,077,179</u>	<u>28,045,044</u>
Operating (loss) income	( 1,907,732)	249,642	512,356	8,886,341	9,648,339
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	1,171	19,085	5,149	983,830	1,008,064
Gain (loss) on investments	-0-	34,243	-0-	-0-	34,243
Gain on sale of capital assets	-0-	-0-	-0-	-0-	-0-
Interest and fiscal charges	-0-	( 49,490)	( 95,820)	( 6,090,475)	( 6,235,785)
Amortization of bond costs	-0-	-0-	( 26,684)	-0-	( 26,684)
Other revenue	-0-	-0-	-0-	332,450	332,450
Total nonoperating revenues (expenses)	<u>1,171</u>	<u>3,838</u>	<u>( 117,355)</u>	<u>( 4,774,195)</u>	<u>( 4,887,712)</u>
Change in net position before nonoperating grants and operating transfers	( 1,906,561)	253,480	395,001	4,112,146	4,760,627
Nonoperating grants – federal	342,193	-0-	-0-	-0-	-0-
Nonoperating grants – state	16,937	-0-	-0-	-0-	-0-
Operating transfers in (out)	648,973	-0-	( 62,875)	-0-	( 62,875)
Transfers to other governmental units	-0-	-0-	( 129,502)	-0-	( 129,502)
Contributed capital	-0-	-0-	-0-	4,444,089	4,444,089
Change in net position	( 898,458)	253,480	202,624	8,556,235	9,012,339
Total net position – beginning – restated	<u>25,047,933</u>	<u>4,046,392</u>	<u>8,753,451</u>	<u>115,444,668</u>	<u>128,244,511</u>
Total net position – ending	\$ <u>24,149,475</u>	\$ <u>4,299,872</u>	\$ <u>8,956,075</u>	\$ <u>124,000,903</u>	\$ <u>137,256,850</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, 2018**

	<u>Business-Type</u>				<u>Total</u>
	<u>Component Units</u>				
	<u>Activities</u>		<u>Municipal</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>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 2,361,090	\$ 2,758,492	\$ 1,163,748	\$ 33,524,961	\$ 37,447,201
Receipts from other sources	-0-	-0-	-0-	509,409	509,409
Payments to suppliers	(2,944,615)	(1,405,309)	( 3,540)	( 6,992,730)	( 8,401,579)
Payments to employees	( 527,988)	( 623,906)	-0-	( 5,263,306)	( 5,887,212)
Net cash provided by (used in) operating activities	<u>(1,111,513)</u>	<u>729,277</u>	<u>1,160,208</u>	<u>21,778,334</u>	<u>23,667,819</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
(Increase) decrease in deferred financing net of amortization	-0-	-0-	-0-	26,168	26,168
Repayment of obligation under capital lease	( 31,413)	( 15,151)	-0-	-0-	( 15,151)
(Increase) decrease in restricted assets	-0-	( 2,805)	( 29,614)	-0-	( 32,419)
(Increase) decrease in sinking fund	-0-	-0-	-0-	( 55,668)	( 55,668)
Proceeds from new issuance	-0-	-0-	-0-	53,296,094	53,296,094
Repayment of revenue bonds	-0-	( 396,270)	( 840,000)	( 7,639,076)	( 8,875,346)
Advances on construction	-0-	-0-	-0-	1,940,828	1,940,828
Nonoperating grants	371,466	-0-	-0-	-0-	-0-
Acquisition of capital assets	(1,214,623)	( 371,364)	-0-	(24,451,676)	(24,823,040)
(Increase) decrease in bond construction account	-0-	-0-	-0-	(32,265,628)	(32,265,628)
(Increase) decrease in accrued administrative cost on bonds	-0-	-0-	-0-	( 1,003)	( 1,003)
Customer deposits including interest	-0-	-0-	-0-	2,840	2,840
Other nonoperating income	-0-	-0-	-0-	332,450	332,450
Transfers from (to) other funds	648,973	-0-	( 62,875)	-0-	( 62,875)
Transfers to other governmental entities	-0-	-0-	( 129,502)	-0-	( 129,502)
Change in other assets net	-0-	-0-	-0-	11,521	11,521
Interest expense	-0-	( 50,304)	( 103,134)	( 5,948,725)	( 6,102,163)
Net cash (used in) provided by capital and related financing activities	<u>( 225,597)</u>	<u>( 835,894)</u>	<u>(1,165,125)</u>	<u>(14,751,875)</u>	<u>(16,752,894)</u>
<b>Cash Flows from Investing Activities</b>					
Change in value of investments	-0-	( 42,862)	-0-	-0-	( 42,862)
Proceeds from sale of investments	-0-	-0-	-0-	920,874	920,874
Purchase of investments	-0-	-0-	-0-	( 1,582,060)	( 1,582,060)
Investment income	<u>1,171</u>	<u>53,313</u>	<u>5,149</u>	<u>975,970</u>	<u>1,034,432</u>
Net cash provided by (used in) investing activities	<u>1,171</u>	<u>10,451</u>	<u>5,149</u>	<u>314,784</u>	<u>330,384</u>
Net increase (decrease) in cash	(1,335,939)	( 96,166)	232	7,341,243	7,245,309
Cash at beginning 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>
Cash at end of year	\$ <u>289,107</u>	\$ <u>758,959</u>	\$ <u>149,000</u>	\$ <u>9,833,166</u>	\$ <u>10,741,125</u>

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Business-Type</u>	<u>Component Units</u>				<u>Total</u>
	<u>Activities</u>		<u>Municipal</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	\$ (1,907,732)	\$ 249,642	\$ 512,356	\$ 8,886,341		\$ 9,648,339
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:						
Depreciation and amortization	1,150,564	331,882	455,475	8,465,390		9,252,747
(Increase) decrease in:						
Accounts receivable	( 111,035)	-0-	192,377	117,803		310,180
Inventory	16,715	-0-	-0-	( 136,925)	( 136,925)	( 136,925)
Internal balances	449,035	5,174	-0-	( 102,719)	( 97,545)	( 97,545)
Accrued utility revenue	-0-	-0-	-0-	( 46,980)	( 46,980)	( 46,980)
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	103,567	67,332	-0-	-0-		67,332
Deferred outflows of resources – change in assumptions	70,087	45,565	-0-	-0-		45,565
Deferred outflows of resources – differences between expected and actual experience	11,209	7,286	-0-	-0-		7,286
Deferred outflows	-0-	-0-	-0-	539,676		539,676
Increase (decrease) in:						
Accounts payable	( 858,632)	35,886	-0-	3,833,463		3,869,349
Deferred revenue	-0-	-0-	-0-	27		27
Accrued payroll	1,916	( 885)	-0-	40,304		39,419
Accrued compensated absences	( 1,706)	3,531	-0-	-0-		3,531
Billing service payable	-0-	-0-	-0-	90,864		90,864
Net pension obligation	( 81,038)	( 52,685)	-0-	( 201,849)	( 254,534)	( 254,534)
Net other post employment benefit obligation	12,950	15,364	-0-	-0-		15,364
Deferred inflow of resources – differences between expected and actual experience	70,644	45,927	-0-	-0-		45,927
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	( 38,057)	( 24,742)	-0-	-0-	( 24,742)	( 24,742)
Deferred inflows	-0-	-0-	-0-	300,711		300,711
Other current accrued liabilities	-0-	-0-	-0-	( 7,772)	( 7,772)	( 7,772)
Net cash provided by (used in) operating activities	\$ (1,111,513)	\$ 729,277	\$ 1,160,208	\$ 21,778,334		\$ 23,667,819

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, 2018**

	<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 Basis)</u>	<u>GAAP Difference</u>	<u>Amounts (GAAP Basis)</u>	<u>With Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>						
Taxes (including interest and penalties):						
Ad valorem	\$ 4,282,387	\$ 4,302,387	\$ 4,871,313	\$( 130,940)	\$ 4,740,373	\$ 568,926
Gas and oil severance	40,000	38,900	38,919	-0-	38,919	19
Utility	915,000	1,075,000	1,220,848	7,206	1,228,054	145,848
Business and occupation	14,700,000	15,700,000	15,328,621	( 219,856)	15,108,765	( 371,379)
Wine and liquor	875,000	833,000	833,883	( 11,785)	822,098	883
Animal control	5,000	5,000	3,621	-0-	3,621	( 1,379)
Hotel and motel	880,000	910,000	911,117	( 13,405)	897,712	1,117
Amusement	10,000	10,000	4,841	-0-	4,841	( 5,159)
Motor vehicle operators	44,000	44,000	-0-	-0-	-0-	( 44,000)
Total taxes	21,751,387	22,918,287	23,213,163	( 368,780)	22,844,383	294,876
Licenses and permits	402,600	492,600	506,095	23,223	529,318	13,495
Charges for services	8,512,357	8,218,357	8,279,326	-0-	8,279,326	60,969
Fines and forfeitures	620,000	670,000	669,410	( 5,792)	663,618	( 590)
Franchise fees	392,300	382,300	374,891	( 10,902)	363,989	( 7,409)
Contributions	181,830	181,830	13,573	-0-	13,573	( 168,257)
Interest	25,000	25,000	33,912	-0-	33,912	8,912
Intergovernmental:						
Federal	134,000	478,525	373,869	-0-	373,869	( 104,656)
Local	-0-	-0-	32,760	-0-	32,760	32,760
Video lottery and gaming income	104,000	104,000	115,002	-0-	115,002	11,002
Miscellaneous	39,000	68,000	257,425	-0-	257,425	189,425
Total revenues	<u>32,162,474</u>	<u>33,538,899</u>	<u>33,869,426</u>	<u>( 362,251)</u>	<u>33,507,175</u>	<u>330,527</u>
<b>Expenditures</b>						
General government	10,224,959	15,879,614	15,516,790	( 7,505,229)	8,011,561	362,824
Public safety	14,782,233	15,399,483	14,582,746	6,730,610	21,313,356	816,737
Highways and streets	5,248,084	4,866,104	4,272,922	314,149	4,587,071	593,182
Culture and recreation	2,725,625	2,748,125	1,584,592	( 459,436)	1,125,156	1,163,533
Social services	221,573	221,573	-0-	-0-	-0-	221,573
Total expenditures	<u>33,202,474</u>	<u>39,114,899</u>	<u>35,957,050</u>	<u>( 919,906)</u>	<u>35,037,144</u>	<u>3,157,849</u>
Excess (deficiency) of revenues over (under) expenditures	( 1,040,000)	( 5,576,000)	( 2,087,624)	557,655	( 1,529,969)	3,488,376
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	60,000	-0-	-0-	12,469	12,469	-0-
Operating transfers (out)	-0-	-0-	-0-	( 8,223,999)	( 8,223,999)	-0-
Total other financing sources (uses)	<u>60,000</u>	<u>-0-</u>	<u>-0-</u>	<u>( 8,211,530)</u>	<u>( 8,211,530)</u>	<u>-0-</u>
Net change in fund balance	( 980,000)	( 5,576,000)	( 2,087,624)	( 7,653,875)	( 9,741,499)	3,488,376
Fund balance at beginning of year	980,000	5,576,000	5,821,211	(91,042,824)	(85,221,613)	245,211
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,733,587</u>	<u>\$(98,696,699)</u>	<u>\$(94,963,112)</u>	<u>\$ 3,733,587</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - BUDGETARY BASIS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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, 2018**

	<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	\$ 125	\$ 125	\$ 172	\$ -0-	\$ 172	\$ 47
Intergovernmental:						
State	<u>60,000</u>	<u>77,500</u>	<u>79,502</u>	<u>-0-</u>	<u>79,502</u>	<u>2,002</u>
Total revenues	<u>60,125</u>	<u>77,625</u>	<u>79,674</u>	<u>-0-</u>	<u>79,674</u>	<u>2,049</u>
<b>Expenditures</b>						
General government	5,615	7,115	-0-	-0-	-0-	7,115
Culture and recreation	<u>-0-</u>	<u>96,095</u>	<u>43,815</u>	<u>-0-</u>	<u>43,815</u>	<u>52,280</u>
Total expenditures	<u>5,615</u>	<u>103,210</u>	<u>43,815</u>	<u>-0-</u>	<u>43,815</u>	<u>59,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,510</u>	<u>( 25,585)</u>	<u>35,859</u>	<u>-0-</u>	<u>35,859</u>	<u>61,444</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers (out)	<u>(60,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	( 5,490)	( 25,585)	35,859	-0-	35,859	61,444
Fund balance at beginning of year	<u>5,490</u>	<u>25,585</u>	<u>25,591</u>	<u>-0-</u>	<u>25,591</u>	<u>6</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>61,450</u>	\$ <u>-0-</u>	\$ <u>61,450</u>	\$ <u>61,450</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, 2018

	<u>Pension and Retirement Funds</u>	<u>Component Unit Morgantown Public Library</u>
<b>Assets</b>		
Cash	\$ 26,523	\$ -0-
Investments	82,396,638	75,595
Receivables:		
Contributions	<u>187,216</u>	<u>-0-</u>
Total assets	<u>82,610,377</u>	<u>75,595</u>
 <b>Liabilities</b>		
Accounts payable	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>
 <b>Net Position</b>		
Held in trust	\$ <u>82,610,377</u>	\$ <u>75,595</u>

See accompanying notes and independent auditor's report.

CITY OF MORGANTOWN, WEST VIRGINIA  
 FIDUCIARY RESPONSIBILITIES  
 STATEMENT OF CHANGES IN NET POSITION  
 JUNE 30, 2018

	<u>Pension and Retirement Funds</u>	<u>Component Unit Morgantown Public Library</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 4,008,576	\$ -0-
Employee	1,486,075	-0-
Insurance premium tax allocation	1,199,644	-0-
Other	<u>238,414</u>	<u>-0-</u>
Total contributions	<u>6,932,709</u>	<u>-0-</u>
Investment income:		
Gain (loss) on investments	2,629,331	7,753
Interest and dividends	<u>1,911,888</u>	<u>2,374</u>
Total investment income	<u>4,541,219</u>	<u>10,127</u>
Total additions	<u>11,473,928</u>	<u>10,127</u>
<b>Deductions</b>		
General and administrative	662,719	2,268
Contribution refunds	105,592	-0-
Benefit payments	<u>6,835,396</u>	<u>-0-</u>
Total deductions	<u>7,603,707</u>	<u>2,268</u>
Net increase (decrease)	3,870,221	7,859
Net position – beginning of year	<u>78,740,156</u>	<u>67,736</u>
Net position – end of year	\$ <u>82,610,377</u>	\$ <u>75,595</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, 2018**

**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, 2018**

***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 (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018**

**(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 (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

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.

***Airport Access Road:*** The Airport Access Road is a Capital Projects Fund used to receive and disburse funds in connection with the airport access road project of 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, 2018**

**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 (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018**

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 (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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 (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018, were as follows:

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class II	\$ 441,523,030	25.00 cents
Class IV	\$ 786,889,761	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, 2018**

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, 2018**

***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, 2018**

**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, 2018**

- 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, 2018**

**8. Change in Accounting Principle**

During the year ended June 30, 2018, the City adopted the following GASB statements:

**GASB 85 – *Omnibus 2017*** – This Statement establishes accounting and reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension 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 insubstance 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 and had no effect on the accompanying financial statements.

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

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

The following are recent GASB Pronouncements for which the City has not adopted as of June 30, 2018:

**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 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.

See independent auditor's report.

CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018

***GASB 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*** – This Statement requires that additional essential information related to debt be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

***GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period*** – This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

***GASB 90 – Majority Equity Interests*** – The requirements of the Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interest in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

**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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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.

**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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 2018 and 2017 rates were 13.23% and 13.31% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2018, 2017 and 2016, were \$1,016,309, \$1,024,171 and \$1,022,554.

**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 \$2,058,103.

**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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Discretely Presented Component Unit**

***Morgantown Utility Board***

The supplies inventory is valued on average cost basis.

**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, 2018 was \$2,912.

**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, 2018**

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>
\$ 5,654,655	General Government Expenditure Increase
617,250	Public Safety Expenditure Increase
( 381,980)	Streets and Transportation Expenditure (Decrease)
22,500	Culture and Recreation Expenditure Increase

Coal Severance

<u>Amount</u>	<u>Description</u>
\$ ( 58,500)	General Government Expenditure (Decrease)
96,095	Culture and Recreation Expenditure Increase

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ 947,878	\$ -0-	\$ -0-	\$ 947,878	\$ 947,878	\$ -0-
Corporate stocks	4,637,375	-0-	-0-	4,637,375	4,594,199	43,176
Mutual funds	3,421,928	-0-	-0-	3,421,928	3,436,875	( 14,947)
Corporate bonds	1,438,164	-0-	-0-	1,438,164	1,459,489	( 21,325)
Exchange traded and closed end funds	3,914,078	-0-	-0-	3,914,078	2,988,934	925,144
U.S. Government obligations	<u>1,349,906</u>	<u>-0-</u>	<u>-0-</u>	<u>1,349,906</u>	<u>1,369,890</u>	<u>( 19,984)</u>
Total investments	\$ <u>15,709,329</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>15,709,329</u>	\$ <u>14,797,265</u>	\$ <u>912,064</u>

**Credit Risk**

	<u>Fair Value</u>	<u>Credit Risk Rating Standard &amp; Poor's and Fitch</u>
Money market	\$ 947,878	N/A
Corporate stocks	4,637,375	N/A
Mutual funds	3,421,928	N/A
Corporate bonds	1,438,164	BBB - AAA
Exchange traded and closed end funds	3,914,078	BBB - AAA
U.S. Government obligations	<u>1,349,906</u>	AA+
	\$ <u>15,709,329</u>	

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ 1,438,164	\$ 31,442	\$ 1,055,404	\$ 257,260	\$ 94,058
U.S. Government obligations	<u>1,349,906</u>	<u>83,984</u>	<u>377,682</u>	<u>207,142</u>	<u>681,098</u>
	<u>\$ 2,788,070</u>	<u>\$ 115,426</u>	<u>\$ 1,433,086</u>	<u>\$ 464,402</u>	<u>\$ 775,156</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.	\$ 947,878	6.03%

**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	\$ 849,740	\$ -0-	\$ -0-	\$ 849,740	\$ 849,740	\$ -0-
Corporate stocks	3,736,535	-0-	-0-	3,736,535	3,705,137	31,398
Mutual funds	2,757,454	-0-	-0-	2,757,454	2,772,329	( 14,875)
Corporate bonds	1,171,148	-0-	-0-	1,171,148	1,189,391	( 18,243)
Exchange traded and closed end funds	3,126,697	-0-	-0-	3,126,697	2,396,577	730,120
U.S. Government obligations	<u>1,073,506</u>	<u>-0-</u>	<u>-0-</u>	<u>1,073,506</u>	<u>1,089,907</u>	<u>( 16,401)</u>
Total investments	<u>\$ 12,715,080</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,715,080</u>	<u>\$ 12,003,081</u>	<u>\$ 711,999</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Credit Risk**

	<u>Fair Value</u>	<u>Credit Risk Rating Standard &amp; Poor's and Fitch</u>
Money market	\$ 849,740	N/A
Corporate stocks	3,736,535	N/A
Mutual funds	2,757,454	N/A
Corporate bonds	1,171,148	BBB - AAA
Exchange traded and closed end funds	3,126,697	BBB - AAA
U.S. Government obligations	<u>1,073,506</u>	AA+
	<b>\$ <u>12,715,080</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	\$ 1,171,148	\$ 25,154	\$ 863,968	\$ 206,546	\$ 75,480
U.S. Government obligations	<u>1,073,506</u>	<u>67,987</u>	<u>287,976</u>	<u>166,341</u>	<u>551,202</u>
	<b>\$ <u>2,244,654</u></b>	<b>\$ <u>93,141</u></b>	<b>\$ <u>1,151,944</u></b>	<b>\$ <u>372,887</u></b>	<b>\$ <u>626,682</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.	\$ 849,740	6.68%

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ 1,142,768	\$ -0-	\$ -0-	\$ 1,142,768	\$ 1,142,768	\$ -0-
Certificate of deposits	1,605,751	-0-	-0-	1,605,751	1,621,731	( 15,980)
Corporate bonds	7,065,140	-0-	-0-	7,065,140	7,218,735	( 153,595)
Corporate stocks	27,804,479	-0-	-0-	27,804,479	15,738,855	12,065,624
Mortgage backed securities	10,329,510	-0-	-0-	10,329,510	10,535,524	( 206,014)
U.S. Government obligations	<u>6,024,581</u>	<u>-0-</u>	<u>-0-</u>	<u>6,024,581</u>	<u>6,036,640</u>	<u>( 12,059)</u>
Total investments	\$ <u>53,972,229</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>53,972,229</u>	\$ <u>42,294,253</u>	\$ <u>11,677,976</u>

**Credit Risk**

	<u>Fair Value</u>	<u>Credit Risk Rating Standard &amp; Poor's and Fitch</u>
Money market	\$ 1,142,768	N/A
Certificates of deposit	1,605,751	N/A
Corporate bonds	7,065,140	BBB - AAA
Corporate stocks	27,804,479	BBB - AAA
Mortgage backed securities	10,329,510	BBB - AAA
U.S. Government obligations	<u>6,024,581</u>	AA+
	\$ <u>53,972,229</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	\$ 1,605,751	\$ -0-	\$ 1,605,751	\$ -0-	\$ -0-
Corporate bonds	7,065,140	296,682	5,322,046	1,446,412	-0-
Mortgage backed securities	10,329,510	-0-	2,452,165	285,529	7,591,816
U.S. Government obligations	<u>6,024,581</u>	<u>-0-</u>	<u>2,046,858</u>	<u>3,977,723</u>	<u>-0-</u>
	\$ <u>25,024,982</u>	\$ <u>296,682</u>	\$ <u>11,426,820</u>	\$ <u>5,709,664</u>	\$ <u>7,591,816</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

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>3,402,759</u>	Not Rated	Not Rated
<b>Total Government Activities Investments</b>	\$ <u>3,402,759</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-	\$ 3,402,759	\$ -0-	\$ -0-	\$ 3,402,759

**Proprietary Fund Component  
Unit – Parking Authority**

<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 funds	\$ 18,888	\$ -0-	\$ -0-	\$ 18,888	\$ 18,888	\$ -0-
Mutual funds	620,442	-0-	-0-	620,442	( 24,130)	644,572
Certificates of deposit	<u>106,970</u>	<u>-0-</u>	<u>-0-</u>	<u>106,970</u>	<u>106,970</u>	<u>-0-</u>
<b>Total investments</b>	\$ <u>746,300</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>746,300</u>	\$ <u>101,728</u>	\$ <u>644,572</u>

**Credit Risk**

	<u>Fair Value</u>	<u>Credit Risk Rating</u>
		<u>Standard &amp; Poor's and Fitch</u>
Money market fund	\$ 18,888	N/A
Mutual funds	620,442	N/A
Certificates of deposit	<u>106,970</u>	N/A
	\$ <u>746,300</u>	

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ <u>106,970</u>	\$ <u>-0-</u>	\$ <u>106,970</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

**Component Unit – Morgantown Public Library**

**Governmental Activity 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>
Money Market funds	\$ 47,400	\$ 47,400	\$ -0-	Not Rated	Not Rated
Common stock	623,607	444,016	179,591	Not Rated	Not Rated
Corporate bonds	583,648	597,956	( 14,308)	Not Rated	Not Rated
Certificates of deposit	1,031,440	1,049,039	( 17,599)	Not Rated	Not Rated
Mutual funds	<u>848,164</u>	<u>746,482</u>	<u>101,682</u>	Not Rated	Not Rated
	<u>\$ 3,134,259</u>	<u>\$ 2,884,893</u>	<u>\$ 249,366</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	\$ 47,400	\$ -0-	\$ -0-	\$ -0-	\$ 47,400
Corporate bonds	49,995	341,975	191,678	-0-	583,648
Certificates of deposit	<u>226,574</u>	<u>804,866</u>	<u>-0-</u>	<u>-0-</u>	<u>1,031,440</u>
	<u>\$ 323,969</u>	<u>\$ 1,146,841</u>	<u>\$ 191,678</u>	<u>\$ -0-</u>	<u>\$ 1,662,488</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**Fiduciary 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>			
Money Market funds	\$ 1,558	\$ 1,558	\$ -0-	Not Rated	Not Rated			
Mutual funds	<u>74,037</u>	<u>68,878</u>	<u>5,159</u>	Not Rated	Not Rated			
	<u>\$ 75,595</u>	<u>\$ 70,436</u>	<u>\$ 5,159</u>					
<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		\$ 1,558	\$ -0-	\$ -0-	\$ -0-	\$ 1,558		

**Component Unit – Morgantown Utility Board**

The carrying amount of the Board's cash deposits was \$8,055,799 at June 30, 2018 and \$2,490,413 at June 30, 2017. The bank balance at June 30, 2018 and June 30, 2017 was \$8,509,482 and \$8,081,602 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, 2018 and 2017 consisted of the following:

	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash deposits				
Demand deposits	\$ 8,055,799	\$ 8,055,799	\$ 2,490,413	\$ 2,490,413
Cash and investments with fiscal agents				
Cash	1,292,726	1,292,726	1,396,961	1,396,961
Investment agreements				
Fixed income	6,013,036	5,884,163	5,480,485	5,493,129
Equities	1,630,111	2,143,587	1,635,143	2,062,146
Cash – restricted	<u>106,455,306</u>	<u>106,455,306</u>	<u>74,134,010</u>	<u>74,134,010</u>
Total cash and investments	<u>\$ 123,446,978</u>	<u>\$ 123,831,581</u>	<u>\$ 85,137,012</u>	<u>\$ 85,576,659</u>

Note that the Board held \$1,510 and \$1,510 in petty cash at June 30, 2018 and June 30, 2017, respectively.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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, 2018</u>		<u>June 30, 2017</u>	
	<u>Fair Value</u>	<u>Percent</u>	<u>Fair Value</u>	<u>Percent</u>
AAA	\$ 94,395	1.60%	\$ 97,448	1.80%
AA+	1,543,388	26.20%	1,491,332	27.10%
AA	193,024	3.30%	304,692	5.50%
AA-	394,355	6.70%	309,494	5.60%
A+	598,548	10.20%	251,628	4.60%
A	792,077	12.60%	516,480	9.40%
A-	96,608	1.60%	-0-	0.00%
Not rated	<u>2,221,767</u>	<u>37.80%</u>	<u>2,522,055</u>	<u>46.00%</u>
Total	\$ <u>5,884,162</u>	<u>100.00%</u>	\$ <u>5,493,129</u>	<u>100.00%</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, 2018**

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, 2018 and 2017, and are classified as Level 1, Level 2 and Level 3 as follows:

<u>June 30, 2018</u>			
Assets carried at Fair Market Value:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 5,884,162	\$ -0-	\$ -0-
Equities	<u>2,143,587</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>8,027,749</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
<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>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 \$21,294,594, 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 \$9,211,926. 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	\$ 21,294,594
Investments – collateralized and secured	<u>9,211,926</u>
<b>Total</b>	<b>\$ <u>30,506,520</u></b>
Cash and cash equivalents	\$ 21,294,594
Cash and investments – restricted	4,028,376
Investments	<u>5,183,550</u>
<b>Total</b>	<b>\$ <u>30,506,520</u></b>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ 4,318,484	\$ 24,341	\$ -0-	\$ 148,708	\$ 4,491,533	\$ -0-	\$ -0-
Accounts	511,119	-0-	278,893	4,936	794,948	-0-	4,315,523
Contributions	-0-	-0-	-0-	-0-	-0-	187,216	-0-
Other	31,569	-0-	-0-	-0-	31,569	-0-	-0-
Grants	142,129	-0-	-0-	3,237	145,366	-0-	-0-
Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>5,003,301</u>	\$ <u>24,341</u>	\$ <u>278,893</u>	\$ <u>156,881</u>	\$ <u>5,463,416</u>	\$ <u>187,216</u>	\$ <u>4,315,523</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	\$ 200,610
Business and occupation tax receivable	<u>10,012</u>
Total deferred revenue for governmental funds	\$ <u>210,622</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, 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	4,411,592	36,561	-0-	4,448,153
Vehicles	<u>7,335,327</u>	<u>382,520</u>	<u>-0-</u>	<u>7,717,847</u>
Total at historical cost	<u>27,289,027</u>	<u>419,081</u>	<u>-0-</u>	<u>27,708,108</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	2,813,829	159,371	-0-	2,973,200
Infrastructure	2,110,792	174,696	-0-	2,285,488
Machinery and equipment	2,656,174	113,519	-0-	2,769,693
Vehicles	<u>5,561,229</u>	<u>398,047</u>	<u>-0-</u>	<u>5,959,276</u>
Total accumulated depreciation	<u>13,142,024</u>	<u>845,633</u>	<u>-0-</u>	<u>13,987,657</u>
Total depreciable capital assets, net	<u>14,147,003</u>	<u>(426,552)</u>	<u>-0-</u>	<u>13,720,451</u>
Governmental activities capital assets, net	\$ <u>15,821,778</u>	\$ <u>(426,552)</u>	\$ <u>-0-</u>	\$ <u>15,395,226</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 249,583
Public safety	290,411
Highways and streets	297,540
Culture and recreation	<u>8,099</u>
Total depreciation expense	\$ <u>845,633</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	22,705	-0-	1,052,850
Buildings	5,011,694	-0-	-0-	5,011,694
Machinery and equipment	1,067,830	79,877	-0-	1,147,707
Vehicles	<u>338,292</u>	<u>34,992</u>	<u>-0-</u>	<u>373,284</u>
Total at historical cost	<u>7,447,961</u>	<u>137,574</u>	<u>-0-</u>	<u>7,585,535</u>
<b>Less: Accumulated Depreciation</b>				
Land improvements	792,282	37,349	-0-	829,631
Buildings	2,480,308	165,584	-0-	2,645,892
Machinery and equipment	761,043	45,144	-0-	806,187
Vehicles	<u>300,277</u>	<u>13,878</u>	<u>-0-</u>	<u>314,155</u>
Total accumulated depreciation	<u>4,333,910</u>	<u>261,955</u>	<u>-0-</u>	<u>4,595,865</u>
Total depreciable capital assets, net	<u>3,114,051</u>	<u>(124,381)</u>	<u>-0-</u>	<u>2,989,670</u>
Governmental activities capital assets, net	\$ <u>3,207,735</u>	\$ <u>(124,381)</u>	\$ <u>-0-</u>	\$ <u>3,083,354</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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>3,247,039</u>	<u>648,302</u>	<u>-0-</u>	<u>3,895,341</u>
Total nondepreciable capital assets	<u>3,297,089</u>	<u>648,302</u>	<u>-0-</u>	<u>3,945,391</u>
<b>Depreciable Capital Assets</b>				
Buildings	9,198,527	-0-	-0-	9,198,527
Structures and improvements	32,077,429	545,469	-0-	32,622,898
Machinery and equipment	<u>2,628,795</u>	<u>20,852</u>	<u>-0-</u>	<u>2,649,647</u>
Total at historical cost	<u>43,904,751</u>	<u>566,321</u>	<u>-0-</u>	<u>44,471,072</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	3,865,357	264,211	-0-	4,129,568
Structures and improvements	14,122,275	771,527	-0-	14,893,802
Machinery and equipment	<u>1,848,835</u>	<u>111,914</u>	<u>-0-</u>	<u>1,960,749</u>
Total accumulated depreciation	<u>19,836,467</u>	<u>1,147,652</u>	<u>-0-</u>	<u>20,984,119</u>
Total depreciable capital assets, net	<u>24,068,284</u>	<u>( 581,331)</u>	<u>-0-</u>	<u>23,486,953</u>
Enterprise activities capital assets, net	\$ <u>27,365,373</u>	\$ <u>66,971</u>	\$ <u>-0-</u>	\$ <u>27,432,344</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Component Unit**

