

**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, 2015  
*RFP #15-198 (Monongalia County)***

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**CITY OF MORGANTOWN, WEST VIRGINIA  
MUNICIPAL OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Office</b>	<b>Name</b>	<b>Term</b>
	<b>Elective</b>	
Mayor	Jennifer Selin	07/01/14 - 06/30/15
Deputy Mayor	Marti Shamberger	07/01/14 - 06/30/15
Council Members:	Ron L. Bane	07/01/14 - 06/30/15
	Bill Kawecki	07/01/14 - 06/30/15
	Wes Nugent	07/01/14 - 06/30/15
	Mike Fike	07/01/14 - 06/30/15
	Nancy Ganz	07/01/14 - 06/30/15
	<b>Appointed</b>	
City Manager	Jeff Mikorski	
City Clerk	Linda Little	
Staff Attorney	Ryan Simonton	

CITY OF MORGANTOWN, WEST VIRGINIA  
INDEX OF FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

**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

***Discretely Presented Component Unit***

Board of Parks and Recreation

***Capital Projects Funds***

Business Improvement District  
Tax Increment Financing

***Discretely Presented Component Unit***

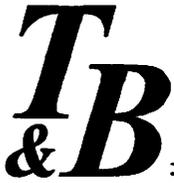
Capital Projects – Clay Batelle Branch

**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, 2015 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, which represents 70.56 percent, 135.65 percent, and 29.96 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, 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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Coal Severance Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As described in Note 1 to the financial statements for the year ended June 30, 2015, the City of Morgantown, West Virginia adopted new accounting guidance, GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, GASB 69, *Government Combinations and Disposals of Government Operations*, GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

### *Other Matters*

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of the net pension liability, schedule of City's contributions, notes to required supplementary information, schedule of changes in net pension liability and related ratios multiyear – Firemen's Pension and Relief Fund, schedule of net pension liability multiyear – Firemen's Pension and Relief Fund, schedule of contributions multiyear – Firemen's Pension and Relief Fund, notes to schedule of contributions – Firemen's Pension and Relief Fund, schedule of changes in net pension liability and related ratios multiyear – Policemen's Pension and Relief Fund, schedule of the net pension liability multiyear – Policemen's Pension and Relief Fund, schedule of contributions multiyear – Policemen's Pension and Relief Fund, and notes to schedule of contributions – Policemen's Pension and Relief Fund, schedule of changes in pension liability and related ratios multiyear – Employee Retirement Fund, schedule of net pension liability multiyear – Employee Retirement Fund, schedule of contributions – Employee Retirement Fund, notes to schedule of contributions – Employee Retirement Fund, schedule of proportionate share of the net pension liability – Morgantown Utility Board and schedule of contributions – Morgantown Utility Board on pages 99 through 118 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 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 financial statements. The

schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, 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 March 2, 2016, on our consideration of the City of Morgantown, West Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Morgantown, West Virginia's internal control over financial reporting and compliance.

*J. Patrick Beckwith, PLLC*

March 2, 2016

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<u>Primary Government</u>			<u>Component Units</u>				
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Morgantown Utility Board</u>	<u>Morgantown Public Library</u>	<u>Board of Parks and Recreation Commission</u>	<u>Parking Authority</u>	<u>Municipal Building Commission</u>
<b>Assets</b>								
Cash	\$ 8,705,935	\$ 615,569	\$ 9,321,504	\$ 1,400,820	\$ 683,925	\$ 348,018	\$ 433,277	\$ 148,877
Investments	1,585,279	-0-	1,585,279	7,352,923	1,444,549	-0-	920,653	-0-
Receivables	5,843,944	75,372	5,919,316	2,024,606	-0-	1,520	62	2,007,223
Internal balances	777,217	( 607,846)	169,371	-0-	-0-	( 159,397)	( 9,974)	-0-
Inventory	42,789	11,878	54,667	1,199,423	-0-	-0-	-0-	-0-
Prepaid expenses	6,043	14,562	20,605	-0-	4,217	-0-	-0-	-0-
Restricted assets	3,756,333	-0-	3,756,333	5,486,211	1,418,271	-0-	37,925	528,264
Capital assets, net	14,692,278	25,643,649	40,335,927	202,902,254	2,110,365	3,579,262	6,295,019	12,046,638
Deposits and prepayments	-0-	-0-	-0-	806,695	-0-	-0-	-0-	-0-
Deferred financing costs	-0-	-0-	-0-	552,004	-0-	-0-	-0-	-0-
Accrued utility revenue	-0-	-0-	-0-	1,194,724	-0-	-0-	-0-	-0-
<b>Total assets</b>	<u>35,409,818</u>	<u>25,753,184</u>	<u>61,163,002</u>	<u>222,919,660</u>	<u>5,661,327</u>	<u>3,769,403</u>	<u>7,676,962</u>	<u>14,731,002</u>
<b>Deferred Outflows of Resources</b>								
Net difference between projected and actual investment earnings on pension plan investments	2,518,163	121,087	2,639,250	555,799	-0-	78,112	78,721	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-	-0-	-0-	365	-0-	-0-	-0-
Employer contributions subsequent to measurement period	-0-	-0-	-0-	-0-	83,055	-0-	-0-	-0-
Unamortized bond discount refunding loss	26,521	-0-	26,521	-0-	-0-	-0-	-0-	101,289
<b>Total deferred outflows of resources</b>	<u>2,544,684</u>	<u>121,087</u>	<u>2,665,771</u>	<u>555,799</u>	<u>83,420</u>	<u>78,112</u>	<u>78,721</u>	<u>101,289</u>
<b>Total assets and deferred outflows of resources</b>	<u>37,954,502</u>	<u>25,874,271</u>	<u>63,828,773</u>	<u>223,475,459</u>	<u>5,744,747</u>	<u>3,847,515</u>	<u>7,755,683</u>	<u>14,832,291</u>

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION (CONT'D)**  
**JUNE 30, 2015**

	<u>Primary Government</u>			<u>Component Units</u>				
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Morgantown Utility Board</u>	<u>Morgantown Public Library</u>	<u>Board of Parks and Recreation Commission</u>	<u>Parking Authority</u>	<u>Municipal Building Commission</u>
<b>Liabilities</b>								
Accounts payable	\$ 683,026	\$ 349,267	\$ 1,032,293	\$ 1,115,578	\$ 9,291	\$ 88,262	\$ 36,894	\$ 62,874
Accrued payroll	315,021	13,421	328,442	645,965	-0-	74,740	20,735	-0-
Accrued expenses	-0-	-0-	-0-	-0-	30,396	-0-	-0-	-0-
Billing services payable	-0-	-0-	-0-	285,370	-0-	-0-	-0-	-0-
Disallowed charges payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accrued interest payable	1,627,285	-0-	1,627,285	295,910	-0-	-0-	-0-	-0-
Unearned revenues	-0-	-0-	-0-	843	-0-	-0-	5,397	46,593
Other accrued liabilities	-0-	620,000	620,000	171,936	-0-	-0-	-0-	-0-
Customer deposits	-0-	-0-	-0-	657,026	-0-	-0-	-0-	-0-
Accrued administrative costs on bonds	-0-	-0-	-0-	8,608	-0-	-0-	-0-	-0-
Accrued compensated absences	-0-	41,234	41,234	-0-	62,377	-0-	38,330	-0-
Advances on construction	-0-	-0-	-0-	12,037,911	-0-	-0-	-0-	-0-
Long-term liabilities:								
Due within one year	616,521	26,319	642,840	3,946,333	2,542	56,544	389,755	800,000
Due in more than one year	<u>104,294,199</u>	<u>1,476,775</u>	<u>105,770,974</u>	<u>96,915,282</u>	<u>199,304</u>	<u>879,566</u>	<u>3,153,339</u>	<u>4,890,000</u>
Total liabilities	<u>107,536,052</u>	<u>2,527,016</u>	<u>110,063,068</u>	<u>116,080,762</u>	<u>303,910</u>	<u>1,099,112</u>	<u>3,644,450</u>	<u>5,799,467</u>
<b>Deferred Inflow of Resources</b>								
Difference between expected and actual experience	2,666,150	107,037	2,773,187	491,307	-0-	177,649	69,587	-0-
Net difference between projected and actual investment earnings on pension plan investments	-0-	-0-	-0-	-0-	176,478	-0-	-0-	-0-
Total deferred inflow of resources	<u>2,666,150</u>	<u>107,037</u>	<u>2,773,187</u>	<u>491,307</u>	<u>176,478</u>	<u>177,649</u>	<u>69,587</u>	<u>-0-</u>
Total liabilities and deferred inflow of resources	<u>110,202,202</u>	<u>2,634,053</u>	<u>112,836,255</u>	<u>116,572,069</u>	<u>303,910</u>	<u>1,276,761</u>	<u>3,714,037</u>	<u>5,799,467</u>
<b>Net Position</b>								
Net investment in capital assets	14,692,278	25,281,126	39,973,404	109,167,100	2,075,351	2,800,414	3,493,433	6,356,638
Restricted	2,334,203	-0-	2,334,203	3,595,055	1,418,271	-0-	37,925	528,264
Unrestricted	<u>( 89,274,181)</u>	<u>( 2,040,908)</u>	<u>( 91,315,089)</u>	<u>( 5,858,765)</u>	<u>1,770,737</u>	<u>( 229,660)</u>	<u>510,288</u>	<u>2,147,922</u>
Total net position	<u>\$ ( 72,247,700)</u>	<u>\$ 23,240,218</u>	<u>\$ ( 49,007,482)</u>	<u>\$ 106,903,390</u>	<u>\$ 5,264,359</u>	<u>\$ 2,570,754</u>	<u>\$ 4,041,646</u>	<u>\$ 9,032,824</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION <i>Primary Government</i>			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Morgantown Utility Board	Parking	Municipal Building Commission	Board of Parks and Recreation Commission	Morgantown Public Library
<b>Governmental Activities</b>												
General government	\$ 5,881,640	\$ 317,265	\$ 18,102	\$ -0-	\$( 5,546,273)	\$ -0-	\$( 5,546,273)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Public safety	14,126,302	3,463,323	255,683	-0-	(10,407,296)	-0-	(10,407,296)	-0-	-0-	-0-	-0-	-0-
Highways and streets	4,425,647	-0-	-0-	-0-	( 4,425,647)	-0-	( 4,425,647)	-0-	-0-	-0-	-0-	-0-
Culture and recreation	1,124,264	-0-	-0-	-0-	( 1,124,264)	-0-	( 1,124,264)	-0-	-0-	-0-	-0-	-0-
Social services	146,566	-0-	-0-	-0-	( 146,566)	-0-	( 146,566)	-0-	-0-	-0-	-0-	-0-
Community development	7,873,770	27,908	564,376	-0-	( 7,281,486)	-0-	( 7,281,486)	-0-	-0-	-0-	-0-	-0-
Debt service	1,131,965	-0-	-0-	-0-	( 1,131,965)	-0-	( 1,131,965)	-0-	-0-	-0-	-0-	-0-
Benefits payments	<u>5,065,147</u>	<u>-0-</u>	<u>4,861,937</u>	<u>-0-</u>	<u>( 203,210)</u>	<u>-0-</u>	<u>( 203,210)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total governmental activities	<u>39,775,301</u>	<u>3,808,496</u>	<u>5,700,098</u>	<u>-0-</u>	<u>(30,266,707)</u>	<u>-0-</u>	<u>(30,266,707)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Business-Type Activities</b>												
Airport	<u>3,601,974</u>	<u>2,028,149</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 1,573,825)</u>	<u>( 1,573,825)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total business-type activities	<u>3,601,974</u>	<u>2,028,149</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 1,573,825)</u>	<u>( 1,573,825)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<u>\$ 43,377,275</u>	<u>\$ 5,836,645</u>	<u>\$ 5,700,098</u>	<u>\$ -0-</u>	<u>(30,266,707)</u>	<u>( 1,573,825)</u>	<u>(31,840,532)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Component Units</b>												
Morgantown Utility Board	\$ 25,680,672	\$ 23,312,352	\$ -0-	\$ -0-	-0-	-0-	-0-	( 2,368,320)	-0-	-0-	-0-	-0-
Parking	2,466,425	2,717,229	-0-	-0-	-0-	-0-	-0-	-0-	250,804	-0-	-0-	-0-
Municipal Building Commission	638,153	943,096	-0-	-0-	-0-	-0-	-0-	-0-	-0-	304,943	-0-	-0-
Board of Parks and Recreation Commission	3,048,388	1,571,017	123,030	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(1,354,341)	-0-
Morgantown Public Library	<u>1,696,089</u>	<u>48,099</u>	<u>1,620,465</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 27,525)</u>
Total component units	<u>\$ 33,529,727</u>	<u>\$ 28,591,793</u>	<u>\$ 1,743,495</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 2,368,320)</u>	<u>250,804</u>	<u>304,943</u>	<u>(1,354,341)</u>	<u>( 27,525)</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF ACTIVITIES (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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 Utility Board	Parking	Municipal Building Commission	Board of Parks and Recreation Commission	Morgantown Public Library
					Governmental Activities	Business-Type Activities	Total					
<b>General Revenues</b>												
Taxes and special assessments:												
Ad valorem					\$ 5,290,356	\$ -0-	\$ 5,290,356	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Gas and oil severance					53,907	-0-	53,907	-0-	-0-	-0-	-0-	-0-
Utility					1,052,497	-0-	1,052,497	-0-	-0-	-0-	-0-	-0-
Business and occupation					17,241,569	-0-	17,241,569	-0-	-0-	-0-	-0-	-0-
Wine and liquor					906,329	-0-	906,329	-0-	-0-	-0-	-0-	-0-
Animal control					4,936	-0-	4,936	-0-	-0-	-0-	-0-	-0-
Hotel and motel					909,023	-0-	909,023	-0-	-0-	-0-	-0-	-0-
Amusement					11,392	-0-	11,392	-0-	-0-	-0-	-0-	-0-
Coal severance					99,553	-0-	99,553	-0-	-0-	-0-	-0-	-0-
Licenses and permits					363,138	-0-	363,138	-0-	-0-	-0-	-0-	-0-
Franchise fees					404,522	-0-	404,522	-0-	-0-	-0-	-0-	-0-
Interest and investment earnings					35,696	573	36,269	190,466	12,474	439	1,360	56,171
Video lottery and gaming income					116,584	-0-	116,584	-0-	-0-	-0-	-0-	-0-
Gain (loss) on sale of capital assets					76,234	-0-	76,234	-0-	-0-	-0-	-0-	-0-
Miscellaneous					177,692	-0-	177,692	-0-	-0-	-0-	62,114	1,396
Total general revenues					<u>26,743,428</u>	<u>573</u>	<u>26,744,001</u>	<u>190,466</u>	<u>12,474</u>	<u>439</u>	<u>63,474</u>	<u>57,567</u>
Change in net position before transfers between activities					( 3,523,279)	( 1,573,252)	( 5,096,531)	( 2,177,854)	263,278	305,382	(1,290,867)	30,042
Transfer between activities					( 1,058,362)	-0-	( 1,058,362)	-0-	-0-	( 71,947)	1,130,309	-0-
Change in net position before contributed capital					( 4,581,641)	( 1,573,252)	( 6,154,893)	( 2,177,854)	263,278	233,435	( 160,558)	30,042
Contributed capital					-0-	405,110	405,110	9,444,573	-0-	( 1,447,051)	-0-	-0-
Net change in net position					( 4,581,641)	( 1,168,142)	( 5,749,783)	7,266,719	263,278	( 1,213,616)	( 160,558)	30,042
Net position – beginning – restated					(67,666,059)	24,408,360	(43,257,699)	99,636,671	3,778,368	10,246,440	2,731,312	5,234,317
Net position – ending					\$ (72,247,700)	\$ 23,240,218	\$ (49,007,482)	\$ 106,903,390	\$ 4,041,646	\$ 9,032,824	\$ 2,570,754	\$ 5,264,359

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<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>Other Governmental Funds</u>	
<b>ASSETS</b>												
Cash	\$ 1,362,315	\$ 2,129	\$ 4,748,687	\$ 979,386	\$ -0-	\$ 787,564	\$ 825,854	\$ 8,705,935	\$ 683,925	\$ -0-	\$ 348,018	\$ 1,031,943
Investments	250,936	-0-	-0-	628,492	-0-	-0-	705,851	1,585,279	1,207,552	-0-	236,997	1,444,549
Receivables, net of allowances:												
Taxes	5,011,589	28,757	-0-	-0-	-0-	-0-	132,133	5,172,479	-0-	-0-	-0-	-0-
Accounts	354,165	-0-	-0-	-0-	-0-	-0-	11,439	365,604	-0-	-0-	1,520	1,520
Other	182,010	-0-	-0-	-0-	-0-	-0-	-0-	182,010	-0-	-0-	-0-	-0-
Grants	60,605	-0-	-0-	-0-	-0-	-0-	62,670	123,275	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	576	-0-	-0-	-0-	576	-0-	-0-	-0-	-0-
Bond proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Due from/(to) other funds	195,371	-0-	607,846	-0-	-0-	-0-	( 26,000)	777,217	2,916	-0-	(159,397)	( 159,397)
Inventory	42,789	-0-	-0-	-0-	-0-	-0-	-0-	42,789	-0-	-0-	-0-	-0-
Restricted assets	-0-	-0-	-0-	-0-	3,756,333	-0-	-0-	3,756,333	-0-	1,418,271	-0-	-0-
Prepaid expenses	6,043	-0-	-0-	-0-	-0-	-0-	-0-	6,043	4,217	-0-	-0-	-0-
<b>TOTAL ASSETS</b>	<b>\$ 7,465,823</b>	<b>\$ 30,886</b>	<b>\$ 5,356,533</b>	<b>\$ 1,608,454</b>	<b>\$ 3,756,333</b>	<b>\$ 787,564</b>	<b>\$ 1,711,947</b>	<b>\$ 20,717,540</b>	<b>\$ 1,898,610</b>	<b>\$ 1,418,271</b>	<b>\$ 424,222</b>	<b>\$ 3,741,103</b>

