

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
A CLASS II MUNICIPALITY IN HARRISON COUNTY**

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

FOR THE YEAR ENDED JUNE 30, 2017
RFP #17-028 (Harrison County)

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
MUNICIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Office	Name	Term
	Elective	
Mayor:	Catherine Goings	07/01/15 – 06/30/19
Vice Mayor:	Jim Malfregeot	07/01/13 – 06/30/17
Council Members:	Chad Sigmon	07/01/15 – 06/30/19
	Robert J. Caplan	07/01/13 – 06/30/17
	Gary R. Bowden	07/01/15 – 06/30/19
	E. Ryan Kennedy	07/01/15 – 06/30/17
	Sam Lopez	07/01/13 – 06/30/17
	Appointed	
City Manager:	Martin Howe	
Finance Director:	Kim Karakiozis	
City Clerk:	Annette Wright	

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Municipal Sales and Use Tax Fund

PROPRIETARY FUND TYPES

MAJOR FUNDS

Building Commission

NONMAJOR FUNDS

Special Revenue Funds

Police Fund
Urban Renewal Authority
Park Board
Park Board Special Levy
Dental and Vision
Capital Levy Improvement Fund
PEIA Fund
Police National Night Out
Tax Increment Financing District

Debt Service Fund

Urban Renewal Authority

FIDUCIARY FUND TYPES

Pension Trust

Policemen's Pension and Relief
Firemen's Pension and Relief

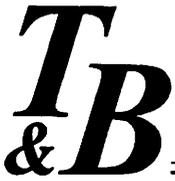
COMPONENT UNITS

Blended

Building Commission

Discretely Presented

Sanitary Board
Parking Authority



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
Municipality of Clarksburg
Clarksburg, 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, the blended component units, each major fund, and the aggregate remaining fund information of the Municipality of Clarksburg, West Virginia, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Municipality of Clarksburg, 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 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, the blended component units, each major fund, and the aggregate remaining fund information of the Municipality of Clarksburg, West Virginia, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Coal Severance Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements for the year ended June 30, 2017, the Municipality of Clarksburg, West Virginia adopted new accounting guidance, GASB 81 – *Irrevocable Split-Interest Agreements* and GASB 82 – *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of the net pension liability, schedule of Municipality'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 on pages 95 through 107 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 Municipality of Clarksburg, West Virginia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, 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, 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 January 22, 2018, on our consideration of the Municipality of Clarksburg, 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 Municipality of Clarksburg, West Virginia's internal control over financial reporting and compliance.

Detrick, Baudert, PLLC

Clarksburg, West Virginia
January 22, 2018

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental</u>	<u>Business</u>	<u>Total</u>	<u>Component Units</u>	
				<u>Activities</u>	<u>Type</u>
		<u>Activities</u>		<u>Board</u>	<u>Authority</u>
Assets					
Cash	\$ 4,497,475	\$ 80,446	\$ 4,577,921	\$ 936,723	\$ 9,853
Receivables	4,646,988	-0-	4,646,988	921,699	-0-
Due to/from other activities	(7,572)	-0-	(7,572)	7,572	-0-
Inventory	-0-	-0-	-0-	311,590	-0-
Restricted assets	-0-	-0-	-0-	1,087,226	-0-
Capital assets, net	<u>20,965,806</u>	<u>13,004,543</u>	<u>33,970,349</u>	<u>19,740,463</u>	<u>6,416,747</u>
Total assets	<u>30,102,697</u>	<u>13,084,989</u>	<u>43,187,686</u>	<u>23,005,273</u>	<u>6,426,600</u>
Deferred Outflows of Resources					
Net difference between projected and actual investment earnings on pension plan investments	929,849	-0-	929,849	241,766	723
Employer contributions subsequent to measurement period	471,409	-0-	471,409	172,438	547
Differences between expected and actual experience	175,408	-0-	175,408	64,160	192
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,461	-0-	31,461	11,507	34
Differences in assumptions	<u>4,081,244</u>	<u>-0-</u>	<u>4,081,244</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources	<u>5,689,371</u>	<u>-0-</u>	<u>5,689,371</u>	<u>489,871</u>	<u>1,496</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION (CONT'D)
JUNE 30, 2017