**Business-Type Activities**

***Parking Authority***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b><i>Enterprise Activities</i></b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,484,399	\$ -0-	\$ -0-	\$ 1,484,399
Construction in process	<u>308,458</u>	<u>-0-</u>	<u>268,583</u>	<u>39,875</u>
Total nondepreciable capital assets	<u>1,792,857</u>	<u>-0-</u>	<u>268,583</u>	<u>1,524,274</u>
<b>Depreciable Capital Assets</b>				
Structures and improvements	9,835,895	-0-	-0-	9,835,895
Leasehold improvements	90,965	-0-	-0-	90,965
Machinery and equipment	<u>1,401,949</u>	<u>639,947</u>	<u>-0-</u>	<u>2,041,896</u>
Total at historical cost	<u>11,328,809</u>	<u>639,947</u>	<u>-0-</u>	<u>11,968,756</u>
<b>Less: Accumulated Depreciation</b>				
Structures and improvements	5,715,606	215,780	-0-	5,931,386
Leasehold improvements	90,965	-0-	-0-	90,965
Machinery and equipment	<u>1,140,840</u>	<u>116,102</u>	<u>-0-</u>	<u>1,256,942</u>
Total accumulated depreciation	<u>6,947,411</u>	<u>331,882</u>	<u>-0-</u>	<u>7,279,293</u>
Total depreciable capital assets, net	<u>4,381,398</u>	<u>308,065</u>	<u>-0-</u>	<u>4,689,463</u>
Enterprise activities capital assets, net	\$ <u>6,174,255</u>	\$ <u>308,065</u>	\$ <u>268,583</u>	\$ <u>6,213,737</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Component Unit**

***Building Commission***

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>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
Buildings	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	195,373	17,994	-0-	213,367
Buildings	7,106,880	393,556	-0-	7,500,436
Machinery and equipment	<u>593,032</u>	<u>43,925</u>	<u>-0-</u>	<u>636,957</u>
Total accumulated depreciation	<u>7,895,285</u>	<u>455,475</u>	<u>-0-</u>	<u>8,350,760</u>
Total depreciable capital assets, net	<u>9,685,757</u>	<u>(455,475)</u>	<u>-0-</u>	<u>9,230,282</u>
Enterprise activities capital assets, net	\$ <u>11,125,464</u>	\$ <u>(455,475)</u>	\$ <u>-0-</u>	\$ <u>10,669,989</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ 3,278,770	\$ -0-	\$ -0-	\$ 3,278,770
Machinery and equipment	157,844	-0-	-0-	157,844
Books and videos	<u>5,418,533</u>	<u>142,802</u>	<u>-0-</u>	<u>5,561,335</u>
Total at historical cost	<u>8,855,147</u>	<u>142,802</u>	<u>-0-</u>	<u>8,997,949</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and fixtures	1,719,710	57,297	-0-	1,777,007
Machinery and equipment	172,194	3,941	-0-	176,135
Books and videos	<u>5,027,864</u>	<u>169,452</u>	<u>-0-</u>	<u>5,197,316</u>
Total accumulated depreciation	<u>6,919,768</u>	<u>230,690</u>	<u>-0-</u>	<u>7,150,458</u>
Total depreciable capital assets, net	\$ <u>1,935,379</u>	\$ <u>( 87,888)</u>	\$ <u>-0-</u>	\$ <u>1,847,491</u>

***Morgantown Utility Board***

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements &amp; Transfers to Utility Plant</u>	<u>Ending Balance</u>
CWIP	\$ 22,998,907	\$ 30,731,832	\$(6,320,733)	\$ 47,410,006
Land	1,658,519	-0-	-0-	1,658,519
Intangible plant	376,834	-0-	-0-	376,834
Buildings and structures	26,987,135*	82,515	( 4,795)	27,064,855
Water transmission and distribution system	75,150,888	2,155,094	( 176,767)	77,129,215
Sewer and storm collection system	120,431,058*	2,637,017	( 67,872)	123,000,203
Treatment plant equipment	72,241,959*	677,833	(1,202,265)	71,717,528
Office furniture and equipment and computer system	5,495,393*	236,758	( 88,503)	5,643,648
Vehicles and heavy duty equipment	<u>8,137,193</u>	<u>545,049</u>	<u>( 145,840)</u>	<u>8,536,403</u>
Total capital assets	333,477,886	37,066,098	(8,006,775)	362,537,211
Less: Accumulated depreciation	(123,007,480)*	( 8,408,810)	1,685,886	(129,730,404)
Total net capital assets	\$ <u>210,470,406</u>	\$ <u>28,657,288</u>	\$ <u>(6,320,889)</u>	\$ <u>232,806,807</u>
Depreciation expense charged to operations		\$ <u>8,408,810</u>		

\*Restated between asset categories

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

The composition of interfund balances as of June 30, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Metropolitan Theater Fund	\$ 48,940
Metropolitan Theater Fund	Capital Reserve Fund	3,110
Community Development Block Grant	General Fund	729
General Fund	Woodburn Property	25,000
Capital Reserve Fund	Tax Increment Financing Fund	16,000
Capital Reserve Fund	Airport Fund	1,100,698
General Fund	Airport Fund	2,183
General Fund	Parking Authority	26,821
Capital Reserve Fund	General Fund	507,024
General Fund	Board of Parks and Recreation Commission	245,244

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Interfund Transfers:**

<u>Transfers Out</u>	<u>OPEB Trust 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>	<u>Total</u>
General Fund	\$ 760,000	\$ -0-	\$ -0-	\$ 5,951,500	\$ 95,100	\$ 200,000	\$ 1,217,399	\$ 8,223,999
Life and Health Fund	796,915	-0-	-0-	-0-	-0-	-0-	-0-	796,915
Tax Increment Financing Fund	-0-	1,882,979	-0-	-0-	-0-	-0-	-0-	1,882,979
Property Auction	-0-	-0-	12,469	-0-	-0-	-0-	-0-	12,469
Building Commission Fund	-0-	-0-	-0-	62,875	-0-	-0-	-0-	62,875
Capital Reserve Fund	-0-	-0-	-0-	-0-	-0-	448,973	-0-	448,973
	<u>\$ 1,556,915</u>	<u>\$ 1,882,979</u>	<u>\$ 12,469</u>	<u>\$ 6,014,375</u>	<u>\$ 95,100</u>	<u>\$ 648,973</u>	<u>\$ 1,217,399</u>	<u>\$ 11,428,210</u>

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

**E. Fund Balance Detail**

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

	<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	\$ 142,129	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 11	\$ 142,140
Economic development	-0-	-0-	-0-	-0-	-0-	-0-	150,796	150,796
Community development	-0-	-0-	2,000,000	-0-	-0-	-0-	-0-	2,000,000
	<u>142,129</u>	<u>-0-</u>	<u>2,000,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>150,807</u>	<u>2,292,936</u>
<b>Nonspendable:</b>								
Inventory	6,566	-0-	-0-	-0-	-0-	-0-	-0-	6,566
<b>Assigned:</b>								
Streets and transportation	-0-	61,450	-0-	-0-	-0-	269,794	-0-	331,244
Benefit payments	-0-	-0-	-0-	1,311,720	-0-	-0-	726,321	2,038,041
Public safety	-0-	-0-	-0-	-0-	-0-	-0-	449,912	449,912
Community development	-0-	-0-	10,491,168	-0-	-0-	-0-	307,479	10,798,647
	<u>-0-</u>	<u>61,450</u>	<u>10,491,168</u>	<u>1,311,720</u>	<u>-0-</u>	<u>269,794</u>	<u>1,483,712</u>	<u>13,617,844</u>
<b>Unassigned</b>	9,649,485	-0-	-0-	-0-	(1,628,142)	-0-	( 26,415)	7,994,928
<b>Total fund balance</b>	<u>\$ 9,798,180</u>	<u>\$ 61,450</u>	<u>\$ 12,491,168</u>	<u>\$ 1,311,720</u>	<u>\$(1,628,142)</u>	<u>\$ 269,794</u>	<u>\$ 1,608,104</u>	<u>\$ 23,912,274</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**F. Long-Term Debt**

Long-term liability activity for Governmental Activities for the year ended June 30, 2018 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due After</u> <u>One Year</u>
<b>Governmental Activities</b>						
<b><i>Bonds Payable</i></b>						
2006A TIF bonds	\$ 4,285,000	\$ -0-	\$ 195,000	\$ 4,090,000	\$ 200,000	\$ 3,890,000
2007 TIF bonds	2,385,000	-0-	90,000	2,295,000	-0-	2,295,000
2007A TIF bonds	8,615,000	-0-	-0-	8,615,000	-0-	8,615,000
2014 TIF bonds	4,614,000	-0-	301,000	4,313,000	309,000	4,004,000
2017 TIF bonds	<u>-0-</u>	<u>893,543</u>	<u>335,000</u>	<u>558,543</u>	<u>250,000</u>	<u>308,543</u>
Total bonds payable	<u>19,899,000</u>	<u>893,543</u>	<u>921,000</u>	<u>19,871,543</u>	<u>759,000</u>	<u>19,112,543</u>
Other long-term debt:						
Compensated absences	1,279,866	118,475	-0-	1,398,341	-0-	1,398,341
Obligation under capital lease	1,115,781	-0-	217,692	898,089	222,847	675,242
Net pension obligation	105,220,134	3,251,201	-0-	108,471,335	-0-	108,471,335
Net other post employment benefit obligation	<u>15,628,336</u>	<u>319,968</u>	<u>-0-</u>	<u>15,948,304</u>	<u>-0-</u>	<u>15,948,304</u>
Total other long-term debt	<u>123,244,117</u>	<u>3,689,644</u>	<u>217,692</u>	<u>126,716,069</u>	<u>222,847</u>	<u>126,493,222</u>
Total long-term debt – governmental activities	<u>\$ 143,143,117</u>	<u>\$ 4,583,187</u>	<u>\$ 1,138,692</u>	<u>\$ 146,587,612</u>	<u>\$ 981,847</u>	<u>\$ 145,605,765</u>

	<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>Component Unit</b>						
<b><i>Board of Park and Recreation Commission</i></b>						
Obligation under capital lease	\$ 660,288	\$ -0-	\$ 67,488	\$ 592,800	\$ 72,960	\$ 519,840
Net pension obligation	425,479	-0-	205,756	219,723	-0-	219,723
Net other post employment benefit obligation	<u>1,321,059</u>	<u>27,046</u>	<u>-0-</u>	<u>1,348,105</u>	<u>-0-</u>	<u>1,348,105</u>
Total long-term debt component unit	<u>\$ 2,406,826</u>	<u>\$ 27,046</u>	<u>\$ 273,244</u>	<u>\$ 2,160,628</u>	<u>\$ 72,960</u>	<u>\$ 2,087,668</u>

	<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>Component Unit</b>						
<b><i>Morgantown Public Library</i></b>						
Obligation under capital lease	\$ 29,684	\$ -0-	\$ 3,034	\$ 26,650	\$ 4,394	\$ 22,256
Net pension obligation	420,192	-0-	201,853	218,339	-0-	218,339
Net other post employment benefit obligation	<u>1,009,652</u>	<u>20,672</u>	<u>-0-</u>	<u>1,030,324</u>	<u>-0-</u>	<u>1,030,324</u>
Total long-term debt component unit	<u>\$ 1,459,528</u>	<u>\$ 20,672</u>	<u>\$ 204,887</u>	<u>\$ 1,275,313</u>	<u>\$ 4,394</u>	<u>\$ 1,270,919</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 200,000	\$ 211,670	\$ 411,670
2020	210,000	202,070	412,070
2021	220,000	191,090	411,090
2022	235,000	170,150	405,150
2023	245,000	158,390	403,390
2024 – 2028	1,410,000	551,390	1,961,390
2029 – 2033	<u>1,570,000</u>	<u>401,000</u>	<u>1,971,000</u>
Total	\$ <u>4,090,000</u>	\$ <u>1,885,760</u>	\$ <u>5,975,760</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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>
2019	\$ -0-	\$ 105,707	\$ 105,707
2020	-0-	105,707	105,707
2021	-0-	105,707	105,707
2022	-0-	105,707	105,707
2023	-0-	105,707	105,707
2024 – 2028	-0-	528,535	528,535
2029 – 2033	<u>2,295,000</u>	<u>528,535</u>	<u>2,823,535</u>
Total	\$ <u>2,295,000</u>	\$ <u>1,585,605</u>	\$ <u>3,880,605</u>

**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:

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**CITY OF MORGANTOWN, WEST VIRGINIA  
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<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -0-	\$ 689,200	\$ 689,200
2020	-0-	689,200	689,200
2021	-0-	689,200	689,200
2021	-0-	689,200	689,200
2023	-0-	689,200	689,200
2024 – 2028	-0-	3,446,000	3,446,000
2029– 2033	<u>8,615,000</u>	<u>3,446,000</u>	<u>12,061,000</u>
 Total	 \$ <u>8,615,000</u>	 \$ <u>10,338,000</u>	 \$ <u>18,953,000</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:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 309,000	\$ 113,863	\$ 422,863
2020	318,000	105,706	423,706
2021	326,000	97,310	423,310
2022	335,000	88,704	423,704
2023	343,000	79,860	422,860
2024 – 2028	1,857,000	258,535	2,115,535
2029	<u>825,000</u>	<u>21,780</u>	<u>846,780</u>
 Total	 \$ <u>4,313,000</u>	 \$ <u>765,758</u>	 \$ <u>5,078,758</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
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**2017 TIF Bonds**

The 2017 TIF bonds were issued to provide funds to finance the costs of certain private capital improvements with the City's designated TIF Sunnyside Up, CNRC TIF District. Proceeds of the bonds provide additional financing for this district. 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 bond issue in the amount of \$7,146,000 is dated December 27, 2017 with a draw down period concluding on December 27, 2020. The bonds bear interest at a rate of 3.950%. The outstanding balance on this bond issue at June 30, 2018 is \$558,543. The following is a schedule of future debt retirement based on the full draw down of \$7,146,000.