**CITY OF MORGANTOWN, WEST VIRGINIA  
FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS (CONTD)  
JUNE 30, 2015**

	<i>Primary Government</i>							<i>Component Units</i>				<i>Total</i>
	<u>General Fund</u>	<u>Coal Severance</u>	<u>Capital Reserve</u>	<u>Life and Health</u>	<u>Tax Increment Financing Debt Service</u>	<u>Airport Access Road</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Morgantown Public Library</u>	<u>Library Expendable Trust</u>	<u>Other Governmental Funds</u>	
<b>LIABILITIES AND FUND BALANCES</b>												
<b>Liabilities</b>												
Accounts payable	\$ 140,173	\$ -0-	\$ 145,105	\$ 3,333	\$ -0-	\$ 322,588	\$ 71,827	\$ 683,026	\$ 9,291	\$ -0-	\$ 88,262	\$ 97,553
Accrued interest payable	-0-	-0-	-0-	-0-	1,627,285	-0-	-0-	1,627,285	-0-	-0-	-0-	-0-
Accrued expenses	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	30,396	-0-	-0-	30,396
Accrued payroll and compensated absences	312,632	-0-	-0-	-0-	-0-	-0-	2,389	315,021	62,377	-0-	74,740	137,117
Disallowed charges payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Deferred revenue	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total liabilities</b>	<u>452,805</u>	<u>-0-</u>	<u>145,105</u>	<u>3,333</u>	<u>1,627,285</u>	<u>322,588</u>	<u>74,216</u>	<u>2,625,332</u>	<u>102,064</u>	<u>-0-</u>	<u>163,002</u>	<u>265,066</u>
<b>Deferred Inflow of Resources</b>												
Deferred revenue – taxes	460,679	-0-	-0-	-0-	-0-	-0-	110,957	571,636	-0-	-0-	-0-	-0-
Deferred revenue – other	144,835	-0-	-0-	-0-	-0-	-0-	-0-	144,835	-0-	-0-	-0-	-0-
<b>Total deferred inflow of resources</b>	<u>605,514</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>110,957</u>	<u>716,471</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balances</b>												
Restricted	60,605	-0-	-0-	-0-	2,129,048	-0-	144,550	2,334,203	-0-	1,418,271	-0-	1,418,271
Nonspendable	42,789	-0-	-0-	-0-	-0-	-0-	-0-	42,789	-0-	-0-	-0-	-0-
Assigned	-0-	30,886	5,211,428	1,605,121	-0-	464,976	1,398,812	8,711,223	189,099	-0-	261,220	450,319
Unassigned	6,304,110	-0-	-0-	-0-	-0-	-0-	(16,588)	6,287,522	1,607,447	-0-	-0-	1,607,447
<b>Total fund balances</b>	<u>6,407,504</u>	<u>30,886</u>	<u>5,211,428</u>	<u>1,605,121</u>	<u>2,129,048</u>	<u>464,976</u>	<u>1,526,774</u>	<u>17,375,737</u>	<u>1,796,546</u>	<u>1,418,271</u>	<u>261,220</u>	<u>3,476,037</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>												
	<u>\$ 7,465,823</u>	<u>\$ 30,886</u>	<u>\$ 5,356,533</u>	<u>\$ 1,608,454</u>	<u>\$ 3,756,333</u>	<u>\$ 787,564</u>	<u>\$ 1,711,947</u>	<u>\$ 20,717,540</u>	<u>\$ 1,898,610</u>	<u>\$ 1,418,271</u>	<u>\$ 424,222</u>	<u>\$ 3,741,103</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
RECONCILIATION OF FUND BALANCE SHEETS OF  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<u>Primary Government</u>	<u>Component Units</u>	
		<u>Morgantown Public Library</u>	<u>Board of Parks and Recreation Commission</u>
Fund balance, fund level statement at June 30, 2015	\$ 17,375,737	\$ 3,448,898	\$ 27,139
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	( 1,103,760)	-0-	-0-
Obligations under capital lease	( 1,517,885)	( 35,014)	( 778,848)
Net pension obligation	(76,566,075)	( 155,832)	( 157,262)
Bonds payable	(21,036,000)	-0-	-0-
Accrued other post employment benefits	( 4,687,000)	-0-	-0-
Capital assets, that are used in governmental activities and are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those assets and their associated accumulated depreciation.	14,692,278	2,110,365	3,579,262
Deferred outflow – net difference between projected and actual investment earnings on pension plan investments	2,518,163	-0-	78,112
Deferred outflow –changes in employer portion and differences between contributions and proportionate share of pension expense	-0-	365	-0-
Deferred inflow – difference between expected and actual experience	( 2,666,150)	365	( 177,649)
Deferred outflow – net difference between projected and actual investment earnings on pension plan investments	-0-	( 176,478)	-0-
Some assets do not provide current financial resources and are reported as deferred revenues in the fund level statements.			
Unamortized bond discount	26,521	-0-	-0-
Deferred revenue	<u>716,471</u>	<u>-0-</u>	<u>-0-</u>
Net position of governmental activities	<u>\$(72,247,700)</u>	<u>\$ 5,264,359</u>	<u>\$ 2,570,754</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN NET POSITION - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Primary Government</i>							<i>Component Units</i>				<i>Total</i>
	<u>General Fund</u>	<u>Coal Severance</u>	<u>Capital Reserve</u>	<u>Life and Health</u>	<u>Tax Increment Financing Debt Service</u>	<u>Airport Access Road</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Morgantown Public Library</u>	<u>Library Expendable Trust</u>	<u>Other Governmental Funds</u>	
<b>Revenues</b>												
Taxes and special assessments:												
Ad valorem	\$ 4,039,008	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,179,644	\$ 5,218,652	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Gas and oil severance	53,907	-0-	-0-	-0-	-0-	-0-	-0-	53,907	-0-	-0-	-0-	-0-
Utility	1,052,497	-0-	-0-	-0-	-0-	-0-	-0-	1,052,497	-0-	-0-	-0-	-0-
Business and occupation	17,150,309	-0-	-0-	-0-	-0-	-0-	-0-	17,150,309	-0-	-0-	-0-	-0-
Wine and liquor	906,329	-0-	-0-	-0-	-0-	-0-	-0-	906,329	-0-	-0-	-0-	-0-
Animal control	4,936	-0-	-0-	-0-	-0-	-0-	-0-	4,936	-0-	-0-	-0-	-0-
Hotel and motel	909,023	-0-	-0-	-0-	-0-	-0-	-0-	909,023	-0-	-0-	-0-	-0-
Amusement	11,392	-0-	-0-	-0-	-0-	-0-	-0-	11,392	-0-	-0-	-0-	-0-
Licenses and permits	363,138	-0-	-0-	-0-	-0-	-0-	-0-	363,138	-0-	-0-	-0-	-0-
Charges for services	2,875,855	-0-	-0-	-0-	-0-	-0-	27,908	2,903,763	-0-	-0-	1,571,017	1,571,017
Fines and forfeits	647,315	-0-	-0-	-0-	-0-	-0-	257,418	904,733	44,283	-0-	-0-	44,283
Franchise fees	404,522	-0-	-0-	-0-	-0-	-0-	-0-	404,522	-0-	-0-	-0-	-0-
Investment income (loss)	18,551	199	5,180	6,255	1,169	4,342	4,844	40,540	28,608	24,173	4,750	57,531
Donations	18,102	-0-	13,000	-0-	-0-	-0-	40,294	71,396	13,489	-0-	105,076	118,565
Video lottery and gaming income	116,584	-0-	-0-	-0-	-0-	-0-	-0-	116,584	-0-	-0-	-0-	-0-
Intergovernmental:												
Federal	255,683	-0-	-0-	-0-	-0-	-0-	379,484	635,167	-0-	-0-	18,034	18,034
State	-0-	99,553	-0-	-0-	-0-	-0-	40,000	139,553	516,299	-0-	-0-	516,299
Local	13,034	-0-	-0-	-0-	-0-	75,259	3,305	91,598	1,080,518	-0-	-0-	1,080,518
Contributions from employees	-0-	-0-	-0-	148,401	-0-	-0-	-0-	148,401	-0-	-0-	-0-	-0-
Contributions from employers	-0-	-0-	-0-	4,713,536	-0-	-0-	-0-	4,713,536	-0-	-0-	-0-	-0-
Gain (loss) on sale of capital assets	76,234	-0-	-0-	-0-	-0-	-0-	-0-	76,234	-0-	-0-	-0-	-0-
Other	158,282	-0-	19,250	160	-0-	-0-	-0-	177,692	1,122	274	62,114	63,510
Total revenues	<u>29,074,701</u>	<u>99,752</u>	<u>37,430</u>	<u>4,868,352</u>	<u>1,169</u>	<u>79,601</u>	<u>1,932,897</u>	<u>36,093,902</u>	<u>1,684,319</u>	<u>24,447</u>	<u>1,760,991</u>	<u>3,469,757</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, 2015**

	<i>Primary Government</i>							<i>Component Units</i>				<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>Other Governmental Funds</u>	
<b>Expenditures</b>												
General government	\$ 5,420,931	\$ -0-	\$ -0-	\$ 175,312	\$ 268,445	\$ -0-	\$ 8,093	\$ 5,872,781	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Public safety	11,374,043	-0-	-0-	-0-	-0-	-0-	136,116	11,510,159	-0-	-0-	-0-	-0-
Highways and streets	4,159,671	-0-	-0-	-0-	-0-	-0-	-0-	4,159,671	-0-	-0-	-0-	-0-
Culture and recreation	1,141,860	-0-	-0-	-0-	-0-	-0-	-0-	1,141,860	1,568,646	9,510	3,027,227	4,605,383
Social services	146,907	-0-	-0-	-0-	-0-	-0-	-0-	146,907	-0-	-0-	-0-	-0-
Community development	-0-	-0-	1,483,486	-0-	940,568	5,208,076	522,565	8,154,695	-0-	-0-	-0-	-0-
Debt service – principal	-0-	-0-	-0-	-0-	1,690,375	-0-	-0-	1,690,375	-0-	-0-	-0-	-0-
Debt service – interest	-0-	-0-	-0-	-0-	1,036,590	-0-	-0-	1,036,590	-0-	-0-	-0-	-0-
Benefits payments	-0-	-0-	-0-	4,289,803	-0-	-0-	775,344	5,065,147	-0-	-0-	-0-	-0-
<b>Total expenditures</b>	<u>22,243,412</u>	<u>-0-</u>	<u>1,483,486</u>	<u>4,465,115</u>	<u>3,935,978</u>	<u>5,208,076</u>	<u>1,442,118</u>	<u>38,778,185</u>	<u>1,568,646</u>	<u>9,510</u>	<u>3,027,227</u>	<u>4,605,383</u>
(Deficiency) excess of revenues	<u>6,831,289</u>	<u>99,752</u>	<u>(1,446,056)</u>	<u>403,237</u>	<u>(3,934,809)</u>	<u>(5,128,475)</u>	<u>490,779</u>	<u>(2,684,283)</u>	<u>115,673</u>	<u>14,937</u>	<u>(1,269,706)</u>	<u>(1,135,626)</u>
<b>Other Financing Sources (Uses)</b>												
Proceeds from debt	-0-	-0-	-0-	-0-	5,191,000	-0-	-0-	5,191,000	-0-	-0-	-0-	-0-
Operating transfers in	440,558	-0-	5,244,072	-0-	1,311,137	1,258,047	130,981	8,384,795	-0-	-0-	1,130,309	1,130,309
Operating transfers (out)	(6,535,515)	(92,000)	(1,543,730)	(80,775)	-0-	-0-	(1,191,137)	(9,443,157)	-0-	-0-	-0-	-0-
<b>Total other financing sources (uses)</b>	<u>(6,094,957)</u>	<u>(92,000)</u>	<u>3,700,342</u>	<u>(80,775)</u>	<u>6,502,137</u>	<u>1,258,047</u>	<u>(1,060,156)</u>	<u>4,132,638</u>	<u>-0-</u>	<u>-0-</u>	<u>1,130,309</u>	<u>1,130,309</u>
Net change in fund balances	736,332	7,752	2,254,286	322,462	2,567,328	(3,870,428)	(569,377)	1,448,355	115,673	14,937	(139,927)	(5,317)
Fund balances at beginning of year, restated	<u>5,671,172</u>	<u>23,134</u>	<u>2,957,142</u>	<u>1,282,659</u>	<u>(438,280)</u>	<u>4,335,404</u>	<u>2,096,151</u>	<u>15,927,382</u>	<u>1,680,873</u>	<u>1,403,334</u>	<u>397,147</u>	<u>3,481,354</u>
Fund balances at end of year	\$ <u>6,407,504</u>	\$ <u>30,886</u>	\$ <u>5,211,428</u>	\$ <u>1,605,121</u>	\$ <u>2,129,048</u>	\$ <u>464,976</u>	\$ <u>1,526,774</u>	\$ <u>17,375,737</u>	\$ <u>1,796,546</u>	\$ <u>1,418,271</u>	\$ <u>261,220</u>	\$ <u>3,476,037</u>

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

**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, 2015**

	<u>Component Units</u>		
	<u>Primary Government</u>	<u>Morgantown Public Library</u>	<u>Board of Parks and Recreation Commission</u>
Net change in fund balance – total governmental funds	\$ 1,448,355	\$ 134,080	\$(139,397)
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			
	( 449,571)	(170,029)	21,111
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	184,397	2,050	45,600
Repayment of bonds	1,595,000	-0-	-0-
Proceeds from bond issuance	(5,191,000)		
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	( 19,892)	-0-	-0-
Increase (decrease) in pension benefit obligation	(1,860,887)	-0-	245,926
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	162,964	-0-	-0-
Certain pension expense in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68:			
Amount of additional pension expense recognized at government-wide level	( 449,447)	63,941	(333,798)
Change in net position of governmental activities	\$(4,581,641)	\$ 30,042	\$(160,558)

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<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	\$ 615,569	\$ 433,277	\$ 148,877	\$ 1,400,820	\$ 1,982,974	
Investments	-0-	920,653	-0-	-0-	920,653	
Receivables, net of allowances:						
Accounts	30,322	-0-	162,880	1,581,769	1,744,649	
Other	-0-	-0-	-0-	415,539	415,539	
Grants	45,050	-0-	-0-	-0-	-0-	
Interest	-0-	62	-0-	27,298	27,360	
Inventory	11,878	-0-	-0-	1,199,423	1,199,423	
Due from/(to) other funds	( 607,846)	( 9,974)	-0-	-0-	( 9,974)	
Deposits and prepayments	-0-	-0-	-0-	806,695	806,695	
Accrued utility revenue	-0-	-0-	-0-	1,194,724	1,194,724	
Prepaid expenses	<u>14,562</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Total current assets	<u>109,535</u>	<u>1,344,018</u>	<u>311,757</u>	<u>6,626,268</u>	<u>8,282,043</u>	
<b>Noncurrent Assets</b>						
Restricted assets	<u>-0-</u>	<u>37,925</u>	<u>528,264</u>	<u>5,486,211</u>	<u>6,052,400</u>	
<b>Capital Assets</b>						
Land	50,050	1,484,399	1,439,707	1,658,519	4,582,625	
Intangible plant	-0-	-0-	-0-	376,834	376,834	
Land improvements	-0-	-0-	744,473	-0-	744,473	
Building	7,923,113	-0-	15,742,250	27,448,809	43,191,059	
Structures and improvements	30,820,642	9,741,706	-0-	-0-	9,741,706	
Water transmission and distribution system	-0-	-0-	-0-	68,759,168	68,759,168	
Sewer and storm collection system	-0-	-0-	-0-	115,701,801	115,701,801	
Treatment plant equipment	-0-	-0-	-0-	73,189,576	73,189,576	
Office furniture, equipment and computer system	-0-	-0-	-0-	4,704,019	4,704,019	
Vehicles and heavy duty equipment	-0-	-0-	-0-	7,940,792	7,940,792	
Leasehold improvements	-0-	90,965	-0-	-0-	90,965	
Machinery and equipment	2,436,973	1,342,227	1,094,319	-0-	2,436,546	
Construction in progress	2,419,053	-0-	-0-	9,742,556	9,742,556	
Less: Accumulated depreciation	<u>(18,006,182)</u>	<u>(6,364,278)</u>	<u>( 6,974,111)</u>	<u>(106,619,820)</u>	<u>(119,958,209)</u>	
Net capital assets	<u>25,643,649</u>	<u>6,295,019</u>	<u>12,046,638</u>	<u>202,902,254</u>	<u>221,243,911</u>	

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2015**

	<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>Other Assets</b>						
Accounts receivable	\$ -0-	\$ -0-	\$ 1,844,343	\$ -0-	\$ 1,844,343	
Investments	-0-	-0-	-0-	7,352,923	7,352,923	
Deferred financing costs	-0-	-0-	-0-	552,004	552,004	
Total other assets	<u>-0-</u>	<u>-0-</u>	<u>1,844,343</u>	<u>7,904,927</u>	<u>9,749,270</u>	
Total assets	<u>25,753,184</u>	<u>7,676,962</u>	<u>14,731,002</u>	<u>222,919,660</u>	<u>245,327,624</u>	
<b>Deferred Outflows of Resources</b>						
Net difference between projected and actual investment earnings on pension plan investments	121,087	78,721	-0-	555,799	634,520	
Unamortized bond discount refunding loss	-0-	-0-	101,289	-0-	101,289	
Total deferred outflows of resources	<u>121,087</u>	<u>78,721</u>	<u>101,289</u>	<u>555,799</u>	<u>735,809</u>	
Total assets and deferred outflows of resources	<u>25,874,271</u>	<u>7,755,683</u>	<u>14,832,291</u>	<u>223,475,459</u>	<u>246,063,433</u>	

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS (CONTD)**  
**JUNE 30, 2015**