	<u>Governmental</u>	<u>Business</u>	<u>Total</u>	<u>Component Units</u>	
				<u>Activities</u>	<u>Type</u>
		<u>Activities</u>		<u>Board</u>	<u>Authority</u>
Liabilities					
Accounts payable	\$ 309,112	\$ -0-	\$ 309,112	\$ 42,565	\$ 146
Construction contracts payable	-0-	1,599,777	1,599,777	-0-	-0-
Accrued payroll	26,131	-0-	26,131	-0-	-0-
Other post-employment benefits payable	5,401,065	-0-	5,401,065	1,082,226	40,410
Unearned revenues	3,146	-0-	3,146	-0-	-0-
Accrued interest payable	-0-	9,056	9,056	-0-	-0-
Long-term liabilities					
Due within one year	781,197	848,540	1,629,737	1,019,356	12,466
Due in more than one year	<u>53,181,661</u>	<u>8,396,058</u>	<u>61,577,719</u>	<u>12,515,737</u>	<u>5,441</u>
Total liabilities	<u>59,702,312</u>	<u>10,853,431</u>	<u>70,555,743</u>	<u>14,659,884</u>	<u>58,463</u>
Deferred Inflow of Resources					
Net difference between projected and actual investment earnings on pension plan investments	587,418	-0-	587,418	-0-	-0-
Differences in assumptions	1,921,645	-0-	1,921,645	37,483	112
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,169	-0-	1,169	428	1
Differences between expected and actual non-investment experience	<u>2,361,627</u>	<u>-0-</u>	<u>2,361,627</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflow of resources	<u>4,871,859</u>	<u>-0-</u>	<u>4,871,859</u>	<u>37,911</u>	<u>113</u>
Net Position					
Net investment in capital assets	19,424,770	2,160,168	21,584,938	7,217,116	6,401,140
Restricted	-0-	-0-	-0-	1,087,226	-0-
Unrestricted	<u>(48,206,873)</u>	<u>71,390</u>	<u>(48,135,483)</u>	<u>493,007</u>	<u>(31,620)</u>
Total Net Position	\$ <u>(28,782,103)</u>	\$ <u>2,231,558</u>	\$ <u>(26,550,545)</u>	\$ <u>8,797,349</u>	\$ <u>6,369,520</u>

See accompanying notes and independent auditor's report.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Sanitary Board	Parking Authority
Governmental Activities									
General government	\$ 3,787,061	\$ 392,914	\$ 20,000	\$ -0-	\$ (3,374,147)	\$ -0-	\$ (3,374,147)	\$ -0-	\$ -0-
Public safety	9,939,016	1,524,008	834,710	-0-	(7,580,298)	-0-	(7,580,298)	-0-	-0-
Highways and streets	3,484,638	-0-	-0-	-0-	(3,484,638)	-0-	(3,484,638)	-0-	-0-
Health and sanitation	386,001	-0-	-0-	-0-	(386,001)	-0-	(386,001)	-0-	-0-
Community development	893,989	7,000	3,850	-0-	(883,139)	-0-	(883,139)	-0-	-0-
Culture and recreation	2,856,211	763,427	51,457	255,091	(1,786,236)	-0-	(1,786,236)	-0-	-0-
Social services	26,000	-0-	-0-	-0-	(26,000)	-0-	(26,000)	-0-	-0-
Benefit payments	<u>2,014,194</u>	<u>-0-</u>	<u>2,014,288</u>	<u>-0-</u>	<u>94</u>	<u>-0-</u>	<u>94</u>	<u>-0-</u>	<u>-0-</u>
Total governmental activities	<u>23,387,110</u>	<u>2,687,349</u>	<u>2,924,305</u>	<u>255,091</u>	<u>(17,520,365)</u>	<u>-0-</u>	<u>(17,520,365)</u>	<u>-0-</u>	<u>-0-</u>
Business-Type Activities									
Municipal Building Commission	<u>757,799</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(757,799)</u>	<u>(757,799)</u>	<u>-0-</u>	<u>-0-</u>
Total business-type activities	<u>757,799</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(757,799)</u>	<u>(757,799)</u>	<u>-0-</u>	<u>-0-</u>
Total primary government	\$ <u>24,144,909</u>	\$ <u>2,687,349</u>	\$ <u>2,924,305</u>	\$ <u>255,091</u>	<u>(17,520,365)</u>	<u>(757,799)</u>	<u>(18,278,164)</u>	<u>-0-</u>	<u>-0-</u>
Component Units									
Sanitary Board	\$ 4,924,403	\$ 4,943,445	\$ -0-	\$ -0-	-0-	-0-	-0-	19,042	-0-
Parking Authority	<u>253,105</u>	<u>130,594</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(122,511)</u>
Total component units	\$ <u>5,177,508</u>	\$ <u>5,074,039</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>19,042</u>	<u>(122,511)</u>