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 335,000	\$ 15,354	\$ 350,354
2019	250,000	82,504	332,504
2020	161,000	165,731	326,731
2021	86,000	241,744	327,744
2022	78,000	249,403	327,403
2023	82,000	246,322	328,322
2024	85,000	243,083	328,083
2025	87,000	239,725	326,725
2026	91,000	236,289	327,289
2027	95,000	232,694	327,694
2028	99,000	228,942	327,942
2029	103,000	225,031	328,031
2030	530,000	220,963	750,963
2031	551,000	200,028	751,028
2032	572,000	178,263	750,263
2033	595,000	155,670	750,670
2034	618,000	132,167	750,167
2035	643,000	107,756	750,756
2036	668,000	82,358	750,358
2037	695,000	55,972	750,972
2038	<u>722,000</u>	<u>28,519</u>	<u>750,519</u>
<b>Total</b>	<b>\$ <u>7,146,000</u></b>	<b>\$ <u>3,568,518</u></b>	<b>\$ <u>10,714,518</u></b>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
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Total following is a schedule of future debt retirement based on the current debt retirement based on current financing arrangements:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 250,000	\$ 82,504	\$ 332,504
2020	161,000	165,731	326,731
2021	86,000	241,744	327,744
2022	<u>61,543</u>	<u>249,083</u>	<u>310,626</u>
Total	\$ <u>558,543</u>	\$ <u>739,062</u>	\$ <u>1,297,605</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>
2019	\$ 759,000	\$ 1,202,944	\$ 1,961,944
2020	689,000	1,268,414	1,957,414
2021	632,000	1,325,051	1,957,051
2022	631,543	1,302,844	1,934,387
2023	588,000	1,033,157	1,621,157
2024 – 2028	3,267,000	4,784,460	8,051,460
2029 – 2033	<u>13,305,000</u>	<u>4,397,315</u>	<u>17,702,315</u>
Total	\$ <u>19,871,543</u>	\$ <u>15,314,185</u>	\$ <u>35,185,728</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, 2018:

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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,

2019	\$ 98,364
2020	100,897
2021	104,778
2022	108,266
2023	109,597
2024 – 2025	<u>172,502</u>
	694,404
Less: Amount representing interest	<u>97,866</u>
	596,538
Less: Current maturities	<u>73,420</u>
	523,118
Non-current maturities	\$ <u>523,118</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, 2018:

Fiscal Year Ending June 30,

2019	\$ 153,603
2020	<u>153,603</u>
	307,206
Less: Amount representing interest	<u>5,655</u>
	301,551
Less: Current maturities	<u>149,427</u>
	152,124
Non-current maturities	\$ <u>152,124</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018:

**Fiscal Year Ending June 30,**

2019	\$ 251,967
2020	254,500
2021	104,778
2022	108,266
2023	109,597
2024 – 2025	<u>172,502</u>
	1,001,610
Less: Amount representing interest	<u>103,521</u>
	898,089
Less: Current maturities	<u>222,847</u>
	675,242
Non-current maturities	\$ <u>675,242</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, 2018:

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

2019	\$ 97,748
2020	100,265
2021	104,122
2022	107,588
2023	108,910
2024 – 2025	<u>171,422</u>
	690,055
Less: Amount representing interest	<u>97,255</u>
	592,800
Less: Current maturities	<u>72,960</u>
Non-current maturities	\$ <u>519,840</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, 2018:

Fiscal Year Ending June 30,

2019	\$ 4,395
2020	4,508
2021	4,681
2022	4,837
2023	4,896
2024 – 2025	<u>7,706</u>
	31,023
Less: Amount representing interest	<u>4,373</u>
	26,650
Less: Current maturities	<u>4,394</u>
Non-current maturities	\$ <u>22,256</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA**  
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Long-term liability activity for Business-Type Activities Unit for the year ended June 30, 2018 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	\$ 307,338	\$ -0-	\$ 31,413	\$ 275,925	\$ 33,960	\$ 241,965
<b>Discretely Presented Component Unit</b>						
Obligation under capital lease	<u>148,239</u>	<u>-0-</u>	<u>15,151</u>	<u>133,088</u>	<u>16,380</u>	<u>116,708</u>
Total capital lease	<u>455,577</u>	<u>-0-</u>	<u>46,564</u>	<u>409,013</u>	<u>50,340</u>	<u>358,673</u>
<b>Bonds Payable</b>						
2012 Municipal Building Lease Revenue Refunding Bonds	1,260,000	-0-	600,000	660,000	660,000	-0-
2013A Municipal Building Lease Revenue Refunding Bonds	2,810,000	-0-	240,000	2,570,000	245,000	2,325,000
2012 Parking System Refunding Revenue Bonds	<u>1,863,123</u>	<u>-0-</u>	<u>396,270</u>	<u>1,466,853</u>	<u>406,239</u>	<u>1,060,614</u>
Total bonds payable	<u>5,933,123</u>	<u>-0-</u>	<u>1,236,270</u>	<u>4,696,853</u>	<u>1,311,239</u>	<u>3,385,614</u>
<b>Other Long-Term Debt</b>						
Net pension obligation	1,927,162	-0-	81,038	1,846,124	-0-	1,846,124
Net other post employment benefit obligation	<u>632,483</u>	<u>12,950</u>	<u>-0-</u>	<u>645,433</u>	<u>-0-</u>	<u>645,433</u>
Total other long-term debt	<u>2,559,645</u>	<u>12,950</u>	<u>81,038</u>	<u>2,491,557</u>	<u>-0-</u>	<u>2,491,557</u>
<b>Component Units</b>						
Net pension obligation	1,252,887	-0-	52,685	1,200,202	-0-	1,200,202
Net other post employment benefit obligation	<u>750,470</u>	<u>15,364</u>	<u>-0-</u>	<u>765,834</u>	<u>-0-</u>	<u>765,834</u>
Total other long-term debt – component units	<u>2,003,357</u>	<u>15,364</u>	<u>52,685</u>	<u>1,966,036</u>	<u>-0-</u>	<u>1,966,036</u>
Total other long-term debt	<u>4,563,002</u>	<u>28,314</u>	<u>133,723</u>	<u>4,457,593</u>	<u>-0-</u>	<u>4,457,593</u>
Total long-term debt	\$ <u>10,951,702</u>	\$ <u>28,314</u>	\$ <u>1,416,557</u>	\$ <u>9,563,459</u>	\$ <u>1,361,579</u>	\$ <u>8,201,880</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
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**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>
2019	\$ <u>660,000</u>	\$ <u>7,425</u>	\$ <u>667,425</u>

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, 2018 was \$339,685.

**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>
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	270,000	48,915	318,915
2024 – 2028	<u>1,275,000</u>	<u>133,541</u>	<u>1,408,541</u>
Total	\$ <u>2,570,000</u>	\$ <u>433,116</u>	\$ <u>3,003,116</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018 was \$203,784.

**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>
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>1,466,853</u>	\$ <u>74,244</u>	\$ <u>1,541,097</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 (CONT'D)  
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**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, 2018**

**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, 2018**

**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. On January 16, 2018, the remaining principal and interest on the 2012C issue was paid from the proceeds of the 2017A combined utility system revenue bonds issued December 21, 2017.

**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**  
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**FOR THE YEAR ENDED JUNE 30, 2018**

**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 Treatment 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, 2018**

**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 2016 B1 bonds are 30-year bonds and bear an interest rates 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.

**2017A Bonds Payable**

The Board issued on December 21, 2017 \$2,695,000 combined utility system revenue bonds, series 2017A (Bank Qualified). On January 16, 2018 a portion of the proceeds were used to pay outstanding principal and interest on the Series 2012C Bonds. The remainder of the issue for construction of additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds are 30-year bonds and bear an interest rate of 2.1% to 3.75%. Interest is paid April 1 and October 1 and principal payments annually beginning October 1, 2018.

**2018A Bonds Payable**

The Board issued on January 28, 2018 \$394,074 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 1% and is payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning March 1, 2019 until December 1, 2057. Annualized payments of \$12,216 plus annual payments of \$1,222 until a reserve requirement of \$12,216 is met.

**2018B Bonds Payable**

The Board issued on June 28, 2018 \$44,260,000 combined utility system revenue bonds for the (A) design, acquisition, construction of a new water reservoir and raw water transmission line from the reservoir to the water treatment plan, and the acquisition and installment of emergency generators to serve the water system and (B) the design, acquisition and construction of certain extensions, betterments and improvements to the Stormwater System. The bonds were issued at a \$4,089,120 premium. 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, 2019. Various annualized payments ranging from \$2,021,113 to \$5,898,300 until June 2046.

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**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Long-term debt bond activity for the year ended June 30, 2018 was as follows:

	<u>Beginning</u>	<u>Payments</u>	<u>Proceeds</u>	<u>Ending</u>	<u>Current Portion</u>
Morgantown 2000A	\$ 2,829,575	\$ ( 323,380)	\$ -0-	\$ 2,506,195	\$ 323,380
Morgantown 2000B	1,473,122	( 65,474)	-0-	1,407,648	65,474
Morgantown 2006A	3,838,987	( 315,238)	-0-	3,523,749	321,590
Morgantown 2007A	5,652,811	( 425,157)	-0-	5,227,654	433,724
Morgantown 2010A	37,950,000	-0-	-0-	37,950,000	-0-
Morgantown 2010C	12,262,437	( 694,877)	-0-	11,567,560	708,879
Morgantown 2010D	7,428,539	( 420,954)	-0-	7,007,585	429,436
Morgantown 2010E	79,728	( 4,518)	-0-	75,210	4,609
Morgantown 2010F	2,200,000	(1,085,000)	-0-	1,115,000	1,115,000
Morgantown 2012A	512,295	( 17,945)	-0-	494,350	18,034
Morgantown 2012C	1,955,000	(1,955,000)	-0-	-0-	-0-
Morgantown 2013A	4,078,940	( 131,580)	-0-	3,947,360	131,580
Morgantown 2014B	452,004	( 20,155)	-0-	431,849	20,802
Morgantown 2015A	97,999	( 3,680)	-0-	94,319	3,965
Morgantown 2015B	1,764	( 118)	-0-	1,646	117
Morgantown 2015C	5,603,535	( 213,468)	-0-	5,390,067	213,468
Morgantown 2015D	1,434,566	( 44,144)	-0-	1,390,422	44,144
Morgantown 2015E	641,205	( 16,876)	-0-	624,329	16,876
Morgantown 2016A	69,755,000	(1,140,000)	-0-	68,615,000	1,180,000
Morgantown 2016B	3,674,929	( 761,512)	2,226,473	5,139,890	767,239
Morgantown 2017A	-0-	-0-	2,695,000	2,695,000	40,000
Morgantown 2018A	-0-	-0-	25,500	25,500	4,143
Morgantown 2018B	<u>-0-</u>	<u>-0-</u>	<u>44,260,000</u>	<u>44,260,000</u>	<u>-0-</u>
Total Bonds Payable	161,922,436	(7,639,076)	49,206,973	203,490,333	5,842,460
Unamortized Bond Premium	<u>4,788,336</u>	<u>( 162,776)</u>	<u>4,089,121</u>	<u>8,714,681</u>	<u>-0-</u>
Net Bonds Payable	\$ <u>166,710,772</u>	\$ <u>(7,801,852)</u>	\$ <u>53,296,094</u>	\$ <u>212,205,014</u>	\$ <u>5,842,460</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Changes in other long-term obligations during the year ended June 30, 2018 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	\$ <u>8,686,407</u>	\$ <u>-0-</u>	\$ <u>(201,849)</u>	\$ <u>8,484,558</u>	\$ <u>-0-</u>
Total	\$ <u>8,686,407</u>	\$ <u>-0-</u>	\$ <u>(201,849)</u>	\$ <u>8,484,558</u>	\$ <u>-0-</u>

Maturities of the Board's debt principal for the years subsequent to June 30, 2018 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>2007</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>
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	323,380	65,472	348,305	469,754	1,270,000	767,766	465,110	4,992	-0-
2024-2028	889,295	327,360	1,849,678	2,494,629	7,030,000	4,077,224	2,469,966	26,511	-0-
2029-2033	-0-	327,360	-0-	475,230	8,450,000	3,800,193	2,302,143	24,708	-0-
2034-2038	-0-	327,360	-0-	-0-	10,340,000	-0-	-0-	-0-	-0-
2039-2043	-0-	98,206	-0-	-0-	7,290,000	-0-	-0-	-0-	-0-
2044-2048	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2049-2052	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2053-2056	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total	\$ <u>2,506,195</u>	\$ <u>1,407,648</u>	\$ <u>3,523,749</u>	\$ <u>5,227,654</u>	\$ <u>37,950,000</u>	\$ <u>11,567,560</u>	\$ <u>7,007,585</u>	\$ <u>75,210</u>	\$ <u>1,115,000</u>

	<u>2012B</u> <u>Issue</u> <u>Principal</u>	<u>2013</u> <u>Issue</u> <u>Principal</u>	<u>2014</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>	<u>2016A</u> <u>Issue</u> <u>Principal</u>
2019	\$ 18,034	\$ 131,580	\$ 20,802	\$ 3,965	\$ 117	\$ 213,468	\$ 44,144	\$ 16,876	\$ 1,180,000
2020	18,125	131,580	21,468	4,273	117	213,468	44,144	16,876	1,225,000
2021	18,215	131,580	22,157	4,604	117	213,468	44,143	16,876	1,285,000
2022	18,307	131,580	22,867	4,960	117	213,468	44,140	16,876	1,350,000
2023	18,399	131,580	23,600	5,345	117	213,468	44,140	16,876	1,420,000
2024-2028	93,385	657,900	129,849	33,619	590	1,067,340	220,700	84,380	8,255,000
2029-2033	95,744	657,900	152,042	37,553	471	1,067,340	220,700	84,380	10,230,000
2034-2038	98,171	657,900	39,064	-0-	-0-	1,067,340	220,700	84,364	12,465,000
2039-2043	100,654	657,880	-0-	-0-	-0-	1,067,340	220,700	84,360	15,750,000
2044-2048	15,316	657,880	-0-	-0-	-0-	53,367	220,700	84,360	15,455,000
2049-2052	-0-	-0-	-0-	-0-	-0-	-0-	66,211	84,360	-0-
2053-2056	-0-	-0-	-0-	-0-	-0-	-0-	-0-	33,745	-0-
Total	\$ <u>494,350</u>	\$ <u>3,947,360</u>	\$ <u>431,849</u>	\$ <u>94,319</u>	\$ <u>1,646</u>	\$ <u>5,390,067</u>	\$ <u>1,390,422</u>	\$ <u>624,329</u>	\$ <u>68,615,000</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2016B</u> <u>Issue</u> <u>Principal</u>	<u>2017A</u> <u>Issue</u> <u>Principal</u>	<u>2018A</u> <u>Issue</u> <u>Principal</u>	<u>2018B</u> <u>Issue</u> <u>Principal</u>
2019	\$ 767,239	\$ 40,000	\$ 4,143	\$ -0-
2020	773,010	60,000	8,347	970,000
2021	778,824	60,000	8,431	485,000
2022	784,682	60,000	8,516	535,000
2023	790,584	60,000	8,601	585,000
2024-2028	4,043,008	330,000	44,316	1,605,000
2029-2033	4,197,354	390,000	46,586	2,640,000
2034-2038	4,357,589	470,000	48,972	7,190,000
2039-2043	4,523,942	555,000	51,478	15,975,000
2044-2048	3,032,768	670,000	54,116	14,235,000
2049-2052	-0-	-0-	56,884	40,000
2053-2056	<u>-0-</u>	<u>-0-</u>	<u>53,684</u>	<u>-0-</u>
<b>Total</b>	<b>\$ <u>24,049,000</u></b>	<b>\$ <u>2,695,000</u></b>	<b>\$ <u>394,074</u></b>	<b>\$ <u>44,260,000</u></b>