	<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	\$ 26,319	\$ 12,695	\$ -0-	\$ -0-	\$ 12,695	
Accounts payable	349,267	36,894	62,874	1,115,578	1,215,346	
Deferred revenue	-0-	-0-	-0-	843	843	
Accrued payroll	13,421	20,735	-0-	645,965	666,700	
Billing services collected payable	-0-	-0-	-0-	285,370	285,370	
Other accrued liabilities	620,000	-0-	-0-	171,936	171,936	
Accrued compensated absences	<u>41,234</u>	<u>38,330</u>	<u>-0-</u>	<u>-0-</u>	<u>38,330</u>	
Total current liabilities (payable from current assets)	<u>1,050,241</u>	<u>108,654</u>	<u>62,874</u>	<u>2,219,692</u>	<u>2,391,220</u>	
<b>Current Liabilities (payable from restricted assets)</b>						
Revenue bonds payable	-0-	377,060	800,000	-0-	1,177,060	
Current portion of long-term debt	-0-	-0-	-0-	3,946,333	3,946,333	
Interest payable	<u>-0-</u>	<u>5,397</u>	<u>46,593</u>	<u>-0-</u>	<u>51,990</u>	
Total current liabilities (payable from restricted assets)	<u>-0-</u>	<u>382,457</u>	<u>846,593</u>	<u>3,946,333</u>	<u>5,175,383</u>	
<b>Long-Term Liabilities (net of current portion)</b>						
Revenue bonds payable	-0-	2,249,669	4,890,000	91,679,977	98,819,646	
Obligation under capital lease	336,204	162,162	-0-	-0-	162,162	
Net pension obligation	1,140,571	741,508	-0-	5,235,305	5,976,813	
Customer deposits	-0-	-0-	-0-	657,026	657,026	
Accrued administrative costs on bonds	-0-	-0-	-0-	8,608	8,608	
Accrued interest on bonds	-0-	-0-	-0-	289,792	289,792	
Interest on customer deposits	-0-	-0-	-0-	6,118	6,118	
Advances on construction	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>12,037,911</u>	<u>12,037,911</u>	
Total long-term liabilities (net of current portion)	<u>1,476,775</u>	<u>3,153,339</u>	<u>4,890,000</u>	<u>109,914,737</u>	<u>117,958,076</u>	
<b>Total liabilities</b>	<u>2,527,016</u>	<u>3,644,450</u>	<u>5,799,467</u>	<u>116,080,762</u>	<u>125,524,679</u>	

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONT'D)  
JUNE 30, 2015**

	<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>Deferred Inflow of Resources</b>					
Difference between expected and actual experience	\$ <u>107,037</u>	\$ <u>69,587</u>	\$ <u>-0-</u>	\$ <u>491,307</u>	\$ <u>560,894</u>
Total deferred inflow of resources	<u>107,037</u>	<u>69,587</u>	<u>-0-</u>	<u>491,307</u>	<u>560,894</u>
Total liabilities and deferred inflow of resources	<u>2,634,053</u>	<u>3,714,037</u>	<u>5,799,467</u>	<u>116,572,069</u>	<u>126,085,573</u>
<b>Net Position</b>					
Net investment in capital assets	25,281,126	3,493,433	6,356,638	109,167,100	119,017,171
Restricted	-0-	37,925	528,264	3,595,055	4,161,244
Unrestricted	( 2,040,908)	<u>510,288</u>	<u>2,147,922</u>	( 5,858,765)	( 3,200,555)
Total net position	\$ <u>23,240,218</u>	\$ <u>4,041,646</u>	\$ <u>9,032,824</u>	\$ <u>106,903,390</u>	\$ <u>119,977,860</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<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>Operating Revenues</b>						
Charges for services	\$ 2,013,149	\$ 2,286,713	\$ 943,096	\$ 23,312,352	\$ 26,542,161	
Fines	-0-	430,516	-0-	-0-	430,516	
Grants	15,000	-0-	-0-	-0-	-0-	
Total operating revenues	<u>2,028,149</u>	<u>2,717,229</u>	<u>943,096</u>	<u>23,312,352</u>	<u>26,972,677</u>	
<b>Operating Expenses</b>						
Personal services	582,668	991,005	-0-	-0-	991,005	
Purchases – fuel	1,062,157	-0-	-0-	-0-	-0-	
Supplies	10,786	30,742	-0-	-0-	30,742	
Liability insurance	57,515	39,843	-0-	-0-	39,843	
Utilities	137,510	81,752	-0-	-0-	81,752	
General and administrative	28,030	175,147	4,948	-0-	180,095	
Depreciation	1,614,945	390,455	463,396	-0-	853,851	
Amortization	5,825	-0-	-0-	-0-	-0-	
Maintenance	65,126	165,964	-0-	-0-	165,964	
Rental lease	37,412	511,995	-0-	-0-	511,995	
Water operating expenses	-0-	-0-	-0-	10,776,228	10,776,228	
Sewer operating expenses	-0-	-0-	-0-	10,012,867	10,012,867	
Storm water utility operating expenses	-0-	-0-	-0-	1,378,297	1,378,297	
Total operating expenses	<u>3,601,974</u>	<u>2,386,903</u>	<u>468,344</u>	<u>22,167,392</u>	<u>25,022,639</u>	
Operating (loss) income	( 1,573,825)	330,326	474,752	1,144,960	1,950,038	
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	573	15,235	439	190,466	206,140	
Gain (loss) on investments	-0-	( 2,761)	-0-	-0-	( 2,761)	
Interest and fiscal charges	-0-	( 79,522)	( 143,125)	( 3,194,711)	( 3,417,358)	
Amortization of bond costs	-0-	-0-	( 26,684)	-0-	( 26,684)	
Other revenue	-0-	-0-	-0-	( 318,569)	( 318,569)	
Total nonoperating revenues (expenses)	<u>573</u>	<u>( 67,048)</u>	<u>( 169,370)</u>	<u>( 3,322,814)</u>	<u>( 3,559,232)</u>	
Change in net position before nonoperating grants and operating transfers	( 1,573,252)	263,278	305,382	( 2,177,854)	( 1,609,194)	
Nonoperating grants – federal	365,536	-0-	-0-	-0-	-0-	
Nonoperating grants – state	39,574	-0-	-0-	-0-	-0-	
Operating transfers in (out)	-0-	-0-	( 71,947)	-0-	( 71,947)	
Transfers to other governmental units	-0-	-0-	( 1,447,051)	-0-	( 1,447,051)	
Contributed capital	-0-	-0-	-0-	9,444,573	9,444,573	
Change in net position	( 1,168,142)	263,278	( 1,213,616)	7,266,719	6,316,381	
Total net position – beginning – restated	<u>24,408,360</u>	<u>3,778,368</u>	<u>10,246,440</u>	<u>99,636,671</u>	<u>113,661,479</u>	
Total net position – ending	\$ <u>23,240,218</u>	\$ <u>4,041,646</u>	\$ <u>9,032,824</u>	\$ <u>106,903,390</u>	\$ <u>119,977,860</u>	

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Business-Type</u>				<u>Total</u>
	<u>Activities</u>	<u>Component Units</u>			
	<u>Airport Fund</u>	<u>Parking Authority</u>	<u>Municipal Building Commission</u>	<u>Morgantown Utility Board</u>	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 2,084,418	\$ 2,717,229	\$ 2,510,947	\$ 22,640,170	\$ 27,868,346
Receipts from other sources	15,000	-0-	-0-	401,982	401,982
Payments to suppliers	( 950,368)	(1,361,579)	-0-	( 8,389,546)	( 9,751,125)
Payments to employees	( 410,546)	( 632,303)	-0-	( 4,409,056)	( 5,041,359)
Net cash provided by (used in) operating activities	<u>738,504</u>	<u>723,347</u>	<u>2,510,947</u>	<u>10,243,550</u>	<u>13,477,844</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
(Increase) decrease in deferred financing net of amortization	-0-	-0-	-0-	1,577,162	1,577,162
Repayment of obligation under capital lease	( 21,225)	( 10,237)	-0-	-0-	( 10,237)
Proceeds from new issuance	-0-	-0-	-0-	8,549,556	8,549,556
(Increase) decrease in restricted assets	129,417	( 142)	4,713	-0-	4,571
(Increase) decrease in sinking fund	-0-	-0-	-0-	( 387,659)	( 387,659)
Repayments of revenue bonds	-0-	( 367,808)	( 785,000)	( 4,022,314)	( 5,175,122)
Advances on construction	-0-	-0-	-0-	2,099,497	2,099,497
Nonoperating grants	542,131	-0-	-0-	-0-	-0-
Acquisition of capital assets	( 909,037)	( 163,725)	-0-	(16,560,303)	(16,724,028)
(Increase) decrease in bond construction account	-0-	-0-	-0-	( 348,287)	( 348,287)
(Increase) decrease in accrued administrative cost on bonds	-0-	-0-	-0-	1,799	1,799
Customer deposits including interest	-0-	-0-	-0-	( 12,151)	( 12,151)
Other nonoperating income	-0-	-0-	-0-	( 318,569)	( 318,569)
Transfers from (to) other funds	-0-	-0-	( 71,947)	-0-	( 71,947)
Transfers to other governmental entities	-0-	-0-	(1,447,051)	-0-	( 1,447,051)
Change in other assets net	-0-	-0-	-0-	18,012	18,012
Interest expense	-0-	( 80,278)	( 149,246)	( 3,207,761)	( 3,437,285)
Net cash (used in) provided by capital and related financing activities	<u>( 258,714)</u>	<u>( 622,190)</u>	<u>(2,448,531)</u>	<u>(12,611,018)</u>	<u>(15,681,739)</u>
<b>Cash Flows from Investing Activities</b>					
Change in value of investments	-0-	( 5,802)	-0-	-0-	( 5,802)
Proceeds from sale of investments	-0-	-0-	-0-	2,036,870	2,036,870
Purchase of investments	-0-	-0-	-0-	( 481,343)	( 481,343)
Investment income	573	12,487	439	194,757	207,683
Net cash provided by (used in) investing activities	<u>573</u>	<u>6,685</u>	<u>439</u>	<u>1,750,284</u>	<u>1,757,408</u>
Net increase (decrease) in cash	480,363	107,842	62,855	( 617,184)	( 446,487)
Cash at beginning of year	<u>135,206</u>	<u>325,435</u>	<u>86,022</u>	<u>2,018,004</u>	<u>2,429,461</u>
Cash at end of year	\$ <u>615,569</u>	\$ <u>433,277</u>	\$ <u>148,877</u>	\$ <u>1,400,820</u>	\$ <u>1,982,974</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating (loss) income	\$ (1,573,825)	\$ 330,326	\$ 474,752	\$ 1,144,960	\$ 1,950,038
Adjustments to reconcile operating income (loss) to net cash provided by (used in ) operating activities:					
Depreciation and amortization	1,620,770	390,455	463,396	9,320,409	10,174,260
Loss on disposal of capital assets	-0-	8,481	-0-	-0-	8,481
(Increase) decrease in:					
Accounts receivable	71,269	-0-	1,509,925	( 140,386)	1,369,539
Inventory	54,640	-0-	-0-	( 13,378)	( 13,378)
Due from/(to) other funds	132,982	9,458	-0-	-0-	9,458
Deposits and prepayments	-0-	-0-	-0-	( 59,571)	( 59,571)
Accrued utility revenue	-0-	-0-	-0-	( 81,506)	( 81,506)
Deferred outflows of resources – net difference between projected and actual investment earnings on pension plan investments	( 121,087)	( 78,721)	-0-	( 555,799)	( 634,520)
Increase (decrease) in:					
Accounts payable	( 133,540)	23,475	62,874	286,935	373,284
Deferred revenue	-0-	-0-	-0-	( 48,308)	( 48,308)
Accrued payroll	( 6,343)	3,199	-0-	84,838	88,037
Accrued compensated absences	3,005	( 9,246)	-0-	-0-	( 9,246)
Billing service payable	-0-	-0-	-0-	2,022	2,022
Net pension obligation	( 36,404)	( 23,667)	-0-	( 167,144)	( 190,811)
Deferred inflow of resources – net difference between projected and actual investment earnings on pension plan investments	107,037	69,587	-0-	491,307	560,894
Other current accrued liabilities	620,000	-0-	-0-	( 20,829)	( 20,829)
Net cash provided by (used in) operating activities	<u>\$ 738,504</u>	<u>\$ 723,347</u>	<u>\$ 2,510,947</u>	<u>\$ 10,243,550</u>	<u>\$ 13,477,844</u>

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

**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, 2015**

	<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>(GAAP Basis)</u>	<u>With Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>						
Taxes (including interest and penalties):						
Ad valorem	\$ 4,029,081	\$ 4,045,081	\$ 4,054,416	\$ 26,189	\$ 4,080,605	\$ 9,335
Gas and oil severance	27,000	53,000	53,907	-0-	53,907	907
Utility	1,005,000	1,055,000	1,046,974	5,523	1,052,497	( 8,026)
Business and occupation	13,130,000	16,685,000	17,214,756	26,813	17,241,569	529,756
Wine and liquor	715,000	800,000	929,634	( 23,305)	906,329	129,634
Animal control	4,800	4,800	4,936	-0-	4,936	136
Hotel and motel	875,000	889,000	904,224	4,799	909,023	15,224
Amusement	5,000	12,000	11,392	-0-	11,392	( 608)
Total taxes	19,790,881	23,543,881	24,220,239	40,019	24,260,258	676,358
Licenses and permits	370,500	370,500	390,395	( 27,256)	363,139	19,895
Charges for services	2,981,335	2,981,335	2,853,448	( 15,775)	2,837,673	( 127,887)
Fines and forfeitures	613,000	613,000	618,034	29,281	647,315	5,034
Franchise fees	391,500	391,500	401,688	2,834	404,522	10,188
Contributions	94,284	94,284	18,102	-0-	18,102	( 76,182)
Interest	10,000	10,000	17,396	-0-	17,396	7,396
Intergovernmental:						
Federal	244,301	244,301	229,990	25,693	255,683	( 14,311)
State	-0-	-0-	-0-	-0-	-0-	-0-
Local	37,000	21,900	13,034	-0-	13,034	( 8,866)
Video lottery and gaming income	118,000	118,000	116,584	-0-	116,584	( 1,416)
Miscellaneous	44,300	116,800	208,996	63,700	272,696	92,196
Total revenues	<u>24,695,101</u>	<u>28,505,501</u>	<u>29,087,906</u>	<u>118,496</u>	<u>29,206,402</u>	<u>582,405</u>
<b>Expenditures</b>						
General government	5,637,717	5,783,857	5,544,508	( 7,705)	5,086,803	239,349
Public safety	11,089,421	11,518,606	11,374,043	2,616,142	13,990,185	144,563
Highways and streets	4,094,225	4,291,225	4,159,671	274,075	4,433,746	131,554
Culture and recreation	2,449,077	2,466,577	2,237,432	( 1,787,827)	449,605	229,145
Social services	150,855	150,855	146,907	( 341)	146,566	3,948
Total expenditures	<u>23,421,295</u>	<u>24,211,120</u>	<u>23,462,561</u>	<u>644,344</u>	<u>24,106,905</u>	<u>748,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,273,806</u>	<u>4,294,381</u>	<u>5,625,345</u>	<u>( 525,848)</u>	<u>5,099,497</u>	<u>1,330,964</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	120,000	120,000	108,800	-0-	108,800	( 11,200)
Operating transfers (out)	( 1,753,806)	( 5,284,806)	( 5,235,000)	( 1,787,827)	( 7,022,827)	49,806
Total other financing sources (uses)	<u>( 1,633,806)</u>	<u>( 5,164,806)</u>	<u>( 5,126,200)</u>	<u>( 1,787,827)</u>	<u>( 6,914,027)</u>	<u>38,606</u>
Net change in fund balance	( 360,000)	( 870,425)	499,145	( 2,313,675)	( 1,814,530)	1,369,570
Fund balance at beginning of year	<u>360,000</u>	<u>870,425</u>	<u>1,066,296</u>	<u>(62,076,437)</u>	<u>(61,010,141)</u>	<u>195,871</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,565,441</u>	\$ <u>(64,390,112)</u>	\$ <u>(62,824,671)</u>	\$ <u>1,565,441</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –  
GENERAL FUND – BUDGETARY BASIS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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.

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

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Differences</u>	<u>(GAAP</u>	<u>Budget</u>
					<u>Basis)</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
<b>Revenues</b>						
Interest	\$ 200	\$ 200	\$ 199	\$ -0-	\$ 199	\$( 1)
Intergovernmental:						
State	<u>110,000</u>	<u>110,000</u>	<u>99,553</u>	<u>-0-</u>	<u>99,553</u>	<u>(10,447)</u>
Total revenues	<u>110,200</u>	<u>110,200</u>	<u>99,752</u>	<u>-0-</u>	<u>99,752</u>	<u>(10,448)</u>
<b>Expenditures</b>						
General government	<u>4,914</u>	<u>13,333</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>13,333</u>
Total expenditures	<u>4,914</u>	<u>13,333</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>13,333</u>
Excess of revenues over expenditures	<u>105,286</u>	<u>96,867</u>	<u>99,752</u>	<u>-0-</u>	<u>99,752</u>	<u>2,885</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers (out)	<u>(120,000)</u>	<u>(120,000)</u>	<u>(92,000)</u>	<u>-0-</u>	<u>(92,000)</u>	<u>(28,000)</u>
Total other financing sources (uses)	<u>(120,000)</u>	<u>(120,000)</u>	<u>(92,000)</u>	<u>-0-</u>	<u>(92,000)</u>	<u>(28,000)</u>
Net change in fund balance	( 14,714)	( 23,133)	7,752	-0-	7,752	(25,115)
Fund balance at beginning of year	<u>14,714</u>	<u>23,133</u>	<u>23,134</u>	<u>-0-</u>	<u>23,134</u>	<u>1</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>30,886</u>	\$ <u>-0-</u>	\$ <u>30,886</u>	\$ <u>(25,114)</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.

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

CITY OF MORGANTOWN, WEST VIRGINIA  
 FIDUCIARY RESONSIBILITIES  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015

	<u>Pension and Retirement Funds</u>	<u>Component Unit Morgantown Public Library</u>
<b>Assets</b>		
Cash	\$ 26,701	\$ 59,512
Investments	73,425,470	-0-
Receivables:		
Contributions	<u>135,830</u>	<u>-0-</u>
Total assets	<u>73,588,001</u>	<u>59,512</u>
<b>Liabilities</b>		
Accounts payable	<u>6,537</u>	<u>-0-</u>
Total liabilities	<u>6,537</u>	<u>-0-</u>
<b>Net Position</b>		
Held in trust	\$ <u>73,581,464</u>	\$ <u>59,512</u>

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

CITY OF MORGANTOWN, WEST VIRGINIA  
 FIDUCIARY RESPONSIBILITIES  
 STATEMENT OF CHANGES IN NET POSITION  
 JUNE 30, 2015

	<u>Pension and Retirement Funds</u>	<u>Component Unit Morgantown Public Library</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 3,218,970	\$ -0-
Employee	1,260,282	-0-
Insurance premium tax allocation	1,030,206	-0-
Other	<u>5,261</u>	<u>-0-</u>
Total contributions	<u>5,514,719</u>	<u>-0-</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	( 1,494,229)	( 295)
Gain (loss) on sale of investments	2,917,672	-0-
Interest and dividends	<u>1,498,353</u>	<u>1,316</u>
Total investment income	<u>2,921,796</u>	<u>1,021</u>
Miscellaneous	<u>374</u>	<u>-0-</u>
Total additions	<u>8,436,889</u>	<u>1,021</u>
<b>Deductions</b>		
General and administrative	381,838	1,622
Contribution refunds	203,364	-0-
Benefit payments	<u>6,121,623</u>	<u>-0-</u>
Total deductions	<u>6,706,825</u>	<u>1,622</u>
Net increase (decrease)	1,730,064	( 601)
Net position – beginning of year	<u>71,851,400</u>	<u>60,113</u>
Net position – end of year	\$ <u>73,581,464</u>	\$ <u>59,512</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

***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

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**(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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 City. 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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

The City of Morgantown reports the following major governmental funds:

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

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

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

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

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

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

The City of Morgantown reports the following major proprietary funds:

The Airport Fund.