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Sanitary Board	Parking Authority
General Revenues									
Taxes and special assessments:									
Ad valorem					\$ 3,898,080	\$ -0-	\$ 3,898,080	\$ -0-	\$ -0-
Excess utility					743,691	-0-	743,691	-0-	-0-
Business and occupation					8,859,744	-0-	8,859,744	-0-	-0-
Alcoholic beverage					129,777	-0-	129,777	-0-	-0-
Hotel occupancy					333,074	-0-	333,074	-0-	-0-
Animal control					4,701	-0-	4,701	-0-	-0-
Oil and gas					23,020	-0-	23,020	-0-	-0-
Municipal sales and use tax					3,605,222	-0-	3,605,222	-0-	-0-
Licenses and permits					432,651	-0-	432,651	-0-	-0-
Franchises fees					170,219	-0-	170,219	-0-	-0-
Interest and investment earnings					42,082	1,145	43,227	16,479	128
Intergovernmental – state					42,017	-0-	42,017	-0-	-0-
Video lottery and gaming income					97,047	-0-	97,047	-0-	-0-
Gain on disposal of capital assets					-0-	-0-	-0-	6,625	-0-
Miscellaneous					119,899	-0-	119,899	9,590	1,818
Total general revenues					<u>18,501,224</u>	<u>1,145</u>	<u>18,502,369</u>	<u>32,694</u>	<u>1,946</u>
Change in net position before transfers					980,859	(756,654)	224,205	51,736	(120,565)
Operating transfers in (out)					(1,070,585)	892,748	(177,837)	-0-	177,837
Change in net position					(89,726)	136,094	46,368	51,736	57,272
Net position – beginning					(28,692,377)	2,095,464	(26,596,913)	8,745,613	6,312,248
Net position – ending					\$ (28,782,103)	\$ 2,231,558	\$ (26,550,545)	\$ 8,797,349	\$ 6,369,520

See accompanying notes and independent auditor's report.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
FUND BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Coal Severance Fund</u>	<u>Municipal Sales and Use Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 2,209,941	\$ 6,952	\$ 743,645	\$ 1,536,937	\$ 4,497,475
Receivables, net of allowances:					
Accounts	728,292	-0-	-0-	1,235	729,527
Taxes	2,483,034	14,075	1,065,377	148,384	3,710,870
Grants	69,136	-0-	-0-	-0-	69,136
Other	80,062	-0-	-0-	-0-	80,062
Note	22,806	-0-	-0-	34,587	57,393
Due to/(from) other activities	<u>110,951</u>	<u>-0-</u>	<u>-0-</u>	<u>(118,523)</u>	<u>(7,572)</u>
TOTAL ASSETS	\$ <u>5,704,222</u>	\$ <u>21,027</u>	\$ <u>1,809,022</u>	\$ <u>1,602,620</u>	\$ <u>9,136,891</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 129,988	\$ -0-	\$ -0-	\$ 179,124	\$ 309,112
Accrued payroll	581,443	-0-	-0-	18,779	600,222
Other post-employment benefits payable	5,401,065	-0-	-0-	-0-	5,401,065
Unearned revenues	-0-	-0-	-0-	3,146	3,146
Total liabilities	<u>6,112,496</u>	<u>-0-</u>	<u>-0-</u>	<u>201,049</u>	<u>6,313,545</u>
Deferred Inflow of Resources					
Deferred revenue – taxes	<u>282,227</u>	<u>-0-</u>	<u>-0-</u>	<u>129,485</u>	<u>411,712</u>
Total deferred inflow of resources	<u>282,227</u>	<u>-0-</u>	<u>-0-</u>	<u>129,485</u>	<u>411,712</u>
Fund Balances					
Committed	-0-	21,027	-0-	-0-	21,027
Assigned	-0-	-0-	1,809,022	1,328,241	3,137,263
Unassigned	<u>(690,501)</u>	<u>-0-</u>	<u>-0-</u>	<u>(56,155)</u>	<u>(746,656)</u>
Total fund balance	<u>(690,501)</u>	<u>21,027</u>	<u>1,809,022</u>	<u>1,272,086</u>	<u>2,411,634</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ <u>5,704,222</u>	\$ <u>21,027</u>	\$ <u>1,809,022</u>	\$ <u>1,602,620</u>	\$ <u>9,136,891</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
RECONCILIATION OF FUND BALANCE SHEETS –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Fund balance, fund level statement June 30, 2017 \$ 2,411,634