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>	<u>2010F</u> <u>Issue</u> <u>Interest</u>	<u>2012A</u> <u>Issue</u> <u>Interest</u>
2019	\$ 68,073	\$ 101,314	\$ 2,278,885	\$ 226,057	\$ 136,944	\$ 1,470	\$ 17,840	\$ 2,438
2020	61,593	92,574	2,250,135	211,772	128,291	1,377	-0-	2,348
2021	54,982	83,658	2,191,635	197,200	119,463	1,282	-0-	2,257
2022	48,238	74,563	2,131,135	182,335	110,457	1,185	-0-	2,166
2023	41,358	65,284	2,067,841	167,169	101,270	1,087	-0-	2,074
2024-2028	98,642	180,559	9,259,234	597,453	361,935	3,884	-0-	8,978
2029-2033	-0-	5,685	6,991,703	173,283	104,974	1,127	-0-	6,615
2034-2038	-0-	-0-	4,025,175	-0-	-0-	-0-	-0-	4,193
2039-2043	-0-	-0-	709,857	-0-	-0-	-0-	-0-	1,710
2044-2048	-0-	-0-	-0-	-0-	-0-	-0-	-0-	38
2048-2052	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2053-2056	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<b>\$ <u>372,886</u></b>	<b>\$ <u>603,637</u></b>	<b>\$ <u>31,905,600</u></b>	<b>\$ <u>1,755,269</u></b>	<b>\$ <u>1,063,334</u></b>	<b>\$ <u>11,412</u></b>	<b>\$ <u>17,840</u></b>	<b>\$ <u>32,817</u></b>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2014</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>	<u>2017A</u> <u>Issue</u> <u>Interest</u>	<u>2018A</u> <u>Issue</u> <u>Interest</u>	<u>2018B</u> <u>Issue</u> <u>Interest</u>
2019	\$ 13,347	\$ 7,310	\$ 3,029,288	\$ 178,213	\$ 89,933	\$ 1,965	\$ 1,882,132
2020	12,680	7,002	2,981,188	172,443	88,883	3,868	2,010,488
2021	11,992	6,671	2,924,563	166,629	87,623	3,784	1,974,113
2022	11,281	6,314	2,858,688	160,771	86,363	3,700	1,948,613
2023	10,548	5,930	2,789,438	154,869	85,103	3,614	1,920,613
2024-2028	40,893	22,756	12,779,063	684,256	399,630	16,758	9,332,463
2029-2033	18,699	7,547	10,800,013	529,912	338,700	14,489	9,065,763
2034-2038	775	-0-	8,566,231	369,676	261,088	12,104	8,021,875
2039-2043	-0-	-0-	5,291,350	203,322	170,875	9,596	5,604,625
2044-2048	-0-	-0-	1,372,125	39,954	62,531	6,960	800,450
2048-2052	-0-	-0-	-0-	-0-	-0-	4,189	800
2053-2056	-0-	-0-	-0-	-0-	-0-	1,284	-0-
	<u>\$ 120,215</u>	<u>\$ 63,530</u>	<u>\$ 53,391,947</u>	<u>\$ 2,660,045</u>	<u>\$ 1,670,729</u>	<u>\$ 82,311</u>	<u>\$ 42,561,935</u>

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

### 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, 2018.

#### Fiscal Year Ending June 30,

2019	\$ 45,498
2020	46,670
2021	48,464
2022	50,078
2023	50,693
2024 – 2025	<u>79,790</u>
	321,193
Less: Amount representing interest	<u>45,268</u>
	275,925
Less: Current maturities	<u>33,960</u>
	241,965
Non-current maturities	<u>\$ 241,965</u>

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018:

Fiscal Year Ending June 30,

2019	\$ 21,945
2020	22,510
2021	23,376
2022	24,154
2023	24,451
2024 – 2025	<u>38,485</u>
	154,921
Less: Amount representing interest	<u>21,833</u>
	133,088
Less: Current maturities	<u>16,380</u>
Non-current maturities	\$ <u>116,708</u>

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

For the year ended June 30, 2018, 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	\$ 691,798
Firemen's Pension and Relief Fund	<u>507,846</u>
Total	\$ <u>1,199,644</u>

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

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**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**IV. Other Information**

**A. Risk Management**

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

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010.

Workers compensation coverage is provided for this entity by Brickstreet.

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, 2018**

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, 2018**

**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	7/1/2018
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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**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	\$ 21,930	\$ 3,068	\$ 1,525	\$ 26,523
Investments	15,709,329	12,715,080	53,972,229	82,396,638
Receivables:				
Contributions	<u>-0-</u>	<u>-0-</u>	<u>187,216</u>	<u>187,216</u>
Total assets	<u>15,731,259</u>	<u>12,718,148</u>	<u>54,160,970</u>	<u>82,610,377</u>
<b>Liabilities</b>				
Accounts payable	<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>
<b>Net Position</b>				
Held in trust	\$ <u>15,731,259</u>	\$ <u>12,718,148</u>	\$ <u>54,160,970</u>	\$ <u>82,610,377</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<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	\$ 1,212,990	\$ 986,830	\$ 1,808,756	\$ 4,008,576
Employee	437,588	258,246	790,241	1,486,075
Insurance premium tax allocation	691,798	507,846	-0-	1,199,644
Other	<u>-0-</u>	<u>-0-</u>	<u>238,414</u>	<u>238,414</u>
Total contributions	<u>2,342,376</u>	<u>1,752,922</u>	<u>2,837,411</u>	<u>6,932,709</u>
Investment Income:				
Gain (loss) on investments	196,387	136,083	2,296,861	2,629,331
Interest and dividends	<u>391,908</u>	<u>313,056</u>	<u>1,206,924</u>	<u>1,911,888</u>
Total investment income	<u>588,295</u>	<u>449,139</u>	<u>3,503,785</u>	<u>4,541,219</u>
Total additions	<u>2,930,671</u>	<u>2,202,061</u>	<u>6,341,196</u>	<u>11,473,928</u>
<b>Deductions</b>				
General and administrative	123,151	99,668	439,900	662,719
Contribution refunds	36,956	33,056	35,580	105,592
Benefit payments	<u>2,221,070</u>	<u>1,584,296</u>	<u>3,030,030</u>	<u>6,835,396</u>
Total deductions	<u>2,381,177</u>	<u>1,717,020</u>	<u>3,505,510</u>	<u>7,603,707</u>
Net increase (decrease)	549,494	485,041	2,835,686	3,870,221
Net position – beginning of year	<u>15,181,765</u>	<u>12,233,107</u>	<u>51,325,284</u>	<u>78,740,156</u>
Net position – end of year	\$ <u>15,731,259</u>	\$ <u>12,718,148</u>	\$ <u>54,160,970</u>	\$ <u>82,610,377</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, 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	\$ 4,463,564	\$ 2,384,207
Change in assumptions	16,717,445	7,517,368
Difference between expected and actual experience	<u>1,974,936</u>	<u>2,844,522</u>
	\$ <u>23,155,945</u>	\$ <u>12,746,097</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,

2019	\$ 2,602,462
2020	2,602,462
2021	2,602,462
2022	<u>2,602,462</u>
	\$ <u>10,409,848</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

*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, 2018 is as follows:

	<i>Component Unit Board of Parks and Recreation Commission</i>	<i>Component Unit Morgantown Public Library</i>
Total wages	\$ 1,121,503	\$ 847,002
Covered wages	\$ 722,064	\$ 673,225
Employer share 11.00%	\$ 79,427	\$ 74,055
Employee share 4.50% and 6.00%	\$ 50,151	\$ 31,923

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	11.00%
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, 2018**

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 (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 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 percent of their salary, and employers contributed 12.0 percent of the member's compensation into the plan. For the year ended June 30, 2018, active members contributed 4.5 and 6.0 percent of their salary, and employers contributed 11.0 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, 2018 the City's component units reported a liability of \$438,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 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, 2018, the City's component units reported the following proportions and increases/decreases from its proportion measured as of June 30, 2017:

Amount for proportionate share of net pension liability	\$ 438,062
Percentage for proportionate share of net pension liability	0.101487%
Increase (decrease) % from prior proportion measured	0.009486%

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, the City's component units recognized pension expense on their government wide financial statements. At June 30, 2018, 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>
Difference between expected and actual experience	\$ 38,984	\$ 969
Changes in proportion and differences between employer contributions and proportionate share of contributions	65,596	6,337
Employer contributions subsequent to measurement period	155,369	-0-
Change in assumptions	-0-	22,722
Net difference between projected and actual earnings on pension plan investments	<u>-0-</u>	<u>106,500</u>
Total	\$ <u>259,949</u>	\$ <u>136,528</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>	
2019	\$ ( 7,987)
2020	( 7,987)
2021	( 7,987)
2022	( 7,987)
	\$ <u>(31,948)</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

***Actuarial Assumptions***

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.0 percent
Salary increases:	3.0 – 6.0 percent, 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, 2017 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>Long-Term Expected Rate of Return</u>
Domestic Equity	30.0%	7.00%
International Equity	30.0%	7.70%
Fixed Income	<u>40.0%</u>	2.70%
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, 2018**

***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	\$ 1,212,746	\$ 438,062	\$ (216,931)

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at [www.wvretirement.com](http://www.wvretirement.com). That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

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

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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 2018, 2017 and 2016 rates were 13.23%, 13.31% and 13.95% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2018, 2017 and 2016 were \$1,016,309, \$1,024,171, and \$1,022,554.

**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 \$18,500, for 2018 and 2017, 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 18 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.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

Provisions for:	
Disability benefits	Yes
Death benefits	Yes

***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, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017 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 2018 and 2017. At June 30, 2018 and 2017, the Board's reported the following proportions:

	<u>2018</u>	<u>2017</u>
Amount for proportionate share of net pension liability	\$ 8,484,558	\$ 8,686,407
Percentage for proportionate share of net pension liability	0.574025%	0.562969%
Increase/(decrease) in % from prior proportion measured	0.010560%	-0.022731%

For the year ended June 30, 2018 and 2017, the Board recognized the following pension expense:

	<u>2018</u>	<u>2017</u>
Pension Expense	\$ <u>1,655,424</u>	\$ <u>1,618,056</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 585,854	\$ -0-
Net difference between projected and actual experiences	221,343	637,420
Deferred differences in assumptions	1,652,611	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>74,657</u>	<u>153,832</u>
Totals	\$ <u>2,534,465</u>	\$ <u>791,252</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, 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 differences between projected and actual experiences	267,600	306,725
Deferred differences in assumptions	1,936,692	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>-0-</u>	<u>183,816</u>
Totals	\$ <u>3,074,141</u>	\$ <u>490,541</u>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018 and 2017 as follows:

<u>Year ended June 30,</u>	<u>2018</u>	<u>Year ended June 30,</u>	<u>2017</u>
2019	\$ 622,583	2018	\$ 641,194
2020	483,454	2019	641,195
2021	92,966	2020	504,748
2022	302,943	2021	121,775
2023	256,936	2022	327,712
Thereafter	( 15,669)	Thereafter	<u>346,976</u>
Total	\$ <u>1,743,213</u>	Total	\$ <u>2,583,600</u>

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, 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, 2018</u>	<u>June 30, 2017</u>
Actuarial Cost Method:	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method:	Level dollar, closed	Level dollar, closed
Remaining Amortization Period:	18 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, 2018**

<u>Methods and Assumptions</u>	<u>June 30, 2018</u>	<u>June 30, 2017</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. Post-retirement mortality is assumed to follow the RP-2014 Healthy Annuitant mortality table, sex distinct, with generational mortality improvements using MP-2015. Post-disablement mortality is assumed to follow RP-2014 Disabled Annuitant mortality table.	Pre-retirement mortality is assumed to follow the RP-2014 Total Employee Mortality Table, sex distinct, with generational mortality improvements using MP-2015. Post-retirement mortality is assumed to follow the RP-2014 Healthy Annuitant mortality table, sex distinct, with generational mortality improvements using MP-2015. Post-disablement mortality is assumed to follow RP-2014 Disabled Annuitant mortality table.
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 (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

***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.

**General Information About the OPEB Plan**

*Employer.* City of Morgantown, WV

***Summary of Plan Provisions***

The following is our understanding of the plan provisions for retiree coverage. Where the following differs from the official plan rules, the valuation should be revised.

**Eligibility Conditions**

A retired employee, who is participating in the employer's medical program, is eligible to elect post-retirement coverage if, (effective January 1, 2013) hired prior to January 1, 2011 and:

- is at least age 55 with at least 10 years of service (City Employee), or
- is at least age 60 with at least 10 years of service (City Employee), or
- is at least age 55 plus years of service equal 85 points (City Employee), or
- is at least age 50 with at least 20 years of service (Policemen and Firemen).

**Covered Employees**

All full time employees (must be covered by the active plan at time of retirement).

***City Employees, Policemen & Firemen***

<u>Type of Coverage</u>	<u>Retiree</u>	<u>Spouse</u>
Life Insurance	Employer provides for Life Insurance coverage in the following amounts: Under age 67: \$5,000; Age 68-69: \$2,500; Age 70 and older: \$1,000	Not applicable
Medical Coverage: Retiree Cost Sharing	Retiree pays a portion of the premium.	Retiree pays a portion of the premium for spousal coverage.
Coverage Ceases	Upon age 65 when eligible for Medicare (may elect Medicare Supplement at retiree's expense).	Upon eligibility for Medicare or retiree's death.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Dependent (non-spouse) Coverage**

None assumed as it is immaterial.

**Amendments**

The Employer reserves the right to amend the Plan at any time subject to Board action.

*Employees covered by benefit terms.* At July 1, 2016 (the valuation date) the following employees were covered by the benefit terms:

	<u>Count</u>	<u>Total OPEB Liability</u>
Inactive employees or beneficiaries currently receiving benefits	164	\$ 7,798,000
Inactive employees entitled to but not yet receiving benefits	0	-0-
Active employees	<u>183</u>	<u>12,253,000</u>
Total	<u>347</u>	\$ <u>20,051,000</u>

***Employer Contributions***

The funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

***Employee Contributions***

None.

***Net OPEB Liability***

The employer's net OPEB liability is reported herein as of June 30, 2018 for the employer fiscal year and reporting period of July 1, 2017 to June 30, 2018. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2017 and the corresponding measurement period of July 1, 2016 to July 1, 2017. The measurement of the total OPEB liability is based on a valuation date of July 1, 2016.

See independent auditor's report.

**MORGANTOWN PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

***Actuarial Assumptions and Actuarial Methods***

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Expected Return on Assets:	1.00%
Discount Rate:	3.56%
Salary Scale:	2.50%
Healthcare Cost Trend Rates:	6.80% for fiscal year end 2017 (to reflect actual experience), 6.50% for fiscal year end 2018, decreasing 0.50% per year to an ultimate rate of 5.00%
Mortality:	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017
Actuarial Cost Method:	Entry Age Actuarial Cost Method

***Expected Return on Assets***

1.00%

***Discount Rate***

The discount rate has been set equal to 3.56% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2017.