#### **Funds – Fund Financial Statements**

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

#### **Governmental Fund Types**

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

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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>Life and</u> <u>Health</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>Unit</u>
Receivables:								
Taxes	\$ 5,011,589	\$ 28,757	\$ -0-	\$ -0-	\$ 132,133	\$ 5,172,479	\$ -0-	\$ -0-
Accounts	354,165	-0-	-0-	30,322	11,439	395,926	-0-	4,006,051
Contributions	-0-	-0-	-0-	-0-	-0-	-0-	135,830	-0-
Other	182,010	-0-	-0-	-0-	-0-	182,010	-0-	-0-
Grants	60,605	-0-	-0-	40,050	62,670	168,325	-0-	-0-
Interest	<u>-0-</u>	<u>-0-</u>	<u>576</u>	<u>-0-</u>	<u>-0-</u>	<u>576</u>	<u>-0-</u>	<u>27,360</u>
Total	\$ <u>5,608,369</u>	\$ <u>28,757</u>	\$ <u>576</u>	\$ <u>75,372</u>	\$ <u>206,242</u>	\$ <u>5,919,316</u>	\$ <u>135,830</u>	\$ <u>4,033,411</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	\$ 571,636
Business and occupation tax receivable	<u>144,835</u>
Total deferred revenue for governmental funds	\$ <u>716,471</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015, were as follows:

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class II	\$ 395,186,988	25.00 cents
Class IV	\$ 727,544,248	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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2015**

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

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

***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**

City 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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

- 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.

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

CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015

8. Change in Accounting Principle

During the fiscal year ended June 30, 2015 the City adopted the following GASB statements.

***GASB 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*** – This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This GASB is effective for fiscal years beginning after June 15, 2014.

***GASB 69 – Government Combinations and Disposals of Government Operations*** – This Statement establishes accounting and financial reporting related to government combinations and disposals of government operations. This GASB is effective for fiscal years beginning after December 15, 2013 and had no effect on the accompanying financial statements.

***GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees*** – This Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This GASB is effective for fiscal years ending after June 15, 2013 and had no effect on the accompanying financial statements.

***GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*** – This Statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement 68 in the accrual basis financial statements. This GASB is effective for fiscal years beginning after June 15, 2014.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

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

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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

***Morgantown Utility Board***

**Pension Plan and Deferred Compensation Plan**

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

**Funding Policy** – Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute an actuarially determined rate. The 2015 and 2014 rates were 15.54% and 13.32% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2015, 2014 and 2013, were \$1,077,497, \$882,191 and \$756,125.

**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 2015, 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 \$376,729.

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**12. Inventories**

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

**Discretely Presented Component Unit**

***Morgantown Utility Board***

The supplies inventory is valued on average cost basis.

**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, 2015 was \$5,825.

**Discretely Presented Component Unit**

***Morgantown Utility Board***

The Board amortizes deferred financing costs on a straight-line basis over the term of the financing.

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
 FOR THE YEAR ENDED JUNE 30, 2015**

**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.

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>
\$ 4,411,266	General Government Expenditure Increase
429,185	Public Safety Expenditure Increase
197,000	Streets and Transportation Expenditure Increase
17,500	Culture and Recreation Expenditure Increase

Coal Severance

<u>Amount</u>	<u>Description</u>
\$ 8,419	General Government Expenditure Increase

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

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>Policemen's Pension and Relief</b>			
Money Market Funds	\$ 1,733,338	Not Rated	Not Rated
Corporate Stocks	4,985,326	Not Rated	Not Rated
Mutual Funds	3,432,733	Not Rated	Not Rated
Corporate Bonds	2,472,899	A- -AA	BAA1 -A3
Government Securities	<u>1,795,064</u>	Not Rated	AAA
Total Investments	\$ <u>14,419,360</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>
Money Market Funds	\$ 1,733,338	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Mutual Funds	3,432,733	-0-	-0-	-0-	-0-
Corporate Bonds	232,770	1,938,858	301,271	-0-	2,472,899
Government Securities	51,584	724,156	845,069	174,255	1,795,064

**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>
<b>Money Market Funds</b>		
Morgan Stanley Bank N.A.	\$ 1,513,420	10.50%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Fair</u> <u>Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &amp;</u> <u>Poor's and</u> <u>Fitch</u>	<u>Moody's</u> <u>Investment</u> <u>Services</u>
<b>Firemen's Pension and Relief</b>			
Money Market Funds	\$ 1,334,441	Not Rated	Not Rated
Corporate Stocks	4,046,962	Not Rated	Not Rated
Mutual Funds	2,736,596	Not Rated	Not Rated
Corporate Bonds	1,942,373	A- -AA	BAA1 -A3
Government Securities	<u>1,440,533</u>	Not Rated	AAA
Total Investments	\$ <u>11,500,905</u>		

*Interest Rate Risk*

	<u>Less Than</u> <u>1 Year</u>	<u>1-5</u> <u>Years</u>	<u>5-10</u> <u>Years</u>	<u>More Than</u> <u>10 Years</u>	<u>Total</u>
Money Market Funds	\$ 1,334,441	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Mutual Funds	2,736,596	-0-	-0-	-0-	-0-
Corporate Bonds	184,400	1,522,963	235,010	-0-	1,942,373
Government Securities	52,962	572,799	677,021	137,751	1,440,533

**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>
<b>Money Market Funds</b>		
Morgan Stanley Bank N.A.	\$ 1,115,790	9.70%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Fair</u> <u>Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &amp;</u> <u>Poor's and</u> <u>Fitch</u>	<u>Moody's</u> <u>Investment</u> <u>Services</u>
<b>Employee's Retirement and Benefit</b>			
Money Market Funds	\$ 1,169,462	Not Rated	Not Rated
Certificates of Deposit	3,269,276	Not Rated	Not Rated
Corporate Bonds	6,187,863	BBB+ -AAA	Not Rated
Corporate Stocks	25,028,516	A- -AA	Not Rated
Mortgage Backed Securities	6,877,901	A- -AA	Not Rated
Municipal Bonds	135,788	AA-	Not Rated
U.S. Treasury Obligations	<u>4,836,399</u>	AA+	Not Rated
Total Investments	\$ <u>47,505,205</u>		

*Interest Rate Risk*

	<u>Less Than</u> <u>1 Year</u>	<u>1-5</u> <u>Years</u>	<u>5-10</u> <u>Years</u>	<u>More Than</u> <u>10 Years</u>	<u>Total</u>
Money Market Funds	\$ 1,169,462	\$ -0-	\$ -0-	\$ -0-	\$ 1,169,462
Certificates of Deposit	-0-	3,269,276	-0-	-0-	3,269,276
Corporate Bonds	-0-	4,023,740	2,164,123	-0-	6,187,863
Mortgage Backed Securities	98,787	1,096,462	969,806	4,712,846	6,877,901
Municipal Bonds	-0-	135,788	-0-	-0-	135,788
U.S. Treasury Obligations	211,062	2,080,816	2,215,142	329,379	4,836,399

At year end, the government had the following investments:

	<u>Fair</u> <u>Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &amp;</u> <u>Poor's and</u> <u>Fitch</u>	<u>Moody's</u> <u>Investment</u> <u>Services</u>
<b>Government Activities</b>			
Certificates of Deposit	\$ <u>1,585,279</u>	Not Rated	Not Rated
Total Government Activities Investments	\$ <u>1,585,279</u>		

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

*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-	\$ 1,585,279	\$ -0-	\$ -0-	\$ 1,585,279

	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
<b>Proprietary Fund Component</b>			
<b>Unit – Parking Authority</b>			
Money Market Funds	\$ 27,307	Not Rated	Not Rated
Mutual Funds	522,075	Not Rated	Not Rated
Certificates of Deposit	<u>371,271</u>	Not Rated	Not Rated
Total Proprietary Fund Activities			
Investments	\$ <u>920,653</u>		

**Component Unit – Morgantown Public Library**

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>	<u>Credit Risk Rating</u>	
				<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
<b>Governmental Activity Types</b>					
Money Market funds	\$ 142,569	\$ 142,569	\$ -0-	Not Rated	Not Rated
Common stock	458,197	293,667	164,530	Not Rated	Not Rated
Corporate bonds	195,717	196,058	( 341)	Not Rated	Not Rated
Certificates of deposit	994,468	995,000	( 532)	Not Rated	Not Rated
Mutual funds	<u>1,071,869</u>	<u>1,029,212</u>	<u>42,657</u>	Not Rated	Not Rated
	\$ <u>2,862,820</u>	\$ <u>2,656,506</u>	\$ <u>206,314</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.

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

**MORGANTOWN PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

<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	\$ 142,569	\$ -0-	\$ -0-	\$ -0-	\$ 142,569
Corporate bonds	51,539	49,038	95,140	-0-	195,717
Certificates of deposit	170,659	823,809	-0-	-0-	994,468

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

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>	<u>Credit Risk Rating</u>	
				<u>Standard &amp; Poor's and Fitch</u>	<u>Moody's Investment Services</u>
<b>Fiduciary Types</b>					
Money Market funds	\$ 1,478	\$ 1,478	\$ -0-	Not Rated	Not Rated
Mutual funds	<u>58,034</u>	<u>56,171</u>	<u>1,863</u>	Not Rated	Not Rated
	<u>\$ 59,512</u>	<u>\$ 57,649</u>	<u>\$ 1,863</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	\$ 1,478	\$ -0-	\$ -0-	\$ -0-	\$ 1,478

**Component Unit – Morgantown Utility Board**

	<u>Cost</u>	<u>Fair Value</u>
Cash Deposits		
Demand deposits	\$ 1,400,820	\$ 1,400,820
Cash and Investments with Fiscal Agents		
Cash	7,085,058	7,085,058
Investment Agreements		
Fixed Income	3,981,855	3,941,013
Equities	<u>1,252,764</u>	<u>1,813,063</u>
Total Cash and Investments	<u>\$ 13,720,497</u>	<u>\$ 14,239,954</u>

Note that the Board held \$1,610 in petty cash at June 30, 2015.

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

**MORGANTOWN PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

*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 a 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 counter party to an investment will not fulfill its obligations.

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percent</u>
AA+	\$ 1,875,385	47.6%
AA	378,671	9.6%
AA-	110,414	2.8%
A+	164,808	4.2%
A	253,678	6.4%
Not Rated	<u>1,158,057</u>	<u>29.5%</u>
Total	\$ <u>3,941,013</u>	<u>100.0%</u>

*Concentration of Credit Risk*

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

*Credit Risk*

State law limit investments as described in Note I.D.1. It is the government's policy to limit its investments as stated in the West Virginia Code. The government does not have a policy for credit risk in addition to governing statutes.

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

**MORGANTOWN PUBLIC LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2015**

*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 were \$34,866,829, 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 \$34,866,829. 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 is as follows:

Cash and cash equivalents	\$ 12,336,421
Investments – collateralized and secured	<u>22,530,408</u>
<b>Total</b>	<b>\$ <u>34,866,829</u></b>
Cash and cash equivalents	\$ 12,336,421
Cash and investments – restricted	11,227,004
Investments	<u>11,303,404</u>
<b>Total</b>	<b>\$ <u>34,866,829</u></b>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015, 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>73,960</u>	<u>127,918</u>	<u>-0-</u>	<u>201,878</u>
Total nondepreciable capital assets	<u>1,470,761</u>	<u>127,918</u>	<u>-0-</u>	<u>1,598,679</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	3,719,101	34,834	5,000	3,748,935
Vehicles	<u>6,313,302</u>	<u>119,733</u>	<u>100,887</u>	<u>6,332,148</u>
Total at historical cost	<u>25,574,511</u>	<u>154,567</u>	<u>105,887</u>	<u>25,623,191</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	2,283,858	169,670	-0-	2,453,528
Infrastructure	1,596,379	153,002	-0-	1,749,381
Machinery and equipment	2,386,295	80,775	5,000	2,462,070
Vehicles	<u>5,636,891</u>	<u>328,609</u>	<u>100,887</u>	<u>5,864,613</u>
Total accumulated depreciation	<u>11,903,423</u>	<u>732,056</u>	<u>105,887</u>	<u>12,529,592</u>
Total depreciable capital assets, net	<u>13,671,088</u>	<u>(577,489)</u>	<u>-0-</u>	<u>13,093,599</u>
Governmental activities capital assets, net	\$ <u>15,141,849</u>	\$ <u>(449,571)</u>	\$ <u>-0-</u>	\$ <u>14,692,278</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$ 86,937	\$ -0-	\$ -0-	\$ 86,937
Construction in process	<u>158,273</u>	<u>-0-</u>	<u>151,526</u>	<u>6,747</u>
Total nondepreciable capital assets	<u>245,210</u>	<u>-0-</u>	<u>151,526</u>	<u>93,684</u>
<b>Depreciable Capital Assets</b>				
Land improvements	979,875	36,975	-0-	1,016,850
Buildings	4,749,130	239,200	-0-	4,988,330
Machinery and equipment	994,687	23,167	58,060	959,794
Vehicles	<u>338,292</u>	<u>-0-</u>	<u>-0-</u>	<u>338,292</u>
Total at historical cost	<u>7,061,984</u>	<u>299,342</u>	<u>58,060</u>	<u>7,303,266</u>
<b>Less: Accumulated Depreciation</b>				
Land improvements	678,810	40,194	-0-	719,004
Buildings	1,977,217	167,572	-0-	2,144,789
Machinery and equipment	685,037	51,210	58,060	678,187
Vehicles	<u>256,453</u>	<u>19,255</u>	<u>-0-</u>	<u>275,708</u>
Total accumulated depreciation	<u>3,597,517</u>	<u>278,231</u>	<u>58,060</u>	<u>3,817,688</u>
Total depreciable capital assets, net	<u>3,464,467</u>	<u>21,111</u>	<u>-0-</u>	<u>3,485,578</u>
Governmental activities capital assets, net	\$ <u>3,709,677</u>	\$ <u>21,111</u>	\$ <u>151,526</u>	\$ <u>3,579,262</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Business-type Activities**  
*Airport Fund*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$ 50,050	\$ -0-	\$ -0-	\$ 50,050
Construction in process	<u>2,419,053</u>	<u>-0-</u>	<u>-0-</u>	<u>2,419,053</u>
Total nondepreciable capital assets	<u>2,469,103</u>	<u>-0-</u>	<u>-0-</u>	<u>2,469,103</u>
<b>Depreciable Capital Assets</b>				
Buildings	7,143,113	780,000	-0-	7,923,113
Structures and improvements	30,820,642	-0-	-0-	30,820,642
Machinery and equipment	<u>2,307,936</u>	<u>129,037</u>	<u>-0-</u>	<u>2,436,973</u>
Total at historical cost	<u>40,271,691</u>	<u>909,037</u>	<u>-0-</u>	<u>41,180,728</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	3,198,265	201,107	-0-	3,399,372
Structures and improvements	11,734,387	1,293,755	-0-	13,028,142
Machinery and equipment	<u>1,458,585</u>	<u>120,083</u>	<u>-0-</u>	<u>1,578,668</u>
Total accumulated depreciation	<u>16,391,237</u>	<u>1,614,945</u>	<u>-0-</u>	<u>18,006,182</u>
Total depreciable capital assets, net	<u>23,880,454</u>	( 705,908)	<u>-0-</u>	<u>23,174,546</u>
Governmental activities capital assets, net	\$ <u>26,349,557</u>	\$ ( <u>705,908</u> )	\$ <u>-0-</u>	\$ <u>25,643,649</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Component Unit  
Parking Authority**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$ 1,484,399	\$ -0-	\$ -0-	\$ 1,484,399
Construction in process	<u>8,481</u>	<u>-0-</u>	<u>8,481</u>	<u>-0-</u>
Total nondepreciable capital assets	<u>1,492,880</u>	<u>-0-</u>	<u>8,481</u>	<u>1,484,399</u>
<b>Depreciable Capital Assets</b>				
Structures and improvements	9,642,460	99,246	-0-	9,741,706
Leasehold improvements	90,965	-0-	-0-	90,965
Machinery and equipment	<u>1,277,748</u>	<u>64,479</u>	<u>-0-</u>	<u>1,342,227</u>
Total at historical cost	<u>11,011,173</u>	<u>163,725</u>	<u>-0-</u>	<u>11,174,898</u>
<b>Less: Accumulated Depreciation</b>				
Structures and improvements	4,930,540	229,160	-0-	5,159,700
Leasehold improvements	90,965	99,086	-0-	190,051
Machinery and equipment	<u>952,318</u>	<u>62,209</u>	<u>-0-</u>	<u>1,014,527</u>
Total accumulated depreciation	<u>5,973,823</u>	<u>390,455</u>	<u>-0-</u>	<u>6,364,278</u>
Total depreciable capital assets, net	<u>5,037,350</u>	<u>(226,730)</u>	<u>-0-</u>	<u>4,810,620</u>
Governmental activities capital assets, net	\$ <u>6,530,230</u>	\$ <u>(226,730)</u>	\$ <u>8,481</u>	\$ <u>6,295,019</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Component Unit  
*Building Commission***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$ <u>1,439,707</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,439,707</u>
Total nondepreciable capital assets	<u>1,439,707</u>	<u>-0-</u>	<u>-0-</u>	<u>1,439,707</u>
<b>Depreciable Capital Assets</b>				
Land improvements	744,473	-0-	-0-	744,473
Building	15,742,250	-0-	-0-	15,742,250
Machinery and equipment	<u>1,094,319</u>	<u>-0-</u>	<u>-0-</u>	<u>1,094,319</u>
Total at historical cost	<u>17,581,042</u>	<u>-0-</u>	<u>-0-</u>	<u>17,581,042</u>
<b>Less: Accumulated Depreciation</b>				
Land improvements	140,192	18,794	-0-	158,986
Building	5,926,212	393,556	-0-	6,319,768
Machinery and equipment	<u>444,311</u>	<u>51,046</u>	<u>-0-</u>	<u>495,357</u>
Total accumulated depreciation	<u>6,510,715</u>	<u>463,396</u>	<u>-0-</u>	<u>6,974,111</u>
Total depreciable capital assets, net	<u>11,070,327</u>	<u>(463,396)</u>	<u>-0-</u>	<u>10,606,931</u>
Governmental activities capital assets, net	\$ <u>12,510,034</u>	\$ <u>(463,396)</u>	\$ <u>-0-</u>	\$ <u>12,046,638</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 210,089
Public safety	247,750
Highways and streets	266,119
Culture and recreation	<u>8,098</u>
 Total depreciation expense	 \$ <u>732,056</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Discretely Presented Component Units**  
***Morgantown Public Library***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Depreciable Assets</b>				
Buildings and fixtures	\$ 3,250,398	\$ -0-	\$ -0-	\$ 3,250,398
Machinery and equipment	152,044	-0-	-0-	152,044
Books and videos	<u>5,006,816</u>	<u>143,050</u>	<u>-0-</u>	<u>5,149,866</u>
Total at historical cost	<u>8,409,258</u>	<u>143,050</u>	<u>-0-</u>	<u>8,552,308</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and fixtures	1,546,299	58,137	-0-	1,604,436
Machinery and equipment	96,016	28,243	-0-	124,259
Books and videos	<u>4,486,549</u>	<u>226,699</u>	<u>-0-</u>	<u>4,713,248</u>
Total accumulated depreciation	<u>6,128,864</u>	<u>313,079</u>	<u>-0-</u>	<u>6,441,943</u>
Total depreciable capital assets, net	\$ <u>2,280,394</u>	\$ <u>(170,029)</u>	\$ <u>-0-</u>	\$ <u>2,110,365</u>