The total fund balance of the Municipality of Clarksburg's governmental funds differ 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	(957,298)
Obligation under capital lease	(1,353,783)
Net pension obligation payable	(50,890,465)
Notes payable	(187,221)

Capital assets, that are used in governmental activities and are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. However, the Statement of Net Position includes those assets and their associated accumulated depreciation. 20,965,806

Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level:

Deferred outflow – net difference between projected and actual investment earnings on pension plan investments	929,849
Deferred outflow – employer contributions subsequent to measurement period	471,409
Deferred outflow – differences between expected and actual experience	175,408
Deferred outflow – changes in proportion and differences between employer contributions and proportionate share of contributions	31,461
Deferred outflow – changes in assumptions	4,081,244
Deferred inflow – net difference between projected and actual investment earnings on pension plan investments	(587,418)

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
RECONCILIATION OF FUND BALANCE SHEETS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION (CONTD)
JUNE 30, 2017**

Deferred inflow – differences in assumptions	\$ (1,921,645)
Deferred inflow – changes in proportion and differences between employer contributions and proportionate share of contributions	(1,169)
Deferred inflow – differences between expected and actual non-investment experiences	(2,361,627)
 Some revenues are reported as deferred in the governmental funds:	
Deferred revenue	<u>411,712</u>
Net position of governmental activities	\$ (<u>28,782,103</u>)

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Coal Severance</u>	<u>Municipal Sales and Use Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes and special assessments:					
Ad valorem	\$ 2,495,242	\$ -0-	\$ -0-	\$ 1,503,044	\$ 3,998,286
Excess utility	743,691	-0-	-0-	-0-	743,691
Business and occupation	8,859,744	-0-	-0-	-0-	8,859,744
Alcoholic beverage	129,777	-0-	-0-	-0-	129,777
Hotel occupancy	333,074	-0-	-0-	-0-	333,074
Animal control	4,701	-0-	-0-	-0-	4,701
Oil and gas	23,020	-0-	-0-	-0-	23,020
Municipal sales and use tax	-0-	-0-	3,605,222	-0-	3,605,222
Licenses and permits	432,651	-0-	-0-	-0-	432,651
Charges for services	1,705,034	-0-	-0-	770,427	2,475,461
Fines and forfeits	179,355	-0-	-0-	28,163	207,518
Franchise fees	170,219	-0-	-0-	-0-	170,219
Interest	18,638	49	6,797	16,598	42,082
Donations	79,963	-0-	-0-	4,827	84,790
Intergovernmental:					
Federal	1,065,786	-0-	-0-	18,902	1,084,688
State	-0-	42,017	-0-	-0-	42,017
Contributions from employees	-0-	-0-	-0-	426,708	426,708
Contributions from employer	-0-	-0-	-0-	1,587,580	1,587,580
Video lottery and gaming income	97,047	-0-	-0-	-0-	97,047
Other	<u>129,761</u>	<u>-0-</u>	<u>-0-</u>	<u>12,944</u>	<u>142,705</u>
Total revenue	<u>16,467,703</u>	<u>42,066</u>	<u>3,612,019</u>	<u>4,369,193</u>	<u>24,490,981</u>
Expenditures					
General government	4,250,391	4,417	-0-	12,800	4,267,608
Public safety	8,979,886	15,465	-0-	355,225	9,350,576
Highways and streets	2,812,919	3,406	-0-	686,279	3,502,604
Health and sanitation	382,743	2,120	-0-	-0-	384,863
Community development	-0-	-0-	-0-	893,989	893,989
Culture and recreation	1,316,274	9,000	-0-	1,194,064	2,519,338
Social services	26,000	-0-	-0-	-0-	26,000
Benefit payments	<u>-0-</u>	<u>0-</u>	<u>-0-</u>	<u>2,014,194</u>	<u>2,014,194</u>
Total expenditures	<u>17,768,213</u>	<u>34,408</u>	<u>-0-</u>	<u>5,156,551</u>	<u>22,959,172</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,300,510)</u>	<u>7,658</u>	<u>3,612,019</u>	<u>(787,358)</u>	<u>1,531,809</u>