See independent auditor's report.

**MORGANTOWN PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	<u>Total</u>	<u>Plan</u>	<u>Net OPEB</u>
	<u>OPEB</u>	<u>Fiduciary Net</u>	<u>Liability/</u>
	<u>Liability</u>	<u>Position</u>	<u>(Asset)</u>
	(a)	(b)	(a) – (b)
Balances at July 1, 2017	\$ 20,051,000	\$ 709,000	\$ 19,342,000
Changes for the year:			
Service cost	632,000	-0-	632,000
Interest	719,000	-0-	719,000
Differences between expected and actual experience	-0-	-0-	-0-
Contributions – employer	-0-	955,000*	( 955,000)
Contributions – employee	-0-	-0-	-0-
Net investment income	-0-	-0-	-0-
Benefit payments	( 955,000)	(955,000)	-0-
Administrative expense	-0-	-0-	-0-
Other changes	-0-	-0-	-0-
Net changes	396,000	-0-	396,000
Balances at June 30, 2018***	\$ <u>20,447,000</u>	\$ <u>709,000**</u>	\$ <u>19,738,000</u>

\* This is the "Pay-as-you-go" cost

\*\* As of September 22, 2017

\*\*\* Measurement date is July 1, 2017

See independent auditor's report.

**MORGANTOWN PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the Total OPEB liability/(asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Employer's Total OPEB Liability/(Asset)	\$ 22,718,000	\$ 20,447,000	\$ 18,503,000

***Sensitivity of the Total OPEB Liability to Changes in the Trend Rate***

The following presents the Total OPEB liability/(asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer's Total OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Employer's Total OPEB Liability/(Asset)	\$ 18,125,000	\$ 20,447,000	\$ 23,226,000

See independent auditor's report.

**MORGANTOWN PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Part 1)**

For the year ended June 30, 2018, under GASB 75 the employer OPEB expense is \$1,351,000. The Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2018 from various sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	-0-	-0-
Net difference between projected and actual earnings on OPEB plan investments	-0-	-0-
Employer contributions after measurement date but prior to fiscal year end	-0-	-0-
Total	\$ <u>-0-</u>	\$ <u>-0-</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2019	\$ -0-
2020	-0-
2021	-0-
2022	-0-
2023	<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, 2018**

**VI. Debt Service Coverage**

The debt service coverage factor for the Parking Authority has been calculated as follows for the year ended June 30, 2018:

Total revenues	\$ 2,758,492
Interest and dividend income	<u>19,085</u>
Adjusted gross revenues	2,777,577
Total expenses	<u>2,508,850</u>
	268,727
Add: Depreciation expense	<u>331,882</u>
Amount available for debt service and capital expenditures	\$ <u>600,609</u>
Maximum annual debt service	\$ <u>440,387</u>
Calculated debt service coverage factor	1.36
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, 2018.

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 of the accounts receivable is as follows:

Fiscal Year Ended June 30,

2019	\$ 62,880
2020	62,880
2021	<u>374,137</u>
	<u>\$ 499,897</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, 2018**

The total balance of the accounts receivable is as follows:

Fiscal Year Ended June 30,

2019	\$ 100,000
2020	100,000
2021	109,032
2022	-0-
2023	-0-
2024	-0-
2025	-0-
2026	<u>19,185</u>
	<b>\$ <u>328,217</u></b>

**VIII. Deficit Fund Balance**

It was noted during our audit that the Metropolitan Theater Fund fund had a deficit fund balance of \$26,415 and the Tax Increment Financing Debt Service fund had a deficit fund balance of \$1,628,142. 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, 2018, the City abated property taxes totaling \$457,336.

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

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

Fund balance as previously stated	\$ 11,348,888
Restatement: overstatement of investments	( <u>5,443</u> )
Fund balance beginning as restated	<b>\$ <u>11,343,445</u></b>

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
 FOR THE YEAR ENDED JUNE 30, 2018**

It was determined during this audit that the beginning net position of the Airport Fund required restatement as follows:

Net position as previously stated	\$ 25,680,416
Restatement: Implementation of GASB 75	( <u>632,483</u> )
Net position beginning as restated	\$ <u>25,047,933</u>

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

Net position as previously stated	\$ 4,796,862
Restatement: Implementation of GASB 75	( <u>496,990</u> )
Net position beginning as restated	\$ <u>4,299,872</u>

It was determined during this audit that the beginning net position of the governmental activities required restatement as follows:

Net position as previously stated	\$ (82,284,807)
Restatement: Implementation of GASB 87	( <u>10,664,779</u> )
Net position beginning as restated	\$ <u>(92,949,586)</u>

**XI. Hazel Ruby McQuain Charitable Trust Donation**

On December 29, 2017 the Hazel Ruby McQuain Charitable Trust agreed to make a donation to the City of Morgantown in the amount of \$4,100,000 to be used solely for the purpose of defraying the costs of construction, upgrade, revitalization and improvements to the Hazel Ruby McQuain Riverfront Park. The trustees of the Hazel Ruby McQuain Charitable Trust will disperse the funds to the City of Morgantown with a \$2,000,000 donation on or before December 31, 2017 and the remaining \$2,100,000 donation on or before December 31, 2018.

**XII. Subsequent Events**

The City has considered all subsequent events through December 17, 2018, 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, 2018**

	<u>Year Ended</u> <u>June 30, 2018</u>	<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)	.10%	.092%	0.85%	0.36%
City's proportionate share of the net pension liability (asset)	\$ 438,062	\$ 845,671	\$ 474,487	\$ 1,315,320
City's covered – employee payroll	\$ 1,395,289	\$ 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	31.40%	62.57%	35.12%	115%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	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, 2018. 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, 2018**

	<u>Year Ended</u> <u>June 30, 2018</u>	<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	\$ 153,482	\$ 162,079	\$ 170,510	\$ 161,167
Contributions in relation to the contractually required contribution	<u>153,482</u>	<u>162,079</u>	<u>170,510</u>	<u>161,167</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
City's covered – employee payroll	\$ 1,395,289	\$ 1,351,744	\$ 1,351,170	\$ 1,151,193
Contributions as a percentage of covered – employee payroll	11.00%	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, 2018. 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 -  
NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018**

**Change of Assumptions**

*Actuarial Revisions*

Subsequent to the issuance of the West Virginia Consolidated Public Retirement Board's June 30, 2017 Comprehensive Annual Financial Report, certain actuarial amounts from the actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 were revised. The amounts revised as of June 30, 2017 were used to prepare these schedules and are described below:

Total Pension Liability	\$ 6,816,742,000
Plan Fiduciary Net Position	<u>(6,385,097,000)</u>
Net Pension Liability	\$ <u>431,645,000</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	93.67%

<u>Sensitivity of Discount Rate</u>	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
Total Net Pension Liability (Asset)	\$ 1,194,983,000	\$ 431,645,000	\$ 213,751,000

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, 2018**

Fiscal year ending June 30,	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 1,731,483	\$ 1,925,405	\$ 1,160,928	\$ 1,084,316	\$ 1,008,137
Interest on the total pension liability	1,938,342	1,749,559	1,817,826	1,775,489	1,840,353
Benefit changes	-0-	-0-	-0-	-0-	-0-
Difference between expected and actual experience	( 218,647)	( 454,836)	( 113,977)	( 1,590,303)	-0-
Assumption changes	( 660,808)	( 4,690,165)	11,346,226	662,125	1,349,132
Benefit payments	( 1,584,296)	( 1,528,283)	( 1,509,425)	( 1,496,332)	( 1,408,588)
Refunds	( 33,056)	( 5,118)	-0-	-0-	( 47,548)
Net change in total pension liability	1,173,018	( 3,003,438)	12,701,578	435,295	2,741,486
Total pension liability – beginning	<u>50,822,626</u>	<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>51,995,644</u>	<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 (Local and State)	1,494,676	1,356,285	1,188,366	1,070,305	1,013,374
Employee contributions	258,246	218,900	202,830	191,330	183,544
Pension plan net investment income	351,940	1,054,659	( 250,341)	300,409	1,162,709
Benefit payments	( 1,584,296)	( 1,528,283)	( 1,509,425)	( 1,496,332)	( 1,408,588)
Refunds	( 33,056)	( 5,118)	-0-	-0-	( 47,548)
Pension plan administrative expense	( 2,469)	( 2,158)	( 3,042)	( 1,943)	( 1,725)
Other	-0-	170	-0-	-0-	-0-
Net change in plan fiduciary net position	485,041	1,094,455	( 371,612)	63,769	901,766
Plan fiduciary net position – beginning	<u>12,233,107</u>	<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>12,718,148</u>	<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>\$ 39,277,496</u>	<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	24.46%	24.07%	20.69%	28.08%	28.22%
Covered employee payroll	\$ 2,716,646	\$ 2,590,922	\$ 2,534,252	\$ 2,441,567	\$ 2,453,297
Net pension liability as a percentage of covered employee payroll	1,445.81%	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 end June 30, 2015.

*\*Total may not add due to rounding*

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, 2018**

<u>FY Ended 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%
2018	\$ 51,995,644	\$ 12,718,148	\$ 39,277,496	24.46%	\$ 2,716,646	1,445.81%

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, 2018**

<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%
06/30/2018	\$ 2,813,357	\$ 986,830	\$ 507,846	53%	\$ 2,716,646	55%

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, 2018

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:

<i>Measurement Date</i>	June 30, 2018, measurement date based on actuarial liabilities as of July 1, 2017
<i>Actuarial Cost Method</i>	Entry Age Normal, Level-Percentage-of-Pay
<i>Actuarial Value of Assets</i>	Market value used for GASB Statement Nos. 67 and 68 reporting
<i>Contribution Policy and Amortization Method</i>	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. <b>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 2035.</b>
<i>Actuarial Assumptions:</i>	
<i>Investment Rate of Return</i>	4.50% per year
<i>GASB 67/68 Discount Rate</i>	3.9129% per year at June 30, 2018, and 3.8261% at June 30, 2017
<i>Projected Salary Increases</i>	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
<i>Cost of Living Increases</i>	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years. Assumed to be payable to all members receiving payments.

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, 2018**

**Single Discount Rate**

A GASB Statement Nos. 67 and 68 single discount rate of 3.9129% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on the expected rate of return on pension plan investments of 4.50%, and the municipal bond rate of 3.62%. 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 2035. Therefore, the single discount rate of 3.9129% 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 3.9129%, 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>2.9129%</u>	<u>3.9129%</u>	<u>4.9129%</u>
\$ 48,211,070	\$ 39,277,496	\$ 32,220,359

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, 2018**

Fiscal year ending June 30,	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 2,644,826	\$ 2,861,572	\$ 1,530,284	\$ 1,410,460	\$ 1,376,895
Interest on the total pension liability	2,664,956	2,354,181	2,409,970	2,333,177	2,364,924
Benefit changes	-0-	-0-	-0-	-0-	-0-
Difference between expected and actual experience	1,320,613	( 95,360)	440,163	( 935,554)	-0-
Assumption changes	( 474,554)	( 6,346,566)	16,140,037	927,148	1,904,795
Benefit payments	( 2,221,070)	( 2,117,547)	( 2,084,457)	( 1,974,707)	( 1,896,160)
Refunds	( 36,956)	( 2,082)	( 14,429)	( 33,200)	( 22,672)
Net change in total pension liability	3,897,815	( 3,345,802)	18,421,568	1,727,324	3,727,782
Total pension liability – beginning	<u>69,292,792</u>	<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>73,190,607</u>	<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 (Local and State)	1,904,788	1,703,185	1,445,898	1,299,492	1,236,729
Employee contributions	437,588	423,661	360,533	343,444	260,782
Pension plan net investment income	466,764	1,349,142	( 313,457)	372,888	1,430,259
Benefit payments	( 2,221,070)	( 2,117,547)	( 2,084,457)	( 1,974,707)	( 1,896,160)
Refunds	( 36,956)	( 2,082)	( 14,429)	( 33,200)	( 22,672)
Pension plan administrative expense	( 1,620)	( 1,560)	( 1,994)	( 1,344)	( 1,275)
Other	-0-	198	267	-0-	-0-
Net change in plan fiduciary net position	549,494	1,354,997	( 607,639)	6,573	1,007,663
Plan fiduciary net position – beginning	<u>15,181,765</u>	<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>15,731,259</u>	<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>\$ 57,459,348</u>	<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	21.49%	21.91%	19.04%	26.71%	27.57%
Covered employee payroll	\$ 4,424,620	\$ 4,054,650	\$ 3,527,889	\$ 3,381,767	\$ 3,514,416
Net pension liability as a percentage of covered employee payroll	1,298.63%	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 end June 30, 2015.

*\*Totals may not add due to rounding*

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, 2018

<u>FY Ended 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%
2018	\$ 73,190,607	\$ 15,731,259	\$ 57,459,348	21.49%	\$ 4,424,620	1,298.63%

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, 2018**

<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%
06/30/2018	\$ 3,983,176	\$ 1,212,990	\$ 691,798	48%	\$ 4,424,620	43%

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, 2018**

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:

<i>Measurement Date</i>	June 30, 2018, measurement date based on actuarial liabilities as of July 1, 2017
<i>Actuarial Cost Method</i>	Entry Age Normal, Level-Percentage-of-Pay
<i>Actuarial Value of Assets</i>	Market value used for GASB Statement Nos. 67 and 68 reporting
<i>Contribution Policy and Amortization Method</i>	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. <b>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 2034.</b>
<i>Actuarial Assumptions:</i>	
<i>Investment Rate of Return</i>	4.50% per year
<i>GASB 67/68 Discount Rate</i>	3.8023% per year at June 30, 2018, and 3.7637% at June 30, 2017
<i>Projected Salary Increases</i>	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
<i>Cost of Living Increases</i>	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years. Assumed to be payable to all members receiving payments.