***Morgantown Utility Board***

Current asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements &amp; Transfers to Utility Plant</u>	<u>Ending Balance</u>
CWIP	\$ 9,111,984	\$ 9,293,122	\$(8,662,550)	\$ 9,742,556
Land	1,451,541	206,978	-0-	1,658,519
Intangible plant	376,834	-0-	-0-	376,834
Buildings and structures	26,943,342	524,167	( 18,700)	27,448,809
Water transmission and distribution system	66,106,002	2,732,553	( 79,387)	68,759,168
Sewer and storm collection system	93,294,642	22,449,292	( 42,133)	115,701,801
Treatment plant equipment	72,843,607	377,322	( 31,354)	73,189,576
Office furniture and equipment and computer system	4,572,799	156,607	( 25,387)	4,704,019
Vehicles and heavy duty equipment	<u>7,618,861</u>	<u>344,280</u>	<u>( 22,350)</u>	<u>7,940,792</u>
Total capital assets	282,319,612	36,084,321	(8,881,861)	309,522,074
Less: Accumulated depreciation	( 94,694,888)	(12,204,435)	<u>279,503</u>	(106,619,820)
Total net capital assets	\$ <u>187,624,724</u>	\$ <u>23,879,886</u>	\$ <u>(8,602,358)</u>	\$ <u>202,902,254</u>
Depreciation expense charged to operations	\$ <u>-0-</u>	\$ <u>8,398,878</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Reserve	Airport Fund	\$ 607,846
General Fund	Special Grants	1,000
General Fund	Woodburn Property	25,000
General Fund	Parking Authority	9,974
General Fund	Board of Parks and Recreation	159,397

**Interfund Transfers:**

	<u>Community Development Block Grant</u>	<u>Police Forfeiture</u>	<u>OPEB Trust</u>	<u>Tax Increment Financing</u>	<u>General Fund</u>	<u>Capital Reserve</u>	<u>Airport Access Road</u>	<u>Total Primary Government</u>	<u>Component Unit Board of Parks and Recreation</u>	<u>Total</u>
Transfers Out:										
General Fund	\$ 50,206	\$ -0-	\$ -0-	\$ 120,000	\$ -0-	\$ 5,235,000	\$ -0-	\$ 5,405,206	\$ 1,130,309	\$ 6,535,515
Small Cities Block Grant	-0-	393	-0-	-0-	-0-	-0-	-0-	393	-0-	393
Life and Health	-0-	-0-	80,775	-0-	-0-	-0-	-0-	80,775	-0-	80,775
Tax Increment Financing										
Debt Service	-0-	-0-	-0-	1,191,137	-0-	-0-	-0-	1,191,137	-0-	1,191,137
Building Commission	-0-	-0-	-0-	-0-	62,875	9,072	-0-	71,947	-0-	71,947
Coal Severance	-0-	-0-	-0-	-0-	92,000	-0-	-0-	92,000	-0-	92,000
Capital Reserve	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>285,683</u>	<u>-0-</u>	<u>1,258,047</u>	<u>1,543,730</u>	<u>-0-</u>	<u>1,543,730</u>
	<u>\$ 50,206</u>	<u>\$ 393</u>	<u>\$ 80,775</u>	<u>\$ 1,311,137</u>	<u>\$ 440,558</u>	<u>\$ 5,244,072</u>	<u>\$ 1,258,047</u>	<u>\$ 8,385,188</u>	<u>\$ 1,130,309</u>	<u>\$ 9,515,497</u>

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

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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	\$ 60,605	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 60,605
Debt service	-0-	-0-	-0-	-0-	2,129,048	-0-	-0-	2,129,048
Economic development	-0-	-0-	-0-	-0-	-0-	-0-	144,550	144,550
	<u>60,605</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,129,048</u>	<u>-0-</u>	<u>144,550</u>	<u>2,334,203</u>
<b>Nonspendable:</b>								
Inventory	42,789	-0-	-0-	-0-	-0-	-0-	-0-	42,789
<b>Assigned:</b>								
Streets and transportation	-0-	30,886	-0-	-0-	-0-	464,976	-0-	495,862
Benefit payments	-0-	-0-	-0-	1,605,121	-0-	-0-	959,933	2,565,054
Public safety	-0-	-0-	-0-	-0-	-0-	-0-	362,349	362,349
Community development	-0-	-0-	5,211,428	-0-	-0-	-0-	76,530	5,287,958
	<u>-0-</u>	<u>30,886</u>	<u>5,211,428</u>	<u>1,605,121</u>	<u>-0-</u>	<u>464,976</u>	<u>1,398,812</u>	<u>8,711,223</u>
<b>Unassigned</b>	6,304,110	-0-	-0-	-0-	-0-	-0-	( 16,588)	6,287,522
<b>Total fund balance</b>	<u>\$ 6,407,504</u>	<u>\$ 30,886</u>	<u>\$ 5,211,428</u>	<u>\$ 1,605,121</u>	<u>\$ 2,129,048</u>	<u>\$ 464,976</u>	<u>\$ 1,526,774</u>	<u>\$ 17,375,737</u>

**F. Long-Term Debt**

Long-term liability activity for Governmental Activities for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
<b>Governmental Activities</b>						
<b>Bond Payable</b>						
2006A TIF bonds	\$ 4,815,000	\$ -0-	\$ 170,000	\$ 4,645,000	\$ 175,000	\$ 4,470,000
2007 TIF bonds	2,725,000	-0-	100,000	2,625,000	-0-	2,625,000
2007A TIF bonds	8,615,000	-0-	-0-	8,615,000	-0-	8,615,000
2010 TIF bonds	1,285,000	-0-	1,285,000	-0-	-0-	-0-
2014 TIF bonds	-0-	5,191,000	40,000	5,151,000	243,000	4,908,000
Total bonds payable	<u>17,440,000</u>	<u>5,191,000</u>	<u>1,595,000</u>	<u>21,036,000</u>	<u>418,000</u>	<u>20,618,000</u>
<b>Other long-term debt</b>						
Compensated absences	1,083,868	19,892	-0-	1,103,760	-0-	1,103,760
Obligation under capital lease	1,702,282	-0-	184,397	1,517,885	198,521	1,319,364
Net pension obligation	74,705,188	1,860,887	-0-	76,566,075	-0-	76,566,075
Accrued other post employment benefits	4,687,000	-0-	-0-	4,687,000	-0-	4,687,000
Total other long-term debt	<u>82,178,338</u>	<u>1,880,779</u>	<u>184,397</u>	<u>83,874,720</u>	<u>198,521</u>	<u>83,676,199</u>
<b>Total long-term debt – Governmental activities</b>	<u>\$ 99,618,338</u>	<u>\$ 7,071,779</u>	<u>\$ 1,779,397</u>	<u>\$ 104,910,720</u>	<u>\$ 616,521</u>	<u>\$ 104,294,199</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
<b>Component Unit</b>						
<i>Board of Park and Recreation Commission</i>						
Obligation under capital lease	\$ 824,448	\$ -0-	\$ 45,600	\$ 778,848	\$ 56,544	\$ 722,304
Net pension obligation	<u>403,188</u>	<u>-0-</u>	<u>245,926</u>	<u>157,262</u>	<u>-0-</u>	<u>157,262</u>
<b>Total long-term debt component unit</b>	<b>\$ <u>227,636</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>291,526</u></b>	<b>\$ <u>936,110</u></b>	<b>\$ <u>56,544</u></b>	<b>\$ <u>879,566</u></b>
<b>Component Unit</b>						
<i>Morgantown Public Library</i>						
Obligation under capital lease	\$ 37,064	\$ -0-	\$ 2,050	\$ 35,014	\$ 2,542	\$ 32,472
Net pension obligation	<u>411,600</u>	<u>-0-</u>	<u>244,768</u>	<u>166,832</u>	<u>-0-</u>	<u>166,832</u>
<b>Total long-term liabilities</b>	<b>\$ <u>448,664</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>246,818</u></b>	<b>\$ <u>201,846</u></b>	<b>\$ <u>2,542</u></b>	<b>\$ <u>199,304</u></b>

**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:

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 175,000	\$ 237,785	\$ 412,785
2017	185,000	229,910	414,910
2018	195,000	221,030	416,030
2019	200,000	211,670	411,670
2020	210,000	202,070	412,070
2021 – 2025	1,225,000	848,110	2,073,110
2026 – 2030	1,550,000	520,690	2,070,690
2031 – 2033	<u>905,000</u>	<u>114,500</u>	<u>1,019,500</u>
Total	\$ <u>4,645,000</u>	\$ <u>2,585,765</u>	\$ <u>7,230,765</u>

**2007 TIF Bonds**

The 2007 TIF bonds were issued in the amount of \$3,000,000 to provide financing for certain private capital improvements within the City's designated TIF Falling Run district area. The bonds are payable solely from the property taxes generated in association with increased assessed values of property within the TIF district area. The bonds do not constitute a general obligation, or pledge of the faith and credit of the City of Morgantown. Payments of interest only are due semiannually with the principal and any outstanding interest due in 2033. The bonds bear interest at 5.69%. The following is a schedule of future debt retirement based on current financing arrangements:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -0-	\$ 170,700	\$ 170,700
2017	-0-	170,700	170,700
2018	-0-	170,700	170,700
2019	-0-	170,700	170,700
2020	-0-	170,700	170,700
2021 – 2025	-0-	853,500	853,500
2026 – 2030	-0-	853,500	853,500
2031 – 2033	<u>2,625,000</u>	<u>512,100</u>	<u>3,137,100</u>
Total	\$ <u>2,625,000</u>	\$ <u>3,072,600</u>	\$ <u>5,697,600</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**2007A TIF Bonds**

The 2007A TIF bonds were issued subordinate to the 2006 TIF bonds, and were issued to provide funds to finance the costs of certain private capital improvements with the City's designated TIF riverfront district area. Proceeds from the bonds provided additional financing for the Riverfront Event Center Project No. 1. The bonds are payable solely from the property taxes generated in associated with the increased assessed values of property within the TIF district area. The bonds do not constitute a general obligation, or pledge of the full faith and credit of the City of Morgantown. The bonds bear interest of 8.00%, with interest only payments due quarterly and principal and interest due in June 2033. The following is a schedule of future debt retirement based on current financing arrangements:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -0-	\$ 689,200	\$ 689,200
2017	-0-	689,200	689,200
2018	-0-	689,200	689,200
2019	-0-	689,200	689,200
2020	-0-	689,200	689,200
2021 – 2025	-0-	3,446,000	3,446,000
2026 – 2030	-0-	3,446,000	3,446,000
2031 – 2033	<u>8,615,000</u>	<u>2,067,600</u>	<u>10,682,600</u>
Total	\$ <u>8,615,000</u>	\$ <u>12,405,600</u>	\$ <u>21,020,600</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:

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 243,000	\$ 135,986	\$ 378,986
2017	294,000	129,571	423,571
2018	301,000	121,809	422,809
2019	309,000	113,863	422,863
2020	318,000	105,705	423,705
2021 – 2025	1,718,000	398,191	2,116,191
2026 – 2029	<u>1,968,000</u>	<u>147,998</u>	<u>2,115,998</u>
<b>Total</b>	<b>\$ <u>5,151,000</u></b>	<b>\$ <u>1,153,123</u></b>	<b>\$ <u>6,304,123</u></b>

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>
2016	\$ 418,000	\$ 1,233,671	\$ 1,651,671
2017	479,000	1,219,381	1,698,381
2018	496,000	1,202,739	1,698,739
2019	509,000	1,185,433	1,694,433
2020	528,000	1,167,675	1,695,675
2021 – 2025	2,943,000	5,545,801	8,488,801
2026 – 2030	3,518,000	4,968,188	8,486,188
2031 – 2033	<u>12,145,000</u>	<u>2,694,200</u>	<u>14,839,200</u>
<b>Total</b>	<b>\$ <u>21,036,000</u></b>	<b>\$ <u>19,217,088</u></b>	<b>\$ <u>40,253,088</u></b>

**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, 2015:

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

Fiscal Year Ending June 30,

2016	\$ 89,517
2017	92,711
2018	95,648
2019	98,364
2020	100,897
2021 – 2025	<u>495,142</u>
	972,279
Less: Amount representing interest	<u>188,520</u>
	783,759
Less: Current maturities	<u>56,901</u>
 Non-current maturities	 \$ <u>726,858</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, 2015:

Fiscal Year Ending June 30,

2016	\$ 153,603
2017	153,603
2018	153,603
2019	153,603
2020	<u>153,603</u>
	768,015
Less: Amount representing interest	<u>33,889</u>
	734,126
Less: Current maturities	<u>141,620</u>
 Non-current maturities	 \$ <u>592,506</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015:

Fiscal Year Ending June 30,

2016	\$	243,120
2017		246,314
2018		249,251
2019		251,967
2020		254,500
2021 – 2025		<u>495,142</u>
		1,740,294
Less: Amount representing interest		<u>222,409</u>
		1,517,885
Less: Current maturities		<u>198,521</u>
		\$ <u>1,319,364</u>
Non-current maturities		

**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 roustan 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, 2015:

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

Fiscal Year Ending June 30,

2016	\$ 88,957
2017	92,130
2018	95,049
2019	97,748
2020	100,266
2021 – 2025	<u>492,042</u>
	966,192
Less: Amount representing interest	<u>187,344</u>
	778,848
Less: Current maturities	<u>56,544</u>
	722,304
Non-current maturities	\$ <u>722,304</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, 2014:

Fiscal Year Ending June 30,

2016	\$ 3,999
2017	4,142
2018	4,273
2019	4,395
2020	4,508
2021 – 2025	<u>22,120</u>
	43,437
Less: Amount representing interest	<u>8,423</u>
	35,014
Less: Current maturities	<u>2,542</u>
	32,472
Non-current maturities	\$ <u>32,472</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

Long-term liability activity for Business-Type Activities Unit for the year ended June 30, 2015 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	\$ 383,748	\$ -0-	\$ 21,225	\$ 362,523	\$ 26,319	\$ 336,204
<b>Discretely Presented Component Unit</b>						
Obligation Under Capital Lease	<u>185,094</u>	<u>-0-</u>	<u>10,237</u>	<u>174,857</u>	<u>12,695</u>	<u>162,162</u>
Total Capital Lease	<u>568,842</u>	<u>-0-</u>	<u>31,462</u>	<u>537,380</u>	<u>39,014</u>	<u>498,366</u>
<b>Bonds Payable</b>						
2012 Municipal Building Lease Revenue Refunding Bonds	2,965,000	-0-	555,000	2,410,000	565,000	1,845,000
2013A Municipal Building Lease Revenue Refunding Bonds	3,510,000	-0-	230,000	3,280,000	235,000	3,045,000
2012 Parking System Refunding Revenue Bonds	<u>2,994,537</u>	<u>-0-</u>	<u>367,808</u>	<u>2,626,729</u>	<u>377,060</u>	<u>2,249,669</u>
Total Bonds Payable	<u>9,469,537</u>	<u>-0-</u>	<u>1,152,808</u>	<u>8,316,729</u>	<u>1,177,060</u>	<u>7,139,669</u>
Total Discretely Presented Component Units	\$ <u>10,038,379</u>	\$ <u>-0-</u>	\$ <u>1,184,270</u>	\$ <u>8,854,109</u>	\$ <u>1,216,074</u>	\$ <u>7,638,035</u>

**2012 Municipal Building Lease Revenue Refunding Bond**

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 565,000	\$ 49,850	\$ 614,850
2017	585,000	38,550	623,550
2018	600,000	26,850	626,850
2019	<u>660,000</u>	<u>14,850</u>	<u>674,850</u>
Total	\$ <u>2,410,000</u>	\$ <u>130,000</u>	\$ <u>2,540,100</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 was \$302,740.