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Coal Severance</u>	<u>Municipal Sales and Use Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)					
Operating transfers in	\$ 1,673,462	\$ -0-	\$ -0-	\$ 696,783	\$ 2,370,245
Operating transfers (out)	(872,487)	-0-	(1,802,997)	(765,346)	(3,440,830)
Total other financing sources (uses)	<u>800,975</u>	<u>-0-</u>	<u>(1,802,997)</u>	<u>(68,563)</u>	<u>(1,070,585)</u>
 Net change in fund balance	 (499,535)	 7,658	 1,809,022	 (855,921)	 461,224
 Fund balance at beginning of year	 (190,966)	 13,369	 -0-	 2,128,007	 1,950,410
 Fund balance at end of year	 \$(690,501)	 \$ 21,027	 \$ 1,809,022	 \$ 1,272,086	 \$ 2,411,634

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Net change in fund balances – total governmental funds	\$ 461,224
 Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.	39,013
Governmental funds report the proceeds of long-term debt as income while government-wide financial statements report it as a liability.	(154,000)
 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:	
Decrease in compensated absences	19,833
Repayment of obligation under capital lease	158,948
Decrease in notes payable	36,773
 Some revenues are reported as deferred in the governmental funds:	
Change in deferred revenue – taxes	(100,206)
Change in deferred revenue – notes receivable	(22,806)
 Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68:	
Amount of pension expenditures at fund modified accrual level	357,149
Amount of pension expenses recognized at government-wide level	(885,654)
 Change in Net Position of Governmental Activities	 \$ (<u>89,726</u>)

See accompanying notes and independent auditor's report.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities</u> <u>Municipal Building</u> <u>Commission</u>
ASSETS	
Current Assets	
Cash	\$ <u>80,446</u>
Total current assets	<u>80,446</u>
Capital Assets	
Construction in progress	5,359,633
Buildings	10,762,968
Equipment	179,691
Less: Accumulated depreciation	(3,297,749)
Net capital assets	<u>13,004,543</u>
Total assets	\$ <u>13,084,989</u>
LIABILITIES AND NET POSITION	
Current Liabilities (payable from restricted assets)	
Construction contracts payable	\$ 1,599,777
Revenue bonds payable	390,506
Bond anticipation notes payable	458,034
Accrued revenue bond interest payable	<u>9,056</u>
Total current liabilities (payable from restricted assets)	<u>2,457,373</u>
Long-Term Liabilities (net of current portion)	
Revenue bonds payable	6,644,393
Bond anticipation notes payable	<u>1,751,665</u>
Total long-term liabilities (net of current portion)	<u>8,396,058</u>
Total liabilities	<u>10,853,431</u>
Net Position	
Net investment in capital assets	2,160,168
Unrestricted	<u>71,390</u>
Total net position	\$ <u>2,231,558</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities</u> <u>Municipal Building</u> <u>Commission</u>
Operating Expenses	
Depreciation	\$ 293,659
Maintenance	<u>179,871</u>
Total operating expenses	<u>473,530</u>
 Operating income (loss)	 (<u>473,530</u>)
Nonoperating Revenues (Expenses)	
Interest	1,145
Interest and fiscal charges	<u>(284,269)</u>
Total nonoperating revenues (expenses)	<u>(283,124)</u>
 Change in net position before operating transfers in (out)	 (756,654)
Operating transfers in (out)	<u>892,748</u>
 Change in net position	 136,094
 Total net position – beginning	 <u>2,095,464</u>
 Total net position – ending	 \$ <u>2,231,558</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Municipal Building Commission</u>
Cash Flows from Operating Activities	
Payments to suppliers	\$ (179,871)
Net cash (used in) operating activities	<u>(179,871)</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers from other funds	<u>892,748</u>
Net cash provided by noncapital financing activities	<u>892,748</u>
Cash Flows from Capital and Related Financing Activities	
Repayment of revenue bonds	(450,539)
Proceeds from revenue bonds	3,616,714
Acquisition of capital assets	(3,616,714)
Interest expense	(283,495)
Net cash (used in) capital and related financing activities	<u>(734,034)</u>
Cash Flows from Investing Activities	
Interest on investments	<u>1,145</u>
Net cash provided by investing activities	<u>1,145</u>
Net (decrease) in cash	(20,012)
Cash at beginning of year	<u>100,458</u>
Cash at end of year	\$ <u>80,446</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (473,530)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	<u>293,659</u>
Net cash provided by (used in) operating activities	\$ (<u>179,871</u>)