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, 2018**

**Single Discount Rate**

A GASB Statement Nos. 67 and 68 single discount rate of 3.8023% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on the expected rate of return on pension plan investments of 4.50%, and the municipal bond rate of 3.62%. 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 2034. Therefore, the single discount rate of 3.8023% 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 3.8023%, 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>2.8023%</u>	<u>3.8023%</u>	<u>4.8023%</u>
\$ 71,077,390	\$ 57,459,348	\$ 46,850,749

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, 2018**

Fiscal year ending June 30,	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 1,643,199	\$ 1,577,096	\$ 1,434,188	\$ 1,408,684	\$ 1,578,745
Interest on the total pension liability	4,673,608	4,188,317	3,978,071	3,873,941	3,788,795
Changes of benefit terms					
Difference between expected and actual experience	( 841,501)	265,931	351,587	( 1,013,053)	( 255,545)
Changes in assumptions	-0-	4,001,292	-0-	-0-	( 970,431)
Benefit payments	( 3,030,030)	( 2,864,515)	( 2,713,421)	( 2,650,584)	( 2,479,097)
Refunds	( 290,711)	( 151,918)	( 80,376)	( 170,164)	( 212,619)
Net change in total pension liability	<u>2,154,565</u>	<u>7,016,203</u>	<u>2,970,049</u>	<u>1,448,824</u>	<u>1,449,848</u>
Total pension liability – beginning	<u>66,754,921</u>	<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>68,909,486</u>	<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	1,770,496	1,819,231	1,745,681	1,879,379	1,572,414
Employee contributions	797,750	802,434	739,622	725,508	699,093
Pension plan net investment income	3,357,586	4,796,205	( 470,858)	1,992,100	5,680,536
Benefit payments	( 3,030,030)	( 2,864,515)	( 2,713,421)	( 2,650,584)	( 2,479,097)
Refunds	( 290,711)	( 151,918)	( 80,376)	( 170,164)	( 212,619)
Pension plan administrative expense	( 38,571)	( 44,902)	( 40,044)	( 41,215)	( 40,192)
Other	<u>236,865</u>	<u>-0-</u>	<u>151,342</u>	<u>5,261</u>	<u>1,861</u>
Net change in plan fiduciary net position	<u>2,803,385</u>	<u>4,356,535</u>	<u>( 668,043)</u>	<u>1,740,285</u>	<u>5,221,996</u>
Plan fiduciary net position – beginning	<u>51,325,284</u>	<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>54,128,669</u>	<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>\$ 14,780,817</u>	<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	78.55%	76.89%	78.62%	83.91%	82.97%
Covered employee payroll <sup>a</sup>	13,830,676	13,321,335	13,182,134	12,172,614	11,880,381
Net pension liability as a percentage of covered employee payroll	106.87%	115.83%	96.87%	75.02%	79.32%

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

Ten 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, 2018**

<u>FY Ended 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%
2018	\$ 68,909,486	\$ 54,128,669	\$ 14,780,817	78.55%	\$ 13,830,676	106.87%

<sup>a</sup> Covered 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, 2018**

<u>FY Ended 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>
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%
2018	1,743,996	1,770,496	( 26,500)	13,830,676	12.80%

<sup>a</sup> ADC for years ending 2009 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, 2018**

**Valuation Date:** July 1, 2018

*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:**

<i>Actuarial Cost Method</i>	Individual Entry Age Normal
<i>Amortization Method</i>	Level dollar, closed
<i>Remaining Amortization Period</i>	18 years
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	3.0% - approximate; No explicit price inflation assumption is used in this actuarial valuation.
<i>Salary Increases</i>	4.0% per year
<i>Investment Rate of Return</i>	7.00% per year, net of expenses, compounded annually
<i>Retirement Age</i>	Experience-based table of rates that are specific to the type of eligibility condition and years of service credit.
<i>Mortality</i>	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 Healthy 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.
<i>Cost-of-Living Adjustment</i>	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 (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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>
\$ 23,190,698	\$ 14,780,817	\$ 7,748,067

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, 2018**

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

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (percentage)	57.04%	56.30%	58.57%	57.33%	57.33%
Board's proportionate share of the net pension liability	\$ 8,484,558	\$ 8,686,407	\$ 7,479,371	\$ 5,235,305	\$ 5,402,449
Board's covered payroll	\$ 7,681,849	\$ 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	110.45%	112.89%	102.04%	75.48%	81.57%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	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, 2018**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,001,097	\$ 1,024,171	\$ 1,022,554	\$ 1,060,981	\$ 1,186,366	\$ 1,053,537	\$ 711,381	\$ 707,649	\$ 585,332	\$ 542,420
Actual contribution	<u>(1,016,309)</u>	<u>(1,024,171)</u>	<u>(1,022,554)</u>	<u>(1,077,497)</u>	<u>( 882,191)</u>	<u>( 756,125)</u>	<u>( 717,285)</u>	<u>( 646,270)</u>	<u>( 478,911)</u>	<u>( 475,353)</u>
Contribution deficit (surplus)	\$ <u>(15,212)</u>	\$ <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>
Board's covered payroll	\$ 7,681,849	\$ 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
Actual contributions as a percentage of covered payroll	13.23%	13.31%	13.95%	15.54%	13.32%	11.81%	11.80%	10.35%	8.29%	8.11%

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND  
RELATED RATIOS - MULTIYEAR  
OTHER POST EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2018**

Fiscal year ending June 30,	2018
<b>Total OPEB Liability</b>	
Service cost	\$ 632,000
Interest	719,000
Changes of benefit terms	-0-
Differences between expected and actual experience	-0-
Changes in assumptions	-0-
Benefit payments, including refunds of employee contributions	( 955,000)
Net change in total OPEB liability	<u>396,000</u>
 Total OPEB liability – beginning	 <u>20,051,000</u>
 Total OPEB liability – ending (a)	 <u>20,447,000</u>
 <b>Plan Fiduciary Net Position</b>	
Contributions – employer	955,000*
Contributions – employee	-0-
Net investment income	-0-
Benefit payments, including refunds of employee contributions	( 955,000)*
Administrative expenses	-0-
Other	<u>-0-</u>
Net change in plan fiduciary net position	-0-
 Plan fiduciary net position – beginning	 <u>709,000</u>
 Plan fiduciary net position – ending (b)	 <u>709,000</u>
 Employer's net OPEB liability – ending (a)-(b)	 \$ <u>19,738,000</u> <sup>3</sup>
 Plan fiduciary net position as a percentage of the total OPEB liability	 3.56%
 Covered-employee payroll	 \$ 7,220,000
 Employer's net OPEB liability as a percentage of covered-employee payroll	 273.38%

\*"Pay as-you-go" cost

*Ten fiscal years will be built prospectively.*

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS (AS INFORMATION BECOMES AVAILABLE)**  
**OTHER POST EMPLOYMENT BENEFITS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Fiscal year ending June 30,	2018
Actuarially Determined Contribution	\$ 955,000
Contributions in relation to the Actuarially Determined Contribution	<u>955,000</u>
Contribution deficiency (excess)	<u>\$ -0-</u>
Expected covered-employee payroll	\$ 7,220,000
Contributions as a percentage of covered-employee payroll	13.23%

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Notes to Schedule**

The employer has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go".

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown. This is the first valuation under GASB 75 for the reported Plan.

**Changes to the Net OPEB Liability**

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/ (Asset) (a) - (b)</u>
Balances at July 1, 2017	\$ 20,051,000	\$ 709,000	\$ 19,342,000
Changes for the year			
Service cost	632,000	-0-	632,000
Interest	719,000	-0-	719,000
Differences between expected and actual experience	-0-	-0-	-0-
Contributions – employer	-0-	955,000*	( 955,000)
Contributions – employee	-0-	-0-	-0-
Net investment income	-0-	-0-	-0-
Benefit payments	( 955,000)	(955,000)*	-0-
Administrative expense	-0-	-0-	-0-
Other changes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net changes	<u>396,000</u>	<u>-0-</u>	<u>396,000</u>
Balances at June 30, 2018***	\$ <u>20,447,000</u>	\$ <u>709,000**</u>	\$ <u>19,738,000</u>

\* This is the "Pay-as-you-go" cost

\*\* As of September 22, 2017

\*\*\* Measurement date is July 1, 2017

See independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the Total OPEB liability/(asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Employer's Total OPEB Liability/(Asset)	\$ 22,718,000	\$ 20,447,000	\$ 18,503,000

**Sensitivity of the Total OPEB Liability to Changes in the Trend Rate**

The following presents the Total OPEB liability/(asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer's Total OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Employer's Total OPEB Liability/(Asset)	\$ 18,125,000	\$ 20,447,000	\$ 23,226,000

See independent auditor's report.

***SUPPLEMENTARY INFORMATION***

**CITY OF MORGANTOWN, WEST VIRGINIA  
COMBINING FUND BALANCE SHEETS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<i>Primary Government</i>			<i>Component Unit</i>		
	<u>Special</u>	<u>Capital</u>	<u>Total</u>	<u>Special</u>	<u>Capital</u>	<u>Total</u>
	<u>Revenue</u>	<u>Projects</u>		<u>Revenue</u>	<u>Projects</u>	
	<u>Funds</u>	<u>Funds</u>		<u>Funds</u>	<u>Funds</u>	
<b>ASSETS</b>						
Cash	\$ 684,761	\$ 265,149	\$ 949,910	\$ 1,174,828	\$ -0-	\$ 1,174,828
Investments	710,776	-0-	710,776	-0-	245,643	245,643
Receivables (net of allowances for uncollectibles)						
Taxes	-0-	148,708	148,708	-0-	-0-	-0-
Accounts	4,936	-0-	4,936	27,607	-0-	27,607
Grants	3,237	-0-	3,237	-0-	-0-	-0-
Due from/(to) other funds	( 70,101)	( 16,000)	( 86,101)	( 245,244)	( 2,703)	( 247,947)
<b>TOTAL ASSETS</b>	<b>\$ <u>1,333,609</u></b>	<b>\$ <u>397,857</u></b>	<b>\$ <u>1,731,466</u></b>	<b>\$ <u>957,191</u></b>	<b>\$ <u>242,940</u></b>	<b>\$ <u>1,200,131</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 22,161	\$ -0-	\$ 22,161	\$ 18,471	\$ -0-	\$ 18,471
Accrued payroll and compensated absences	<u>1,409</u>	<u>-0-</u>	<u>1,409</u>	<u>68,565</u>	<u>-0-</u>	<u>68,565</u>
Total liabilities	<u>23,570</u>	<u>-0-</u>	<u>23,570</u>	<u>87,036</u>	<u>-0-</u>	<u>87,036</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>	<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>	<u>-0-</u>
<b>Fund Balances</b>						
Restricted	150,807	-0-	150,807	-0-	-0-	-0-
Assigned	1,185,647	298,065	1,483,712	870,155	242,940	1,113,095
Unassigned	( 26,415)	-0-	( 26,415)	-0-	-0-	-0-
Total fund balances	<u>1,310,039</u>	<u>298,065</u>	<u>1,608,104</u>	<u>870,155</u>	<u>242,940</u>	<u>1,113,095</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>1,333,609</u></b>	<b>\$ <u>397,857</u></b>	<b>\$ <u>1,731,466</u></b>	<b>\$ <u>957,191</u></b>	<b>\$ <u>242,940</u></b>	<b>\$ <u>1,200,131</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, 2018**

	<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	\$ 210,674	\$ -0-	\$ 210,674	\$ 1,953,206	\$ -0-	\$ 1,953,206
Fines and forfeits	382,499	-0-	382,499	-0-	-0-	-0-
Investment income	5,436	1,049	6,485	3,458	1,166	4,624
Donations	-0-	-0-	-0-	215,950	-0-	215,950
Taxes:						
Ad valorem	-0-	2,003,394	2,003,394	-0-	-0-	-0-
Intergovernmental:						
Federal	242,988	-0-	242,988	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-
Total revenues	<u>841,597</u>	<u>2,004,443</u>	<u>2,846,040</u>	<u>2,172,614</u>	<u>1,166</u>	<u>2,173,780</u>
<b>Expenditures</b>						
General government	270	-0-	270	-0-	-0-	-0-
Public safety	757,919	-0-	757,919	-0-	-0-	-0-
Culture and recreation	221,445	-0-	221,445	2,888,656	-0-	2,888,656
Community development	294,109	16,775	310,884	-0-	-0-	-0-
Benefit payments	<u>1,544,961</u>	<u>-0-</u>	<u>1,544,961</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>2,818,704</u>	<u>16,775</u>	<u>2,835,479</u>	<u>2,888,656</u>	<u>-0-</u>	<u>2,888,656</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,977,107)</u>	<u>1,987,668</u>	<u>10,561</u>	<u>( 716,042)</u>	<u>1,166</u>	<u>( 714,876)</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	1,639,546	-0-	1,639,546	1,217,399	-0-	1,217,399
Operating transfers (out)	<u>-0-</u>	<u>(1,882,979)</u>	<u>(1,882,979)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>1,639,546</u>	<u>(1,882,979)</u>	<u>( 243,433)</u>	<u>1,217,399</u>	<u>-0-</u>	<u>1,217,399</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	<u>( 337,561)</u>	<u>104,689</u>	<u>( 232,872)</u>	<u>501,357</u>	<u>1,166</u>	<u>502,523</u>
Fund balance beginning 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>
Fund balance end of year	<u>\$ 1,310,039</u>	<u>\$ 298,065</u>	<u>\$ 1,608,104</u>	<u>\$ 870,155</u>	<u>\$ 242,940</u>	<u>\$ 1,113,095</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, 2018**