**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>
2016	\$ 235,000	\$ 85,385	\$ 318,298
2017	235,000	76,273	320,385
2018	240,000	71,283	316,273
2019	245,000	60,825	316,283
2020	255,000	60,825	315,825
2021 – 2025	1,365,000	217,300	1,582,300
2026 – 2028	<u>705,000</u>	<u>27,681</u>	<u>1,049,750</u>
 Total	 \$ <u>3,280,000</u>	 \$ <u>599,572</u>	 \$ <u>4,219,114</u>

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

As required by the 2013A bond ordinance, a sinking fund has been established. Monies in the sinking fund are to be used only for the purposes of paying principal of and interest on the bonds. Payments are required to be made into the sinking fund to pay interest and principal which will mature and become due on the next succeeding payment date. The balance in the sinking fund account at June 30, 2015 was \$225,524.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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>
2016	\$ 377,060	\$ 63,327	\$ 440,387
2017	386,546	53,841	440,387
2018	396,270	44,117	440,387
2019	406,239	34,148	440,387
2020	416,458	23,929	440,387
2021 – 2022	<u>644,156</u>	<u>16,167</u>	<u>660,323</u>
Total	\$ <u>2,626,729</u>	\$ <u>235,529</u>	\$ <u>2,862,258</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  
*Morganton Utility Board***

**1995 Bonds Payable**

The Board issued \$1,601,477 in a combined water and sewer revenue bond on April 22, 1995.

This bond matures quarterly starting March 1, 1996, until December 1, 2015. This bond bears an interest rate of 2% and a 1% administration fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year. Annualized payments of \$97,351 are required.

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**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.

**2001A Bonds Payable**

The Board issued \$3,812,470 in a combined waterworks and sewerage system revenue bonds on February 8, 2001, for the acquisition and construction of extensions, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing June 1, 2002. The bonds bear interest at a rate of 3% per annum and will be paid quarterly on March 1, June 1, September 1, and December 1 of each year. The bonds were issued to the West Virginia Development Authority and mature December 1, 2015. Annualized payments of \$339,402 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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**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.

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**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.

**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 construction will be completed fall 2013. The bonds bear an interest rate of .5% and a .5% administrative fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2014 until March 1, 2044. Annualized payments of \$21,945 plus annual payments of \$2,047 until a reserve requirement of \$20,472 is met.

**2012C Bonds Payable**

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

**2013A Bonds Payable**

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

**2014B Bonds Payable**

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

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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.

**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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

Long-term debt activity for the year ended June 30, 2015 was as follows:

	<u>Beginning</u>	<u>Payments</u>	<u>Proceeds</u>	<u>Ending</u>	<u>Current Portion</u>
Morgantown 1995	\$ 143,504	\$ ( 95,191)	\$ -0-	\$ 48,313	\$ 48,313
Morgantown 2000A	3,799,712	( 323,380)	-0-	3,476,332	323,384
Morgantown 2000B	1,669,550	( 65,476)	-0-	1,604,074	65,476
Morgantown 2001A	496,002	( 328,191)	-0-	167,811	167,811
Morgantown 2006A	4,747,830	( 296,924)	-0-	4,450,906	302,907
Morgantown 2007A	6,878,555	( 400,458)	-0-	6,478,097	408,617
Morgantown 2010A	37,950,000	-0-	-0-	37,950,000	-0-
Morgantown 2010C	14,265,788	( 654,508)	-0-	13,611,280	667,696
Morgantown 2010D	8,476,646	( 396,498)	165,518	8,245,666	404,489
Morgantown 2010E	92,754	( 4,256)	-0-	88,498	4,341
Morgantown 2010F	5,285,000	(1,005,000)	-0-	4,280,000	1,030,000
Morgantown 2012A	565,593	( 17,678)	-0-	547,915	17,678
Morgantown 2012C	2,240,000	( 95,000)	-0-	2,145,000	90,000
Morgantown 2013A	4,473,680	( 131,580)	-0-	4,342,100	131,580
Morgantown 2014B	-0-	( 14,965)	505,421	490,456	18,922
Morgantown 2015A	-0-	-0-	104,584	104,584	3,170
Morgantown 2015B	-0-	-0-	1,999	1,999	118
Morgantown 2015C	-0-	( 160,101)	6,190,572	6,030,471	213,468
Morgantown 2015D	-0-	( 33,108)	1,555,962	1,522,854	44,144
Morgantown 2015E	-0-	-0-	25,500	25,500	4,219
<b>Total</b>	<b>\$ <u>91,084,614</u></b>	<b>\$ <u>(4,022,314)</u></b>	<b>\$ <u>8,549,556</u></b>	<b>\$ <u>95,611,856</u></b>	<b>\$ <u>3,946,333</u></b>

Changes in other long-term obligations during the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability	\$ 5,402,449	\$ -0-	\$(167,144)	\$ 5,235,305	\$ -0-
Note payable	<u>-0-</u>	<u>14,447</u>	<u>-0-</u>	<u>14,447</u>	<u>-0-</u>
<b>Total</b>	<b>\$ <u>5,402,449</u></b>	<b>\$ <u>14,447</u></b>	<b>\$(<u>167,144</u>)</b>	<b>\$ <u>5,249,752</u></b>	<b>\$ <u>-0-</u></b>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015.

Fiscal Year Ending June 30,

2016	\$ 41,406
2017	42,883
2018	44,241
2019	45,498
2020	46,670
2021 – 2025	<u>229,025</u>
	449,723
Less: Amount representing interest	<u>87,200</u>
	362,523
Less: Current maturities	<u>26,319</u>
	336,204
Non-current maturities	\$ <u>336,204</u>

The Parking Authority of the City of Morgantown entered into a capital lease to finance the acquisition of lighting upgrades. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under the capital lease and the present value of the net minimum lease payments at June 30, 2015:

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Fiscal Year Ending June 30,**

2016	\$ 19,971
2017	20,684
2018	21,339
2019	21,945
2020	22,510
2021 – 2025	<u>110,466</u>
	216,915
Less: Amount representing interest	<u>42,058</u>
	174,857
Less: Current maturities	<u>12,695</u>
	\$ <u>162,162</u>
Non-current maturities	\$ <u>162,162</u>

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

For the year ended June 30, 2015, 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	\$ 578,714
Firemen's Pension and Relief Fund	<u>451,492</u>
<b>Total</b>	<b>\$ <u>1,030,206</u></b>

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

**H. Prior Period Adjustment**

The following fund balances of the primary government required restatement as of the beginning of the year as follows:

<b>Life and Health Fund</b>	
Fund balance as previously stated	\$ 1,284,459
Overstatement of accounts receivable	( <u>1,800</u> )
Fund balance as restated	\$ <u>1,282,659</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Airport Fund**

Net position as previously stated	\$ 25,585,335
Restatement for adoption of GASB 68	( <u>1,176,975</u> )
Net position as restated	\$ <u>24,408,360</u>

**Governmental Activities**

Net position as previously stated	\$ (10,061,263)
Restatement for adoption of GASB 68	( <u>57,604,796</u> )
Net position as restated	\$ ( <u>67,666,059</u> )

**COMPONENT UNITS**

**Board of Parks and Recreation Commission**

Fund balance as previously stated	\$ (222,716)
Understatement of capital assets	<u>83,319</u>
Fund balance as restated	\$ ( <u>139,397</u> )

**Parking Authority**

Net position as previously stated	\$ 4,543,543
Restatement for adoption of GASB 68	( <u>765,175</u> )
Net position as restated	\$ <u>3,778,368</u>

**Morgantown Public Library**

Net position as previously stated	\$ 5,558,148
Understatement of net pension liability – adoption of GASB 68	( <u>323,831</u> )
Net position as restated	\$ <u>5,234,317</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**IV. Other Information**

**A. Risk Management**

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

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

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

**B. Contingent Liabilities**

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

**V. Employee Retirement System and Plans**

**Plan Descriptions. Contribution Information**

The City of Morgantown, West Virginia participates in three single employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2015.

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, 2015.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015.

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

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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	7/1/2015	7/1/2015
Actuarial Cost Method	Projected Unit Credit	Aggregate entry age
Amortization Method	Level % Open	
Amortization Period	27 year (level percentage)	
Actuarial asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	5%	7.0%
Projected salary increases	5%	4.0%
Post retirement benefit increases	None	None
Inflation	4%	3%
Cost of living adjustments	3%	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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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	\$ 15,047	\$ 9,958	\$ 1,696	\$ 26,701
Investments	14,419,360	11,500,905	47,505,205	73,425,470
Receivables:				
Contributions	<u>-0-</u>	<u>-0-</u>	<u>135,830</u>	<u>135,830</u>
Total assets	<u>14,434,407</u>	<u>11,510,863</u>	<u>47,642,731</u>	<u>73,588,001</u>
<b>Liabilities</b>				
Accounts payable	<u>-0-</u>	<u>599</u>	<u>5,938</u>	<u>6,537</u>
Total liabilities	<u>-0-</u>	<u>599</u>	<u>5,938</u>	<u>6,537</u>
<b>Net position</b>				
Held in trust	\$ <u>14,434,407</u>	\$ <u>11,510,264</u>	\$ <u>47,636,793</u>	\$ <u>73,581,464</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<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	\$ 720,778	\$ 618,813	\$ 1,879,379	\$ 3,218,970
Employee	343,444	191,330	725,508	1,260,282
Insurance premium tax allocation	578,714	451,492	-0-	1,030,206
Other	<u>-0-</u>	<u>-0-</u>	<u>5,261</u>	<u>5,261</u>
Total contributions	<u>1,642,936</u>	<u>1,261,635</u>	<u>2,610,148</u>	<u>5,514,719</u>
Investment Income:				
Net appreciation (depreciation) in fair value of investments	( 594,099)	( 481,733)	( 418,397)	( 1,494,229)
Gain (loss) on sale of investments	748,159	608,450	1,561,063	2,917,672
Interest and dividends	<u>286,790</u>	<u>229,062</u>	<u>982,501</u>	<u>1,498,353</u>
Total investment income	<u>440,850</u>	<u>355,779</u>	<u>2,125,167</u>	<u>2,921,796</u>
Miscellaneous	<u>208</u>	<u>166</u>	<u>-0-</u>	<u>374</u>
Total additions	<u>2,083,994</u>	<u>1,617,580</u>	<u>4,735,315</u>	<u>8,436,889</u>
<b>Deductions</b>				
General and administrative	114,019	93,538	174,281	381,838
Contribution refunds	33,200	-0-	170,164	203,364
Benefit payments	<u>1,974,707</u>	<u>1,496,332</u>	<u>2,650,584</u>	<u>6,121,623</u>
Total deductions	<u>2,121,926</u>	<u>1,589,870</u>	<u>2,995,029</u>	<u>6,706,825</u>
Net increase (decrease)	( 37,932)	27,710	1,740,286	1,730,064
Net position – beginning of year	<u>14,472,339</u>	<u>11,482,554</u>	<u>45,896,507</u>	<u>71,851,400</u>
Net position – end of year	\$ <u>14,434,407</u>	\$ <u>11,510,264</u>	\$ <u>47,636,793</u>	\$ <u>73,581,464</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

*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, 2015 is as follows:

	<i>Component Unit Board of Parks and Recreation Commission</i>	<i>Component Unit Morgantown Public Library</i>
Total wages	\$ 1,259,818	\$ 805,185
Covered wages	\$ 557,943	\$ 593,250
Employer share 14.00%	\$ 78,112	\$ 83,055
Employee share 4.50%	\$ 25,108	\$ 26,743

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%
City's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of 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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2014, active members contributed 4.5 percent of their salary, and employers contributed 14.5 percent of the member's compensation into the plan. For the year ended June 30, 2015, active members contributed 4.5 percent of their salary, and employers contributed 14.0 percent of the member's compensation into the plan.

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

At June 30, 2015 the City's component units reported a liability of \$1,315,320 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 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, 2014, the City's component units reported the following proportions and increases/decreases from its proportion measured as of June 30, 2013:

Amount for proportionate share of net pension liability	\$ 1,315,320
Percentage for proportionate share of net pension liability	0.356394%
Increase (decrease) % from prior proportion measured	-0.012279%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

For the year ended June 30, 2015, the City's component units recognized pension expense on their government wide financial statements. At June 30, 2015, the City 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>
<b>Changes in assumptions</b>		
Net difference between projected and actual earnings on pension plan investments	\$ -0-	\$ 1,013,573
<b>Changes in proportion and differences between government contributions and proportionate share of contributions</b>		
	59,276	-0-
<b>Government contributions subsequent to the measurement date</b>		
	<u>487,303</u>	<u>-0-</u>
	<b>\$ <u>546,579</u></b>	<b>\$ <u>1,013,573</u></b>

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other 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>	
2016	\$ (105,254)
2017	(105,254)
2018	(105,254)
2019	(105,254)
2020	(105,254)
	<b>\$ <u>(526,270)</u></b>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

***Actuarial Assumptions***

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.2 percent
Salary increases:	4.25 – 6.0 percent, including inflation
Investment rate of return:	7.5 percent, net of pension plan investment expenses, including inflation.

Mortality rates for non-disabled participants were based on the 1983 Group Annuity Mortality Table for males and the 1971 Group Annuity Table for females, as appropriate. Mortality rates for disabled participants were based on the 1983 Group Annuity Mortality Table for Males and Revenue Ruling 96-7 for Females.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2014.

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. Rates summarized in the following table include the inflation component and were used for the following defined benefit plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
US Equity (Russell 3000)	27.50%	7.67%
International Equity (ACWI ex US)	27.50%	8.50%
Fixes Income	15.00%	2.90%
High Yield	0.00%	4.80%
TPS	0.00%	2.90%
Real Estate	10.00%	6.80%
Private Equity	10.00%	9.90%
Hedge Funds	10.00%	5.00%
CPA	<u>0.00%</u>	2.20%
<b>Total</b>	<b><u>100.00%</u></b>	

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

***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 component unit 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>(6.50%)</u>	<u>Rate (7.50%)</u>	<u>(8.50%)</u>
City's proportionate share of the net pension liability	\$ 3,715,684	\$ 1,315,320	\$ (730,830)

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

***Morgantown Utility Board***

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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 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 year ended 2015. At June 30, 2015, the government's reported the following proportions:

	<u>Pension Plan</u>
Amount for proportionate share of net pension liability	\$ 5,235,305
Percentage for proportionate share of net pension liability	57.33%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

For the year ended June 30, 2015, the Board recognized the following pension expense:

	<u>Pension Plan</u>
Pension expense	\$ <u>845,861</u>

The Board 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>
Differences between expected and actual experience	\$ -0-	\$ 491,307
Net difference between projected and actual earnings on pension plan investments	<u>555,799</u>	<u>-0-</u>
Totals	\$ <u>555,799</u>	\$ <u>491,307</u>

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>		
2016		\$ 49,473
2017		49,473
2018		49,473
2019		49,474
2020		(89,478)
Thereafter		<u>(43,923)</u>
Total		\$ <u>64,492</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of net pension liability	\$ 8,979,274	\$ 5,235,305	\$ 2,057,207

***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.

**VI. Debt Service Coverage**

The debt service coverage factor for the Parking Authority has been calculated as follows for the year ended June 30, 2015:

Total revenues	\$ 2,717,229
Interest and dividend income	<u>15,235</u>
Adjusted gross revenues	2,732,464
Total expenses	<u>2,386,903</u>
Add: Depreciation expense	<u>345,561</u>
Amount available for debt service and capital expenditures	\$ <u>736,016</u>
Maximum annual debt service	\$ <u>440,387</u>
Calculated debt service coverage factor	1.67
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, 2015.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**VII. Lease of Property**

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

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

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

The balance receivable is as follows:

Fiscal Year Ended June 30,

2016	\$ 62,880
2017	62,880
2018	62,880
2019	62,880
2020	62,880
2021	<u>374,123</u>
	 \$ <u>688,523</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.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

The total balance of the accounts receivable is as follows:

Fiscal Year Ended June 30,

2016	\$ 100,000
2017	100,000
2018	100,000
2019	100,000
2020	100,000
2021	109,032
2022	-0-
2023	-0-
2024	-0-
2025	-0-
2026	<u>709,668</u>
	<b>\$ <u>1,318,700</u></b>

**VIII. Deficit Fund Balance**

It was noted during our audit that the Woodburn Property fund had a deficit fund balance of \$14,848. The elimination of this deficit fund balance is dependent on increasing revenues and decreasing expenses for this fund.

**IX. Subsequent Events**

The City has considered all subsequent events through March 2, 2016, the date the financial statements were made available.

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

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF MORGANTOWN, WEST VIRGINIA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY  
 YEAR ENDED JUNE 30, 2015**

	<u>Year Ended</u> <u>June 30, 2015</u>
City's proportion of the net pension liability (asset)	0.36%
City's proportionate share of the net pension liability (asset)	\$ 1,315,320
City's covered – employee payroll	\$ 1,151,193
City's proportionate share of the net pension liability (asset) as a percentage of its covered – employee payroll	115%
Plan fiduciary net position as a percentage of the total pension liability	93.98%

The information presented in the schedule of the proportionate share of the net pension liability is the only year available as of June 30, 2015. The City will be adding additional years to the accompanying schedule as information is available.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF CITY CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2015**

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

The information presented in the schedule of City's contributions is the only year available as of June 30, 2015. The City will be adding additional years to the accompanying schedules as information is available.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

*Changes in Benefit Terms*

There were no changes in benefit terms for the year ended June 30, 2015.

*Changes in Assumptions*

There were no changes in assumptions for the year ended June 30, 2015.

The information presented in the schedule of proportionate share of the net pension liability and the schedule of City's contributions is the only year available as of June 30, 2015. The City will be adding additional years to the accompanying schedules as information is available.