See accompanying notes and independent auditor's report.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Difference</u>	<u>GAAP Basis</u>	<u>Budget</u>
						<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Taxes (including interest and penalties):						
Ad valorem	\$ 2,365,454	\$ 2,480,454	\$ 2,504,264	\$ (55,764)	\$ 2,448,500	\$ 23,810
Excess utility	804,750	782,250	729,817	13,874	743,691	(52,433)
Business and occupation	8,854,000	8,947,500	8,975,086	(136,477)	8,838,609	27,586
Alcoholic beverage	112,000	129,745	129,745	32	129,777	-0-
Hotel occupancy	472,800	224,750	333,074	-0-	333,074	108,324
Animal control	4,800	4,800	4,701	-0-	4,701	(99)
Oil and gas	13,000	23,000	23,020	-0-	23,020	20
Licenses and permits	295,205	321,974	408,565	24,086	432,651	86,591
Charges for services	1,771,922	1,826,599	1,658,236	46,798	1,705,034	(168,363)
Fines and forfeitures	110,500	181,130	179,355	-0-	179,355	(1,775)
Franchise fees	180,000	171,500	170,219	-0-	170,219	(1,281)
Interest	5,000	5,000	6,552	-0-	6,552	1,552
Donations	-0-	5,000	71,000	8,963	79,963	66,000
Intergovernmental:						
Federal	157,635	280,388	1,042,224	23,562	1,065,786	761,836
State	231,875	708,427	-0-	-0-	-0-	(708,427)
Other	13,600	13,600	-0-	-0-	-0-	(13,600)
Video lottery and gaming income	97,000	97,000	96,319	728	97,047	(681)
Miscellaneous	<u>147,600</u>	<u>179,981</u>	<u>180,288</u>	<u>(73,333)</u>	<u>106,955</u>	<u>307</u>
Total revenues	<u>15,637,141</u>	<u>16,383,098</u>	<u>16,512,465</u>	<u>(147,531)</u>	<u>16,364,934</u>	<u>129,367</u>
Expenditures						
General government	4,534,714	5,172,887	4,245,966	(1,101,675)	3,144,291	926,921
Public safety	8,975,253	9,080,750	8,995,279	573,047	9,568,326	85,471
Highways and streets	2,824,921	2,855,356	2,765,166	29,787	2,794,953	90,190
Sanitation	343,051	399,533	379,910	3,970	383,880	19,623
Culture and recreation	1,350,166	1,371,607	1,316,096	337,051	1,653,147	55,511
Social services	<u>21,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-0-</u>	<u>26,000</u>	<u>-0-</u>
Total expenditures	<u>18,049,105</u>	<u>18,906,133</u>	<u>17,728,417</u>	<u>(157,820)</u>	<u>17,570,597</u>	<u>1,177,716</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(2,411,964)</u>	<u>(2,523,035)</u>	<u>(1,215,952)</u>	<u>(305,351)</u>	<u>(1,205,663)</u>	<u>1,307,083</u>