	<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	\$ 37,946	\$ 6,863	\$ 432,330	\$ 2,578	\$ 11	\$ 102,086	\$ 15,545	\$ 30,969	\$ -0-	\$ 33,751	\$ 22,682	\$ 684,761	\$ 1,174,828
Investments	-0-	-0-	-0-	-0-	-0-	-0-	710,776	-0-	-0-	-0-	-0-	710,776	-0-
Receivables (net of allowances for uncollectibles):													
Accounts	-0-	3,120	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,816	-0-	4,936	27,607
Grants	-0-	3,237	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,237	-0-
Due from/(to) other funds	<u>-0-</u>	<u>729</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(45,830)</u>	<u>-0-</u>	<u>(25,000)</u>	<u>-0-</u>	<u>( 70,101)</u>	<u>( 245,244)</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>37,946</u></b>	<b>\$ <u>13,949</u></b>	<b>\$ <u>432,330</u></b>	<b>\$ <u>2,578</u></b>	<b>\$ <u>11</u></b>	<b>\$ <u>102,086</u></b>	<b>\$ <u>726,321</u></b>	<b>\$ <u>(14,861)</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>10,567</u></b>	<b>\$ <u>22,682</u></b>	<b>\$ <u>1,333,609</u></b>	<b>\$ <u>957,191</u></b>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>Liabilities</b>													
Accounts payable	\$ -0-	\$ 3,237	\$ -0-	\$ 2,526	\$ -0-	\$ -0-	\$ -0-	\$ 10,145	\$ -0-	\$ 1,153	\$ 5,100	\$ 22,161	\$ 18,471
Accrued payroll and compensated absences	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,409</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,409</u>	<u>68,565</u>
Total liabilities	<u>-0-</u>	<u>3,237</u>	<u>-0-</u>	<u>2,526</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,554</u>	<u>-0-</u>	<u>1,153</u>	<u>5,100</u>	<u>23,570</u>	<u>87,036</u>
<b>Fund Balances</b>													
Restricted	37,946	10,712	-0-	52	11	102,086	-0-	-0-	-0-	-0-	-0-	150,807	-0-
Assigned	-0-	-0-	432,330	-0-	-0-	-0-	726,321	-0-	-0-	9,414	17,582	1,185,647	870,155
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(26,415)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 26,415)</u>	<u>-0-</u>
Total fund balances	<u>37,946</u>	<u>10,712</u>	<u>432,330</u>	<u>52</u>	<u>11</u>	<u>102,086</u>	<u>726,321</u>	<u>(26,415)</u>	<u>-0-</u>	<u>9,414</u>	<u>17,582</u>	<u>1,310,039</u>	<u>870,155</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>37,946</u></b>	<b>\$ <u>13,949</u></b>	<b>\$ <u>432,330</u></b>	<b>\$ <u>2,578</u></b>	<b>\$ <u>11</u></b>	<b>\$ <u>102,086</u></b>	<b>\$ <u>726,321</u></b>	<b>\$ <u>(14,861)</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>10,567</u></b>	<b>\$ <u>22,682</u></b>	<b>\$ <u>1,333,609</u></b>	<b>\$ <u>957,191</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 –**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Economic</u> <u>Development</u> <u>Grant</u>	<u>Community</u> <u>Development</u> <u>Block</u> <u>Grant</u>	<u>Police</u> <u>Forfeiture</u>	<u>Special</u> <u>Grants</u>	<u>Local Law</u> <u>Enforcement</u> <u>Grant</u>	<u>I.C. White</u> <u>Coal</u> <u>Severance</u>	<u>OPEB</u> <u>Trust</u>	<u>Metropolitan</u> <u>Theater</u>	<u>Property</u> <u>Auction</u>	<u>Woodburn</u> <u>Property</u>	<u>Court</u> <u>Technology</u>	<u>Total</u>	<u>Component</u> <u>Unit</u> <u>Board of</u> <u>Parks and</u> <u>Recreation</u>
<b>Revenues</b>													
Charges for services	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 140,036	\$ -0-	\$ 49,828	\$ 20,810	\$ 210,674	\$ 1,953,206
Fines and forfeits	-0-	-0-	382,499	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	382,499	-0-
Investment income	53	36	2,920	19	1	500	1,685	21	-0-	151	50	5,436	3,458
Donations	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	215,950
Intergovernmental:													
Federal	-0-	218,823	-0-	24,165	-0-	-0-	-0-	-0-	-0-	-0-	-0-	242,988	-0-
Total revenues	<u>53</u>	<u>218,859</u>	<u>385,419</u>	<u>24,184</u>	<u>1</u>	<u>500</u>	<u>1,685</u>	<u>140,057</u>	<u>-0-</u>	<u>49,979</u>	<u>20,860</u>	<u>841,597</u>	<u>2,172,614</u>
<b>Expenditures</b>													
General government	-0-	-0-	-0-	-0-	-0-	-0-	270	-0-	-0-	-0-	-0-	270	-0-
Public safety	-0-	-0-	752,399	-0-	420	-0-	-0-	-0-	-0-	-0-	5,100	757,919	-0-
Culture and recreation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	221,445	-0-	-0-	-0-	221,445	2,888,656
Community development	-0-	214,927	-0-	34,485	-0-	-0-	-0-	-0-	-0-	44,697	-0-	294,109	-0-
Benefit payments	-0-	-0-	-0-	-0-	-0-	-0-	1,544,961	-0-	-0-	-0-	-0-	1,544,961	-0-
Total expenditures	<u>-0-</u>	<u>214,927</u>	<u>752,399</u>	<u>34,485</u>	<u>420</u>	<u>-0-</u>	<u>1,545,231</u>	<u>221,445</u>	<u>-0-</u>	<u>44,697</u>	<u>5,100</u>	<u>2,818,704</u>	<u>2,888,656</u>
(Deficiency) excess of revenues (under) over expenditures	<u>53</u>	<u>3,932</u>	<u>(366,980)</u>	<u>(10,301)</u>	<u>(419)</u>	<u>500</u>	<u>(1,543,546)</u>	<u>( 81,388)</u>	<u>-0-</u>	<u>5,282</u>	<u>15,760</u>	<u>(1,977,107)</u>	<u>( 716,042)</u>
<b>Other Financing Sources (Uses)</b>													
Operating transfers in (out)	-0-	-0-	-0-	-0-	-0-	-0-	1,556,915	95,100	(12,469)	-0-	-0-	1,639,546	1,217,399
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,556,915</u>	<u>95,100</u>	<u>(12,469)</u>	<u>-0-</u>	<u>-0-</u>	<u>1,639,546</u>	<u>1,217,399</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	53	3,932	(366,980)	(10,301)	(419)	500	13,369	13,712	(12,469)	5,282	15,760	( 337,561)	501,357
Fund balance beginning of year	<u>37,893</u>	<u>6,780</u>	<u>799,310</u>	<u>10,353</u>	<u>430</u>	<u>101,586</u>	<u>712,952</u>	<u>(40,127)</u>	<u>12,469</u>	<u>4,132</u>	<u>1,822</u>	<u>1,647,600</u>	<u>368,798</u>
Fund balance end of year	\$ <u>37,946</u>	\$ <u>10,712</u>	\$ <u>432,330</u>	\$ <u>52</u>	\$ <u>11</u>	\$ <u>102,086</u>	\$ <u>726,321</u>	\$ <u>(26,415)</u>	\$ <u>-0-</u>	\$ <u>9,414</u>	\$ <u>17,582</u>	\$ <u>1,310,039</u>	\$ <u>870,155</u>

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, 2018**

	<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>	
<b>ASSETS</b>					
Cash	\$ 16,772	\$ 248,377	\$ 265,149	\$ -0-	\$ -0-
Investments	-0-	-0-	-0-	245,643	245,643
Taxes receivable	-0-	148,708	148,708	-0-	-0-
Due from/(to) other funds	-0-	( 16,000)	( 16,000)	( 2,703)	( 2,703)
<b>TOTAL ASSETS</b>	<b>\$ <u>16,772</u></b>	<b>\$ <u>381,085</u></b>	<b>\$ <u>397,857</u></b>	<b>\$ <u>242,940</u></b>	<b>\$ <u>242,940</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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>16,772</u>	<u>281,293</u>	<u>298,065</u>	<u>242,940</u>	<u>242,940</u>
Total fund balances	<u>16,772</u>	<u>281,293</u>	<u>298,065</u>	<u>242,940</u>	<u>242,940</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>16,772</u></b>	<b>\$ <u>381,085</u></b>	<b>\$ <u>397,857</u></b>	<b>\$ <u>242,940</u></b>	<b>\$ <u>242,940</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, 2018**

	<i>Primary Government</i>			<i>Component Unit</i>	
	<u>Business</u>	<u>Tax</u>		<i>Morgantown</i>	
	<u>Improvement</u>	<u>Increment</u>		<u>Capital Project</u>	<u>Total</u>
	<u>District</u>	<u>Financing</u>	<u>Total</u>	<u>Clay Battelle</u>	<u>Component</u>
				<u>Branch</u>	<u>Unit</u>
<b>Revenues</b>					
Investment income	\$ 114	\$ 935	\$ 1,049	\$ 1,166	\$ 1,166
Taxes:					
Ad valorem	<u>-0-</u>	<u>2,003,394</u>	<u>2,003,394</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>114</u>	<u>2,004,329</u>	<u>2,004,443</u>	<u>1,166</u>	<u>1,166</u>
<b>Expenditures</b>					
General government	-0-	-0-	-0-	-0-	-0-
Community development	<u>16,775</u>	<u>-0-</u>	<u>16,775</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>16,775</u>	<u>-0-</u>	<u>16,775</u>	<u>-0-</u>	<u>-0-</u>
(Deficiency) excess of revenues (under) over expenditures	(16,661)	<u>2,004,329</u>	<u>1,987,668</u>	<u>1,166</u>	<u>1,166</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	-0-	-0-	-0-	-0-	-0-
Operating transfers (out)	<u>-0-</u>	<u>(1,882,979)</u>	<u>(1,882,979)</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>(1,882,979)</u>	<u>(1,882,979)</u>	<u>-0-</u>	<u>-0-</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	(16,661)	121,350	104,689	1,166	1,166
Fund balance beginning of year	<u>33,433</u>	<u>159,943</u>	<u>193,376</u>	<u>241,774</u>	<u>241,774</u>
Fund balance end of year	\$ <u>16,772</u>	\$ <u>281,293</u>	\$ <u>298,065</u>	\$ <u>242,940</u>	\$ <u>242,940</u>

See accompanying notes and independent auditor's report.

**CITY OF MORGANTOWN, WEST VIRGINIA  
 FIDUCIARY RESPONSIBILITIES  
 COMBINING STATEMENT OF NET POSITION  
 JUNE 30, 2018**

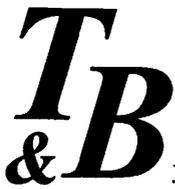
	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Employee's Retirement and Benefit</u>	<u>Total</u>	<u>Component Unit</u>		
					<u>Morgantown Public Library Nonexpendable Trust</u>	<u>Endowment Fund</u>	<u>Total</u>
<b>Assets</b>							
Cash	\$ 21,930	\$ 3,068	\$ 1,525	\$ 26,523	\$ -0-	\$ -0-	\$ -0-
Investments	15,709,329	12,715,080	53,972,229	82,396,638	54,196	21,399	75,595
Receivables:							
Contributions	<u>-0-</u>	<u>-0-</u>	<u>187,216</u>	<u>187,216</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets	<u>15,731,259</u>	<u>12,718,148</u>	<u>54,160,970</u>	<u>82,610,377</u>	<u>54,196</u>	<u>21,399</u>	<u>75,595</u>
<b>Liabilities</b>							
Accounts payable	<u>-0-</u>	<u>-0-</u>	<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>	<u>-0-</u>	<u>-0-</u>
<b>Net Position</b>							
Held in trust	\$ <u>15,731,259</u>	\$ <u>12,718,148</u>	\$ <u>54,160,970</u>	\$ <u>82,610,377</u>	\$ <u>54,196</u>	\$ <u>21,399</u>	\$ <u>75,595</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, 2018**

	<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	\$ 1,212,990	\$ 986,830	\$ 1,808,756	\$ 4,008,576	\$ -0-	\$ -0-	\$ -0-
Employee	437,588	258,246	790,241	1,486,075	-0-	-0-	-0-
Insurance premium tax allocation	691,798	507,846	-0-	1,199,644	-0-	-0-	-0-
Other	-0-	-0-	238,414	238,414	-0-	-0-	-0-
Total contributions	<u>2,342,376</u>	<u>1,752,922</u>	<u>2,837,411</u>	<u>6,932,709</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Investment Income:							
Gain (loss) on investments	196,387	136,083	2,296,861	2,629,331	3,326	4,427	7,753
Interest and dividends	391,908	313,056	1,206,924	1,911,888	1,215	1,159	2,374
Total investment income	<u>588,295</u>	<u>449,139</u>	<u>3,503,785</u>	<u>4,541,219</u>	<u>4,541</u>	<u>5,586</u>	<u>10,127</u>
Total additions	<u>2,930,671</u>	<u>2,202,061</u>	<u>6,341,196</u>	<u>11,473,928</u>	<u>4,541</u>	<u>5,586</u>	<u>10,127</u>
<b>Deductions</b>							
General and administrative	123,151	99,668	439,900	662,719	1,982	286	2,268
Contribution refunds	36,956	33,056	35,580	105,592	-0-	-0-	-0-
Benefit payments	2,221,070	1,584,296	3,030,030	6,835,396	-0-	-0-	-0-
Total deductions	<u>2,381,177</u>	<u>1,717,020</u>	<u>3,505,510</u>	<u>7,603,707</u>	<u>1,982</u>	<u>286</u>	<u>2,268</u>
Net increase (decrease)	549,494	485,041	2,835,686	3,870,221	2,559	5,300	7,859
Net position – beginning 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>
Net position – end of year	\$ <u>15,731,259</u>	\$ <u>12,718,148</u>	\$ <u>54,160,970</u>	\$ <u>82,610,377</u>	\$ <u>54,196</u>	\$ <u>21,399</u>	\$ <u>75,595</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, 2018, 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 17, 2018.

**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**

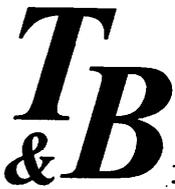
As part of obtaining reasonable assurance about whether the City of Morgantown, West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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.

*Daniel A. Bartlett, Ph.D.*

Clarksburg, West Virginia  
December 17, 2018



**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, 2018. 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, 2018.

### **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.

*Jebick . Bazzell . PACC*

Clarksburg, West Virginia  
December 17, 2018

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**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>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u>No</u>

Identification of major programs:

United States Department of Transportation/Federal Aviation Administration Airport Improvement Program	CFDA #20.106
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United States Department of Homeland Security – Federal Emergency Management Agency	
Staffing for Adequate Fire and Emergency Response (SAFER)	CFDA #97.083

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, 2018**

**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, 2018 and United States Department of Homeland Security – Federal Emergency Management Agency – Staffing for Adequate Fire and Emergency Response (SAFER) – CFDA Number 97.083 – Fiscal Year Ended June 30, 2018.**

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, 2018**

<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	3-54-0015-038-2016	\$ 498,552	\$ <u>342,193</u>	\$ <u>342,193</u>
Total United States Department of Transportation – CFDA 20.106				<u>342,193</u>	<u>342,193</u>
<u>National Highway Traffic Safety Administration</u>					
<i>West Virginia Department of Transportation</i>					
National Priority Safety Programs	20.616	F18-HS-15-154	150,000	<u>90,982</u>	<u>90,982</u>
Total United States Department of Transportation – CFDA 20.616				<u>90,982</u>	<u>90,982</u>
Total United States Department of Transportation				<u>433,175</u>	<u>433,175</u>
<b>United States Department of Justice</b>					
<u>Office of Juvenile Justice and Delinquency Prevention</u>					
<i>State of West Virginia Department of Military Affairs &amp; Public Safety/Division of Justice &amp; Community Services</i>					
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	16-JJP-013	20,000	20,000	20,000
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	15-JJP-011	22,000	<u>20,257</u>	<u>20,257</u>
Total United States Department of Justice – CFDA 16.540				<u>40,257</u>	<u>40,257</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

<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>24,165</u>	\$ <u>24,165</u>
Total United States Environmental Protection Agency – CFDA 66.818				<u>24,165</u>	<u>24,165</u>
<b>United States Department of Homeland Security</b>					
<u>Federal Emergency Management Agency</u>					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	DHS-16-GPD-083-000-99	1,699,654	129,812	129,812
Port Security Grant Program	97.056	DHS-16-GPD-056-00-01	100,162	<u>89,778</u>	<u>89,778</u>
Total United States Department of Homeland Security				<u>219,590</u>	<u>219,590</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2018**

<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	\$ 73,373	\$ 73,373
Community Development Block Grant/Entitlement Grants	14.218	B-17-MC-54-0007	366,375	<u>145,450</u>	<u>145,450</u>
Total United States Department of Housing and Urban Development – CFDA 14.218				<u>218,823</u>	<u>218,823</u>
Total Expenditures of Federal Awards				\$ <u>936,010</u>	\$ <u>936,010</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, 2018**

**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, 2018. 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  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2018**

**United States Department of Transportation/Federal Aviation Administration Airport Improvement Program – CFDA Number 20.106 – Fiscal Year Ended June 30, 2018 and United States Department of Homeland Security – Federal Emergency Management Agency – Staffing for Adequate Fire and Emergency Response (SAFER) – CFDA Number 97.083 – Fiscal Year Ended June 30, 2018.**

Since there were no findings a corrective action plan is not required.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

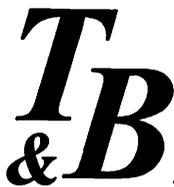
**United States Department of Transportation – Federal Aviation Administration – Airport Improvement Program – CFDA Number 20.106 – Year Ended June 30, 2017 and United States Environmental Protection Agency/Office of Solid Waste and Emergency Response – ARRA – Brownfields Assessment and Cleanup Cooperative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

There were no prior audit findings.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF PASSENGER FACILITY CHARGES  
FOR THE YEAR ENDED JUNE 30, 2018**

Balance June 30, 2017	\$ 29,662
Revenues received:	
Passenger facility charges	21,976
Interest income	65
Disbursements:	
Capital improvements	<u>(32,621)</u>
Balance June 30, 2018	\$ <u>19,082</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, 2018. 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, 2018.

### 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.

*Trick, Bazell, P.H.*

Clarksburg, West Virginia  
December 17, 2018