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

**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, 2015**

Year ending June 30,	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 1,084,316	\$ 1,008,137
Interest on the total pension liability	1,775,489	1,840,353
Benefit changes	-0-	-0-
Difference between expected and actual experience	( 1,590,303)	-0-
Assumption changes	662,125	1,349,132
Benefit payments	( 1,496,332)	( 1,408,588)
Refunds	-0-	( 47,548)
Net change in total pension liability	<u>435,295</u>	<u>2,741,486</u>
Total pension liability – beginning	<u>40,689,191</u>	<u>37,947,705</u>
Total pension liability – ending (a)	<u>41,124,486</u>	<u>40,689,191</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	1,070,305	1,013,374
Employee contributions	191,330	183,544
Pension plan net investment income	300,409	1,162,709
Benefit payments	( 1,496,332)	( 1,408,588)
Refunds	-0-	( 47,548)
Pension plan administrative expense	( 1,943)	( 1,725)
Other	-0-	-0-
Net change in plan fiduciary net position	<u>63,769</u>	<u>901,766</u>
Plan fiduciary net position – beginning	<u>11,482,554</u>	<u>10,580,788</u>
Plan fiduciary net position – ending (b)	<u>11,546,323</u>	<u>11,482,554</u>
Net pension liability – ending (a) – (b)	\$ <u>29,578,163</u>	\$ <u>29,206,637</u>
Plan fiduciary net position as a percentage of total pension liability	28.08%	28.22%
Covered employee payroll	\$ <u>2,441,567</u>	\$ <u>2,453,297</u>
Net pension liability as a percentage of covered employee payroll	1,211.44%	1,190.51%

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

**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, 2015**

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 40,689,191	\$ 11,482,554	\$ 29,206,637	28.22%	\$ 2,453,297	1,190.51%
2015	\$ 41,124,486	\$ 11,546,323	\$ 29,578,163	28.08%	\$ 2,441,567	1,211.44%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULES OF CONTRIBUTIONS MULTIYEAR  
FIREMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

<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%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
FIREMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

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

<b><i>Measurement Date</i></b>	June 30, 2015, measurement date based on actuarial liabilities as of July 1, 2014
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<b><i>Actuarial Cost Method</i></b>	Entry Age Normal, Level-Percentage-of-Pay
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<b><i>Actuarial Value of Assets</i></b>	Market value used for GASB Nos. 67 and 68 reporting
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<b><i>Contribution Policy and Amortization Method</i></b>	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings are not expected to fully fund the projected actuarial liability for current plan members, and assets for the closed plan are projected to be depleted by 2035.
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***Actuarial Assumptions:***

<b><i>Investment Rate of Return</i></b>	5.000% per year
<b><i>GASB 67/68 Discount Rate</i></b>	4.451% per year at June 30, 2015, and 4.565% at June 30, 2014
<b><i>Projected Salary Increases</i></b>	9.000% with one year of service, 4.500% with two years of service, 2.000% with three to four years of service and 1.000% after
<b><i>Cost of Living Increases</i></b>	3.000% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
FIREMEN'S PENSION AND RELIEF FUND (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Single Discount Rate**

A GASB Nos. 67 and 68 single discount rate of 4.451% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 5.000%, and the municipal bond rate of 3.800%. 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 4.451% 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 4.451%, 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.

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

<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
<u>3.451%</u>	<u>4.451%</u>	<u>5.451%</u>
\$ 35,970,070	\$ 29,578,163	\$ 24,430,831

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

**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, 2015**

Year ending June 30,	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 1,410,460	\$ 1,376,895
Interest on the total pension liability	2,333,177	2,364,924
Benefit changes	-0-	-0-
Difference between expected and actual experience	( 935,554)	-0-
Assumption changes	927,148	1,904,795
Benefit payments	( 1,974,707)	( 1,896,160)
Refunds	( 33,200)	( 22,672)
Net change in total pension liability	1,727,324	3,727,782
Total pension liability – beginning	<u>52,489,702</u>	<u>48,761,920</u>
Total pension liability – ending (a)	<u>54,217,026</u>	<u>52,489,702</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	1,299,492	1,236,729
Employee contributions	343,444	260,782
Pension plan net investment income	372,888	1,430,259
Benefit payments	( 1,974,707)	( 1,896,160)
Refunds	( 33,200)	( 22,672)
Pension plan administrative expense	( 1,344)	( 1,275)
Other	-0-	-0-
Net change in plan fiduciary net position	<u>6,573</u>	<u>1,007,663</u>
Plan fiduciary net position – beginning	<u>14,472,339</u>	<u>13,464,676</u>
Plan fiduciary net position – ending (b)	<u>14,478,912</u>	<u>14,472,339</u>
Net pension liability – ending (a) – (b)	\$ <u>39,738,114</u>	\$ <u>38,017,363</u>
Plan fiduciary net position as a percentage of total pension liability	26.71%	27.57%
Covered employee payroll	\$ <u>3,381,767</u>	\$ <u>3,514,416</u>
Net pension liability as a percentage of covered employee payroll	1,175.07%	1,081.75%

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

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, 2015

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 52,489,702	\$ 14,472,339	\$ 38,017,363	27.57%	\$ 3,514,416	1,081.75%
2015	\$ 54,217,026	\$ 14,478,912	\$ 39,738,114	26.71%	\$ 3,381,767	1,175.07%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULES OF CONTRIBUTIONS MULTIYEAR  
POLICEMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

<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%

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
POLICEMEN'S PENSION AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

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

<b><i>Measurement Date</i></b>	June 30, 2015, measurement date based on actuarial liabilities as of July 1, 2014
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<b><i>Actuarial Cost Method</i></b>	Entry Age Normal, Level-Percentage-of-Pay
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<b><i>Actuarial Value of Assets</i></b>	Market value used for GASB Nos. 67 and 68 reporting
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<b><i>Contribution Policy and Amortization Method</i></b>	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings are not expected to fully fund the projected actuarial liability for current plan members, and assets for the closed plan are projected to be depleted by 2036.
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***Actuarial Assumptions:***

<b><i>Investment Rate of Return</i></b>	5.000% per year
<b><i>GASB 67/68 Discount Rate</i></b>	4.432% per year at June 30, 2015, and 4.552% at June 30, 2014
<b><i>Projected Salary Increases</i></b>	9.000% with one year of service, 4.500% with two years of service, 2.000% with three to four years of service and 1.000% after
<b><i>Cost of Living Increases</i></b>	3.000% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
POLICEMEN'S PENSION AND RELIEF FUND (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Single Discount Rate**

A GASB Nos. 67 and 68 single discount rate of 4.432% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 5.000%, and the municipal bond rate of 3.800%. 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 2036. Therefore, the single discount rate of 4.432% 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 4.432%, 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.

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

<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
<u>3.432%</u>	<u>4.432%</u>	<u>5.432%</u>
\$ 48,537,609	\$ 39,738,114	\$ 32,700,769

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

**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, 2015**

Year ending June 30,	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 1,408,684	\$ 1,578,745
Interest on the total pension liability	3,873,941	3,788,795
Benefit changes	-0-	-0-
Difference between expected and actual experience	( 1,013,053)	( 255,545)
Assumption changes	-0-	( 970,431)
Benefit payments	( 2,650,584)	( 2,479,097)
Refunds	( 170,164)	( 212,619)
Net change in total pension liability	<u>1,448,824</u>	<u>1,449,848</u>
Total pension liability – beginning	<u>55,319,845</u>	<u>53,869,997</u>
Total pension liability – ending (a)	<u>56,768,669</u>	<u>55,319,845</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	1,879,379	1,572,414
Employee contributions	725,508	699,093
Pension plan net investment income	1,992,100	5,680,536
Benefit payments	( 2,650,584)	( 2,479,097)
Refunds	( 170,164)	( 212,619)
Pension plan administrative expense	( 41,215)	( 40,192)
Other	<u>5,261</u>	<u>1,861</u>
Net change in plan fiduciary net position	<u>1,740,285</u>	<u>5,221,996</u>
Plan fiduciary net position – beginning	<u>45,896,507</u>	<u>40,674,511</u>
Plan fiduciary net position – ending (b)	<u>47,636,792</u>	<u>45,896,507</u>
Net pension liability – ending (a) – (b)	\$ <u>9,131,877</u>	\$ <u>9,423,338</u>
Plan fiduciary net position as a percentage of total pension liability	83.91%	82.97%
Covered employee payroll <sup>1</sup>	\$ <u>12,172,614</u>	\$ <u>11,880,381</u>
Net pension liability as a percentage of covered employee payroll	75.02%	79.32%

<sup>1</sup> Covered employee payroll is based on pensionable payroll for membership data used in the actuarial valuation as of the same date. 10 fiscal years will be built prospectively.

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

**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, 2015**

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll<sup>1</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%

<sup>1</sup> Covered employee payroll is based on pensionable payroll for membership data used in the actuarial valuation as of the same date.

10 fiscal years will be built prospectively.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF CONTRIBUTIONS MULTIYEAR  
LAST 10 FISCAL YEARS  
EMPLOYEE RETIREMENT AND RELIEF FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>FY Ending June 30,</u>	<u>Actuarially Determined Contribution<sup>2</sup></u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll<sup>1</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2006	\$ 660,556	\$ 653,297	\$ 7,259	\$ 8,996,728	7.26%
2007	773,719	864,201	( 90,482)	9,990,727	8.65%
2008	810,248	898,077	( 87,829)	10,385,815	8.65%
2009	860,984	758,122	102,862	10,994,139	6.90%
2010	1,137,893	930,998	206,895	10,687,987	8.71%
2011	1,261,182	1,151,765	109,417	11,040,216	10.43%
2012	1,303,850	1,314,738	( 10,888)	11,526,601	11.41%
2013	1,921,461	1,379,087	542,374	11,908,975	11.58%
2014	2,116,999	1,574,275	542,724	11,880,381	13.25%
2015	1,850,655	1,879,379	( 28,724)	12,172,614	15.44%

<sup>1</sup> Covered employee payroll is based on pensionable payroll for membership data used in the actuarial valuation as of the same date.

<sup>2</sup> ADC for years ending 2006 through 2014 based on GASB 25; ADC for 2015 and later based on the Fund's adopted funding policy.

10 fiscal years will be built prospectively.

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
EMPLOYEE RETIREMENT PENSION AND RELIEF  
FOR THE YEAR ENDED JUNE 30, 2015**

**Valuation Date:** July 1, 2015

*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 the contributions will be made.

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

*Actuarial Cost Method* Individual Entry Age Normal

*Amortization Method* Level dollar, closed

*Remaining Amortization Period* 21 years

*Asset Valuation Method* 5-year smoothed market

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

*Salary Increases* 4.0% per year

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

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

*Mortality* Pre-retirement mortality is assumed to follow 85% of the 1994 Group Annuity Mortality table for Males and Females. Post-retirement mortality is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females. Post-disablement mortality is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females set forward 4 years.

**Other Information:**

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

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
EMPLOYEE RETIREMENT PENSION AND RELIEF (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 the plan member 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 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>
\$ 15,662,435	\$ 9,131,877	\$ 3,588,360

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

**MORGANTOWN UTILITY BOARD  
(A COMPONENT UNIT OF THE CITY OF MORGANTOWN)  
SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
JUNE 30, 2015**

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

	<b>2015</b>
Board's proportion of the net pension liability (asset) (percentage)	57.33%
Board's proportionate share of the net pension liability (asset)	\$ 5,235,305
Board's covered – employee payroll	\$ 6,935,715
Board's proportionate share of the net pension liability (asset) as a percentage of its covered – employee payroll	75.48%
Plan fiduciary net position as a percentage of the total pension liability	83.91%

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

\*Will be built prospectively.

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

**MORGANTOWN UTILITY BOARD**  
**(A COMPONENT UNIT OF THE CITY OF MORGANTOWN)**  
**SCHEDULES OF CONTRIBUTIONS**  
**JUNE 30, 2015**

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

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficit (Surplus)</u>	<u>Board's Covered Employee Payroll</u>	<u>Actual Contribution as a % of Covered Employee Payroll</u>
06/30/2006	\$ 383,122	\$ ( 381,732)	\$ 1,390	\$ 5,152,093	7.41%
06/30/2007	\$ 394,597	\$ ( 439,266)	\$ ( 44,669)	\$ 5,682,716	7.73%
06/30/2008	\$ 469,944	\$ ( 522,183)	\$ ( 52,239)	\$ 6,071,770	8.60%
06/30/2009	\$ 542,420	\$ ( 475,353)	\$ 67,067	\$ 5,861,334	8.11%
06/30/2010	\$ 585,332	\$ ( 478,911)	\$ 106,421	\$ 5,778,093	8.29%
06/30/2011	\$ 707,649	\$ ( 646,270)	\$ 61,379	\$ 6,246,232	10.35%
06/30/2012	\$ 711,381	\$ ( 717,285)	\$ ( 5,904)	\$ 6,078,627	11.80%
06/30/2013	\$ 1,053,537	\$ ( 756,125)	\$ 297,412	\$ 6,403,272	11.81%
06/30/2014	\$ 1,186,366	\$ ( 882,191)	\$ 304,175	\$ 6,623,068	13.32%
06/30/2015	\$ 1,060,981	\$ (1,077,497)	\$ ( 16,516)	\$ 6,935,715	15.54%

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

***SUPPLEMENTARY INFORMATION***

**CITY OF MORGANTOWN, WEST VIRGINIA  
COMBINING FUND BALANCE SHEETS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<i>Primary Government</i>			<i>Component Unit</i>		
	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 777,430	\$ 48,424	\$ 825,854	\$ 348,018	\$ -0-	\$ 348,018
Investments	705,851	-0-	705,851	-0-	236,997	236,997
Receivables (net of allowances for uncollectibles)						
Taxes	-0-	132,133	132,133	-0-	-0-	-0-
Accounts	11,439	-0-	11,439	1,520	-0-	1,520
Grants	62,670	-0-	62,670	-0-	-0-	-0-
Due from/(to) other funds	( 26,000)	-0-	( 26,000)	(159,397)	( 2,916)	(162,313)
<b>TOTAL ASSETS</b>	<b>\$ 1,531,390</b>	<b>\$ 180,557</b>	<b>\$ 1,711,947</b>	<b>\$ 190,141</b>	<b>\$ 243,081</b>	<b>\$ 424,222</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 71,827	\$ -0-	\$ 71,827	\$ 88,262	\$ -0-	\$ 88,262
Accrued payroll and compensated absences	2,389	-0-	2,389	74,740	-0-	74,740
Total liabilities	<u>74,216</u>	<u>-0-</u>	<u>74,216</u>	<u>163,002</u>	<u>-0-</u>	<u>163,002</u>
<b>Deferred Inflow of Resources</b>						
Deferred revenue - taxes	-0-	110,957	110,957	-0-	-0-	-0-
Total deferred inflow of resources	<u>-0-</u>	<u>110,957</u>	<u>110,957</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balances</b>						
Restricted	144,550	-0-	144,550	-0-	-0-	-0-
Assigned	1,329,212	69,600	1,398,812	27,139	234,081	261,220
Unassigned	( 16,588)	-0-	( 16,588)	-0-	-0-	-0-
Total fund balances	<u>1,457,174</u>	<u>69,600</u>	<u>1,526,774</u>	<u>27,139</u>	<u>234,081</u>	<u>261,220</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,531,390</b>	<b>\$ 180,557</b>	<b>\$ 1,711,947</b>	<b>\$ 190,141</b>	<b>\$ 234,081</b>	<b>\$ 424,222</b>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<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	\$ 27,908	\$ -0-	\$ 27,908	\$ 1,571,017	\$ -0-	\$ 1,571,017
Fines and forfeits	257,418	-0-	257,418	-0-	-0-	-0-
Investment income	4,646	198	4,844	1,360	3,390	4,750
Donations	40,294	-0-	40,294	104,996	80	105,076
Taxes:						
Ad valorem	-0-	1,179,644	1,179,644	-0-	-0-	-0-
Intergovernmental:						
Federal	379,484	-0-	379,484	18,034	-0-	18,034
State	40,000	-0-	40,000	-0-	-0-	-0-
Local	3,305	-0-	3,305	-0-	-0-	-0-
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>62,114</u>	<u>-0-</u>	<u>62,114</u>
Total revenues	<u>753,055</u>	<u>1,179,842</u>	<u>1,932,897</u>	<u>1,757,521</u>	<u>3,470</u>	<u>1,760,991</u>
<b>Expenditures</b>						
General government	8,093	-0-	8,093	-0-	-0-	-0-
Public safety	136,116	-0-	136,116	-0-	-0-	-0-
Culture and recreation	-0-	-0-	-0-	3,027,227	-0-	3,027,227
Community development	509,324	13,241	522,565	-0-	-0-	-0-
Benefit payments	<u>775,344</u>	<u>-0-</u>	<u>775,344</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>1,428,877</u>	<u>13,241</u>	<u>1,442,118</u>	<u>3,027,227</u>	<u>-0-</u>	<u>3,027,227</u>
(Deficiency) excess of revenues (under) over expenditures	( <u>675,822</u> )	<u>1,166,601</u>	<u>490,779</u>	( <u>1,266,706</u> )	<u>3,470</u>	( <u>1,266,236</u> )
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	130,981	-0-	130,981	1,130,309	-0-	1,130,309
Operating transfers (out)	<u>-0-</u>	<u>(1,191,137)</u>	<u>(1,191,137)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>130,981</u>	<u>(1,191,137)</u>	<u>(1,060,156)</u>	<u>1,130,309</u>	<u>-0-</u>	<u>1,130,309</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)	( <u>544,841</u> )	( <u>24,536</u> )	( <u>569,377</u> )	( <u>139,397</u> )	<u>3,470</u>	( <u>135,927</u> )
Fund balance beginning of year	<u>2,002,015</u>	<u>94,136</u>	<u>2,096,151</u>	<u>166,536</u>	<u>230,611</u>	<u>397,147</u>
Fund balance end of year	\$ <u>1,457,174</u>	\$ <u>69,600</u>	\$ <u>1,526,774</u>	\$ <u>27,139</u>	\$ <u>234,081</u>	\$ <u>261,220</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
COMBINING FUND BALANCE SHEETS –  
NONMAJOR GOVERNMENTAL FUNDS –  
SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	<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>Small Cities Block Grant</u>	<u>I. C. White Coal Severance</u>	<u>OPEB Trust</u>	<u>Property Auction</u>	<u>Woodburn Property</u>	<u>Court Technology</u>	<u>Total</u>	<u>Component Unit Board of Parks and Recreation</u>
<b>ASSETS</b>													
Cash	\$ 37,893	\$ 85	\$ 362,349	\$ 5,616	\$ -0-	\$ -0-	\$ 100,827	\$ 255,897	\$ 11,256	\$ 3,046	\$ 461	\$ 777,430	\$ 348,018
Investments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	705,851	-0-	-0-	-0-	705,851	-0-
Receivables (net of allowances for uncollectibles):													
Accounts	-0-	3,120	-0-	-0-	-0-	-0-	-0-	-0-	1,213	7,106	-0-	11,439	1,520
Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants	-0-	61,419	-0-	1,251	-0-	-0-	-0-	-0-	-0-	-0-	-0-	62,670	-0-
Due from/(to) other funds	-0-	-0-	-0-	(1,000)	-0-	-0-	-0-	-0-	-0-	(25,000)	-0-	(26,000)	(159,397)
<b>TOTAL ASSETS</b>	<b>\$ 37,893</b>	<b>\$ 64,624</b>	<b>\$ 362,349</b>	<b>\$ 5,867</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 100,827</b>	<b>\$ 961,748</b>	<b>\$ 12,469</b>	<b>\$(14,848)</b>	<b>\$ 461</b>	<b>\$ 1,531,390</b>	<b>\$ 190,141</b>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>Liabilities</b>													
Accounts payable	\$ -0-	\$ 61,419	\$ -0-	\$ 853	\$ -0-	\$ -0-	\$ -0-	\$ 7,815	\$ -0-	\$ 1,740	\$ -0-	\$ 71,827	\$ 88,262
Accrued payroll and compensated absences	-0-	2,389	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,389	74,740
Total liabilities	-0-	63,808	-0-	853	-0-	-0-	-0-	7,815	-0-	1,740	-0-	74,216	163,002
<b>Fund Balances</b>													
Restricted	37,893	816	-0-	5,014	-0-	-0-	100,827	-0-	-0-	-0-	-0-	144,550	-0-
Assigned	-0-	-0-	362,349	-0-	-0-	-0-	-0-	953,933	12,469	-0-	461	1,329,212	27,139
Unassigned	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(16,588)	-0-	(16,588)	-0-
Total fund balances	37,893	816	362,349	5,014	-0-	-0-	100,827	953,933	12,469	(16,588)	461	1,457,174	27,139
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,893</b>	<b>\$ 64,624</b>	<b>\$ 362,349</b>	<b>\$ 5,867</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 100,827</b>	<b>\$ 961,748</b>	<b>\$ 12,469</b>	<b>\$(14,848)</b>	<b>\$ 461</b>	<b>\$ 1,531,390</b>	<b>\$ 190,141</b>