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>Basis)</u>	<u>GAAP</u> <u>Difference</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>With Final</u> <u>Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
Other Financing Sources (Uses)						
Operating transfers in	\$ 2,326,964	\$ 2,326,964	\$ 1,658,620	\$ -0-	\$ 1,658,620	\$ (668,344)
Operating transfers (out)	(240,000)	(240,000)	(240,000)	(652,748)	(892,748)	-0-
Total other financing sources (uses)	<u>2,086,964</u>	<u>2,086,964</u>	<u>1,418,620</u>	<u>(652,748)</u>	<u>765,872</u>	<u>(668,344)</u>
Net change in fund balance	(325,000)	(436,071)	202,668	(958,099)	(439,791)	638,739
Fund balance at beginning of year	<u>325,000</u>	<u>436,071</u>	<u>436,071</u>	<u>(33,912,749)</u>	<u>(33,476,678)</u>	<u>-0-</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>638,739</u>	\$ <u>(34,870,848)</u>	\$ <u>(33,916,469)</u>	\$ <u>638,739</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
COAL SEVERANCE FUND – BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Difference</u>	<u>GAAP Basis</u>	<u>Budget</u>
						<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Interest	\$ 100	\$ 100	\$ 49	\$ -0-	\$ 49	\$ (51)
Intergovernmental:						
State	32,000	37,768	37,768	4,249	42,017	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-
Total revenues	<u>32,100</u>	<u>37,868</u>	<u>37,817</u>	<u>4,249</u>	<u>42,066</u>	<u>(51)</u>
Expenditures						
General government	3,276	9,974	4,417	-0-	4,417	5,557
Public safety	10,973	17,096	15,650	185	15,465	1,446
Highways and streets	5,121	3,406	3,406	-0-	3,406	-0-
Health and sanitation	3,730	2,120	2,120	-0-	2,120	-0-
Culture and recreation	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-0-</u>	<u>9,000</u>	<u>-0-</u>
Total expenditures	<u>32,100</u>	<u>41,596</u>	<u>34,593</u>	<u>185</u>	<u>34,408</u>	<u>7,003</u>
Net change in fund balance	-0-	(3,728)	3,224	4,434	7,658	6,952
Fund balance at beginning of year	<u>-0-</u>	<u>3,728</u>	<u>13,369</u>	<u>-0-</u>	<u>13,369</u>	<u>9,641</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>16,593</u>	\$ <u>4,434</u>	\$ <u>21,027</u>	\$ <u>16,593</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 FIDUCIARY RESPONSIBILITIES
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

	<u>Pension Trust Funds</u>
Assets	
Cash	\$ 12,717
Investments:	
Fidelity government cash reserves	481,236
Federal government securities	1,020,630
Mutual funds	9,621,278
Certificates of deposit	49,282
Corporate bonds	1,504,360
Corporate stocks	1,178,031
Receivables:	
Accrued interest	9,305
Total assets	13,876,839
Liabilities	
Accounts payable	-0-
Total liabilities	-0-
Net Position	
Held in trust for pension benefits	\$ <u>13,876,839</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 FIDUCIARY RESPONSIBILITIES
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Pension
 Trust Funds

Additions

Contributions:

Employer	\$ 2,682,353
Employee	316,795
Insurance premium tax allocation	<u>867,080</u>
Total contributions	<u>3,866,228</u>

Investment income:

Net appreciation in fair value of investments	1,110,538
Net gain (loss) on sale of investments	66,666
Interest and dividends	<u>181,625</u>
Total investment income	<u>1,358,829</u>

Miscellaneous

Total additions	<u>880</u> <u>5,225,937</u>
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Deductions

General and administrative	79,693
Benefit payments	<u>2,415,448</u>
Total deductions	<u>2,495,141</u>

Net increase 2,730,796

Net position – beginning of year 11,146,043

Net position – end of year \$ 13,876,839

See accompanying notes and independent auditor's report.

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

I. Summary of Significant Accounting Policies

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

(a) Reporting Entity

The Municipality of Clarksburg is a municipal corporation governed by an elected mayor, vice mayor and five member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the Municipality, health and 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 Municipality.

The Municipality complies with GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*". This statement established standards for defining and reporting component units in the financial statements of the reporting entity. It defines component units as legally separate organizations for which the component unit not only has a fiscal dependency on the reporting entity but also a financial benefit or burden relationship must be present between the reporting entity and the entity that is to be included as a component unit. In addition, an entity may be included as a component unit in the financial statements of the reporting entity, if the reporting entity's management determines that it would be misleading to exclude them.

See independent auditor's report.

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

Blended Component Units

The entities below are legally separate from the Municipality and meet GAAP criteria for component units. These entities are blended with the primary government because they provide services entirely or almost entirely to the Municipality.