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

**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, 2015**

	<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>Small Cities Block Grant</u>	<u>I. C. White Coal Severance</u>	<u>OPEB Trust</u>	<u>Property Auction</u>	<u>Woodburn Property</u>	<u>Court Technology</u>	<u>Total</u>	<u>Component Unit Board of Parks and Recreation</u>
<b>Revenues</b>													
Charges for services	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 27,393	\$ 515	\$ 27,908	\$ 1,571,017
Fines and forfeits	-0-	-0-	257,418	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	257,418	-0-
Interest	-0-	40	532	14	36	-0-	-0-	4,012	-0-	12	-0-	4,646	1,360
Donations	-0-	-0-	-0-	40,000	-0-	-0-	294	-0-	-0-	-0-	-0-	40,294	104,996
Intergovernmental:													
Federal	-0-	332,624	-0-	25,844	21,016	-0-	-0-	-0-	-0-	-0-	-0-	379,484	18,034
State	-0-	-0-	-0-	40,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	40,000	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,305	-0-	3,305	62,114
Total revenues	<u>-0-</u>	<u>332,664</u>	<u>257,950</u>	<u>105,858</u>	<u>21,052</u>	<u>-0-</u>	<u>294</u>	<u>4,012</u>	<u>-0-</u>	<u>30,710</u>	<u>515</u>	<u>753,055</u>	<u>1,757,521</u>
<b>Expenditures</b>													
General government	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,039	-0-	-0-	54	8,093	-0-
Public safety	-0-	-0-	112,094	-0-	24,022	-0-	-0-	-0-	-0-	-0-	-0-	136,116	-0-
Culture and recreation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,027,227
Community development	-0-	369,710	-0-	100,844	-0-	-0-	-0-	-0-	-0-	38,770	-0-	509,324	-0-
Benefit payments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	775,344	-0-	-0-	-0-	775,344	-0-
Total expenditures	<u>-0-</u>	<u>369,710</u>	<u>112,094</u>	<u>100,844</u>	<u>24,022</u>	<u>-0-</u>	<u>-0-</u>	<u>783,383</u>	<u>-0-</u>	<u>38,770</u>	<u>54</u>	<u>1,428,877</u>	<u>3,027,227</u>
(Deficiency) excess of revenues (under) over expenditures	<u>-0-</u>	<u>( 37,046)</u>	<u>145,856</u>	<u>5,014</u>	<u>( 2,970)</u>	<u>-0-</u>	<u>294</u>	<u>( 779,371)</u>	<u>-0-</u>	<u>( 8,060)</u>	<u>461</u>	<u>( 675,822)</u>	<u>(1,269,706)</u>
<b>Other Financing Sources (Uses)</b>													
Operating transfers in (out)	-0-	50,206	393	-0-	-0-	(393)	-0-	80,775	-0-	-0-	-0-	130,981	1,130,309
Total other financings sources (uses)	<u>-0-</u>	<u>50,206</u>	<u>393</u>	<u>-0-</u>	<u>-0-</u>	<u>(393)</u>	<u>-0-</u>	<u>80,775</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>130,981</u>	<u>1,130,309</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing uses	-0-	13,160	146,249	5,014	( 2,970)	(393)	294	( 698,596)	-0-	( 8,060)	461	( 544,841)	( 139,397)
Fund balance beginning of year	37,893	( 12,344)	216,100	-0-	2,970	393	100,533	1,652,529	12,469	( 8,528)	-0-	2,002,015	166,536
Fund balance end of year	\$ <u>37,893</u>	\$ <u>816</u>	\$ <u>362,349</u>	\$ <u>5,014</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>100,827</u>	\$ <u>953,933</u>	\$ <u>12,469</u>	\$ <u>(16,588)</u>	\$ <u>461</u>	\$ <u>1,457,174</u>	\$ <u>27,139</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
 COMBINING FUND BALANCE SHEETS –  
 NONMAJOR GOVERNMENTAL FUNDS –  
 CAPITAL PROJECT FUNDS  
 JUNE 30, 2015**

	<i>Primary Government</i>			<i>Component Unit</i>	
	<u>Business</u>	<u>Tax</u>		<i>Morgantown</i>	
	<u>Improvement</u>	<u>Increment</u>		<i>Public Library</i>	<u>Total</u>
	<u>District</u>	<u>Financing</u>	<u>Total</u>	<u>Capital Project</u>	<u>Component</u>
				<u>Clay Battelle</u>	<u>Unit</u>
				<u>Branch</u>	
<b>ASSETS</b>					
Cash	\$ 46,812	\$ 1,612	\$ 48,424	\$ -0-	\$ -0-
Investments	-0-	-0-	-0-	236,997	236,997
Taxes receivable	-0-	132,133	132,133	-0-	-0-
Grants receivable	-0-	-0-	-0-	-0-	-0-
Due from/(to) other funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	( 2,916)	( 2,916)
<b>TOTAL ASSETS</b>	<b>\$ <u>46,812</u></b>	<b>\$ <u>133,745</u></b>	<b>\$ <u>180,557</u></b>	<b>\$ <u>234,081</u></b>	<b>\$ <u>234,081</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>110,957</u>	<u>110,957</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflow of resources	<u>-0-</u>	<u>110,957</u>	<u>110,957</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balances</b>					
Assigned	<u>46,812</u>	<u>22,788</u>	<u>69,600</u>	<u>234,081</u>	<u>234,081</u>
Total fund balances	<u>46,812</u>	<u>22,788</u>	<u>69,600</u>	<u>234,081</u>	<u>234,081</u>
<b>TOTAL LIABILITIES, DEFERRED    INFLOWS OF RESOURCES AND    FUND BALANCES</b>	<b>\$ <u>46,812</u></b>	<b>\$ <u>133,745</u></b>	<b>\$ <u>180,557</u></b>	<b>\$ <u>234,081</u></b>	<b>\$ <u>234,081</u></b>

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

**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, 2015**

	<i>Primary Government</i>			<i>Component Unit</i>	
	<u>Business</u>	<u>Tax</u>		<i>Morgantown</i>	
	<u>Improvement</u>	<u>Increment</u>		<i>Public Library</i>	<u>Total</u>
	<u>District</u>	<u>Financing</u>	<u>Total</u>	<u>Capital Project</u>	<u>Component</u>
				<u>Clay Battelle</u>	<u>Unit</u>
				<u>Branch</u>	
<b>Revenues</b>					
Investment income	\$ 175	\$ 23	\$ 198	\$ 3,390	\$ 3,390
Donations	-0-	-0-	-0-	80	80
Taxes:					
Ad valorem	-0-	1,179,644	1,179,644	-0-	-0-
Intergovernmental:					
Federal	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>175</u>	<u>1,179,667</u>	<u>1,179,842</u>	<u>3,470</u>	<u>3,470</u>
<b>Expenditures</b>					
Community development	<u>12,509</u>	<u>732</u>	<u>13,241</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>12,509</u>	<u>732</u>	<u>13,241</u>	<u>-0-</u>	<u>-0-</u>
(Deficiency) excess of revenues (under) over expenditures	(12,334)	1,178,935	1,166,601	3,470	3,470
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	-0-	-0-	-0-	-0-	-0-
Operating transfers (out)	<u>-0-</u>	<u>(1,191,137)</u>	<u>(1,191,137)</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>(1,191,137)</u>	<u>(1,191,137)</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(12,334)	( 12,202)	( 24,536)	3,470	3,470
Fund balance beginning of year, restated	<u>59,146</u>	<u>34,990</u>	<u>94,136</u>	<u>230,611</u>	<u>619,863</u>
Fund balance end of year	\$ <u>46,812</u>	\$ <u>22,788</u>	\$ <u>69,600</u>	\$ <u>234,081</u>	\$ <u>623,333</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
FIDUCIARY RESPONSIBILITIES  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015**

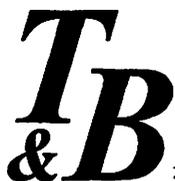
	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Employee's Retirement and Benefit</u>	<u>Total</u>	<u>Component Unit</u>		
					<u>Nonexpendable Trust</u>	<u>Endowment Fund</u>	<u>Total</u>
<b>Assets</b>							
Cash	\$ 15,047	\$ 9,958	\$ 1,696	\$ 26,701	\$ 47,220	\$ 12,292	\$ 59,512
Investments	14,419,360	11,500,905	47,505,205	73,425,470	-0-	-0-	-0-
Receivables:							
Contributions	<u>-0-</u>	<u>-0-</u>	<u>135,830</u>	<u>135,830</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets	<u>14,434,407</u>	<u>11,510,863</u>	<u>47,642,731</u>	<u>73,588,001</u>	<u>47,220</u>	<u>12,292</u>	<u>59,512</u>
<b>Liabilities</b>							
Accounts payable	<u>-0-</u>	<u>599</u>	<u>5,938</u>	<u>6,537</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>599</u>	<u>5,938</u>	<u>6,537</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Net Position</b>							
Held in trust	\$ <u>14,434,407</u>	\$ <u>11,510,264</u>	\$ <u>47,636,793</u>	\$ <u>73,581,464</u>	\$ <u>47,220</u>	\$ <u>12,292</u>	\$ <u>59,512</u>

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
FIDUCIARY RESPONSIBILITIES  
COMBINING STATEMENT OF CHANGES NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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	\$ 720,778	\$ 618,813	\$ 1,879,379	\$ 3,218,970	\$ -0-	\$ -0-	\$ -0-
Employee	343,444	191,330	725,508	1,260,282	-0-	-0-	-0-
Insurance premium tax allocation	578,714	451,492	-0-	1,030,206	-0-	-0-	-0-
Other	-0-	-0-	5,261	5,261	-0-	-0-	-0-
Total contributions	<u>1,642,936</u>	<u>1,261,635</u>	<u>2,610,148</u>	<u>5,514,719</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Investment Income:							
Net appreciation (depreciation) in fair value of investments	( 594,099)	( 481,733)	( 418,397)	( 1,494,229)	( 888)	593	( 295)
Gain (loss) on sale of investments	748,159	608,450	1,561,063	2,917,672	-0-	-0-	-0-
Interest and dividends	286,790	229,062	982,501	1,498,353	1,125	191	1,316
Total investment income	<u>440,850</u>	<u>355,779</u>	<u>2,125,167</u>	<u>2,921,796</u>	<u>237</u>	<u>784</u>	<u>1,021</u>
Miscellaneous	<u>208</u>	<u>166</u>	<u>-0-</u>	<u>374</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total additions	<u>2,083,994</u>	<u>1,617,580</u>	<u>4,735,315</u>	<u>8,436,889</u>	<u>237</u>	<u>784</u>	<u>1,021</u>
<b>Deductions</b>							
General and administrative	114,019	93,538	174,281	381,838	1,439	183	1,622
Contribution refunds	33,200	-0-	170,164	203,364	-0-	-0-	-0-
Benefit payments	1,974,707	1,496,332	2,650,584	6,121,623	-0-	-0-	-0-
Total deductions	<u>2,121,926</u>	<u>1,589,870</u>	<u>2,995,029</u>	<u>6,706,825</u>	<u>1,439</u>	<u>183</u>	<u>1,622</u>
Net increase (decrease)	( 37,932)	27,710	1,740,286	1,730,064	( 1,202)	601	( 601)
Net position – beginning of year	<u>14,472,339</u>	<u>11,482,554</u>	<u>45,896,507</u>	<u>71,851,400</u>	<u>48,422</u>	<u>11,691</u>	<u>60,113</u>
Net position – end of year	\$ <u>14,434,407</u>	\$ <u>11,510,264</u>	\$ <u>47,636,793</u>	\$ <u>73,581,464</u>	\$ <u>47,220</u>	\$ <u>12,292</u>	\$ <u>59,512</u>

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



**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, 2015, 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 March 2, 2016.

**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**

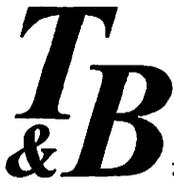
As part of obtaining reasonable assurance about whether the City of Morgantown, West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

*Justin S. Bartlett, P.C.*

March 2, 2016



***Tetrick & Bartlett, PLLC***

**Certified Public Accountants  
Consultants**

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

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of 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, 2015.

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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

*Jetick + Ballou, PLLC*

March 2, 2016

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 section .510(a) of Circular A-133?	<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 Housing and Urban Development/Office of Community Planning and Development Community Development Block Grant/Entitlement Grants	CFDA #14.218
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Dollar threshold used to distinguish between Type A and Type B programs	<u>    \$300,000</u>
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Auditee qualified as low-risk auditee	<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, 2015**

**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, 2015; United States Department of Housing and Urban Development – Office of Community Planning and Development – Community Development Block Grant/Entitlement Grants – CFDA Number 14.218 – Fiscal Year Ended June 30, 2015.**

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

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

<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	3-54-0015-034-2012	\$ 1,131,824	\$ 65,409	\$ 65,409
Airport Improvement Program	20.106	3-54-0015-035-2013	1,185,422	150,998	150,998
Airport Improvement Program	20.106	3-54-0015-036-2014	154,100	149,129	149,129
				<u>365,536</u>	<u>365,536</u>
<u>National Highway Traffic Safety Administration</u>					
<i>West Virginia Department of Transportation</i>					
Alcohol Impaired Driving Countermeasures Incentive Grants 1	20.601	F13HS-18-154	60,000	33,873	33,873
Alcohol Open Container Requirements	20.607	F14-HS-18-405B	15,000	12,219	12,219
Alcohol Open Container Requirements	20.607	F14-HS-18-410	30,000	4,970	4,970
				<u>51,062</u>	<u>51,062</u>
<b>Total United States Department of Transportation</b>				<u>416,598</u>	<u>416,598</u>
<b>United States Department of Justice</b>					
<u>Bureau of Justice Assistance</u>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0440	22,378	<u>21,016</u>	<u>21,016</u>
<u>Bureau of Justice Assistance</u>					
<i>State of West Virginia Division of Criminal Justice Service</i>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		16,329	5,198	5,198
Edward Byrne Memorial Justice Assistance Grant Program	16.738		16,329	8,471	8,471
				<u>13,669</u>	<u>13,669</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

<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>
<u>Violence Against Women Office</u>					
<i>State of West Virginia Division of Criminal Justice Services</i>					
ARRA – Violence Against Women Formula Grants	16.588	11-VAW-005	\$ 8,000	\$ <u>6,651</u>	\$ <u>6,651</u>
<u>Office of Community Oriented Policing Services</u>					
ARRA – Public Safety Partnership and Community Policing Grants	16.710	2011UMWX0203	552,903	<u>184,301</u>	<u>184,301</u>
Total United States Department of Justice				<u>225,637</u>	<u>225,637</u>
<b>United States Environmental Protection Agency/Office of Solid Waste and Emergency Response</b>					
<u>West Virginia University</u>					
ARRA – Brownfields Assessment and Cleanup Cooperative Agreement	66.818	BF-97333401-1	30,000	<u>25,844</u>	<u>25,844</u>
Total United States Environmental Protection Agency				<u>25,844</u>	<u>25,844</u>

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2015**

<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-15-MC-54-0007	\$ 500,000	\$ <u>350,658</u>	\$ <u>350,658</u>
Total United States Department of Housing and Urban Development				<u>350,658</u>	<u>350,658</u>
Total Federal Fund				\$ <u>1,018,737</u>	\$ <u>1,018,737</u>

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

**Note 1 - Significant Accounting Policies**

The accompanying schedule of federal awards is a summary of the activity of the City of Morgantown, West Virginia's federal award programs and presents transactions that would be included in financial statements of the City of Morgantown presented on the accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

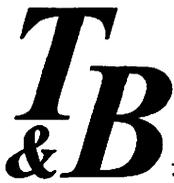
**United States Department of Transportation – Federal Aviation Administration – Airport Improvement Program – CFDA Number 20.106 – Year Ended June 30, 2014; United States Department of Housing and Urban Development – Office of Community Planning and Development – Community Development Block Grant/Entitlement Grants – CFDA Number 14.218 - Year Ended June 30, 2014.**

There were no prior audit findings.

**CITY OF MORGANTOWN, WEST VIRGINIA  
SCHEDULE OF PASSENGER FACILITY CHARGES  
FOR THE YEAR ENDED JUNE 30, 2015**

Balance June 30, 2014	\$ 125,697
Revenues received:	
Passenger facility charges	30,056
Interest income	<u>9</u>
Disbursements:	
Capital improvements	<u>(145,480)</u>
Balance June 30, 2015	\$ <u>10,282</u>

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



***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, 2015. 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, 2015.

### **Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Detrick, Bartlett, PLLC*

March 2, 2016