The *Clarksburg Building Commission* serves Municipality of Clarksburg, West Virginia, and is governed by a board comprised of five-members appointed by the Municipality for a term of five years each. The Building Commission acquires property and debt on behalf of the Municipality. The Municipality of Clarksburg Building Commission is reported as an enterprise fund.

The *Clarksburg Urban Renewal Authority* serves Municipality of Clarksburg, West Virginia, and is governed by a board comprised of five-members appointed by the Municipality for a term of five years each. The Clarksburg Urban Renewal Authority develops property and demolishes condemned structures on behalf of the Municipality and is reported as a special revenue fund.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the Municipality, but are financially accountable to the Municipality, or whose relationship with the Municipality is such that exclusion would cause the Municipality's financial statements to be misleading or incomplete. Because of the nature of services they provide and the Municipality'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 *Clarksburg Sanitary Board* services all the citizens of the Municipality of Clarksburg and is governed by a three member board comprised of the City Manager and two members appointed by council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The *Clarksburg Parking Authority* serves Municipality of Clarksburg, West Virginia, and is governed by a board comprised of five-members appointed by the Municipality for a term of three years each. The Clarksburg Parking Authority provides parking areas within the Municipality.

Complete financial statements for each of the individual component units can be obtained at the entity's administrative offices.

(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.

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

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

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

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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 Municipality in a trustee or agency capacity. The fund types used by the Municipality of Clarksburg are described as follows:

Governmental Fund Types

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

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

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

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

Proprietary Fund Types

Enterprise Funds: Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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The government reports the following major governmental funds:

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

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

The *Municipal Sales and Use Tax fund*, a special revenue fund, accounts for the collection of the municipal sales and use tax of the Municipality.

The government reports the following major proprietary funds:

The *Municipal Building Commission fund* serves the Municipality by providing facilities that provide facilities to the public. The legally separate entity leases these facilities to the primary government in accordance to lease agreements. The Board promulgates rules and regulations governing the usage and maintenance of the facilities.

Additionally, the government reports the following fund types:

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

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.

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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 Municipality 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 Municipality of Clarksburg, 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 Municipality 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.

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.

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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 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 non-real estate equity portion of the portfolio exceed seventy-five percent of the total portfolio.

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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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.

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.

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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The rates levied by the Municipality per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2017, were as follows:

<u>Class of Property</u>	<u>Assessed Valuation for Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy</u>
Class II	\$ 191,114,796	25.00 cents	12.50 cents
Class IV	\$ 425,211,872	50.00 cents	25.00 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.

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.

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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:

Assets	Years
Buildings	40 – 50
Structure and improvements	5 – 50
Infrastructure	40 – 50
Machinery and equipment	5 – 40

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees accrue 1.25 sick days per month to a maximum of 40 days. Employees meeting certain criteria can convert sick leave into cash. Vacation is accrued up to certain limits based on years of service.

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements in accordance with GASB Statement No. 16, **Accounting for Compensated Absences**.

When a permanent full time employee retires, the employee may elect to have any accrued sick leave converted to insurance benefits based on the formula of two days sick leave for one month single coverage insurance premium or three days sick leave for one month family coverage insurance premium.

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.

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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 Municipality 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 Municipality is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

Net Position Classifications:

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – divided net position for Government-wide net position into three components:

- a. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position – consists of net position that is restricted by the Municipality'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

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

- a. **Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.**
- b. **Restricted – Amounts that can be spent only for specific purposes because of the Municipality'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 Municipality's council.**
- d. **Assigned – Amounts that are designed by the Municipality's council for a particular purpose but are not spendable until there is a majority vote approval by the Municipality's council.**
- e. **Unassigned – All amounts not included in other spendable classifications.**

The Municipality 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 Municipality.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

8. Change in Accounting Principle

During the fiscal year ended June 30, 2017 the Municipality adopted the following GASB statements.

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

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

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

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

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

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

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

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

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

9. Deferred Outflows/Inflows of Resources

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

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

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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 Municipality of Clarksburg'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.

11. Stabilization Arrangements

The government has created a stabilization arrangement in accordance with West Virginia Code §8-37-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for any unforeseen shortfalls. The stabilization balance at fiscal year-end was \$1,598,150.

12. Inventories

The Municipality considers inventories of materials and supplies 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 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 Municipality's financial statements.

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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 Municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. 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>
\$ 638,173	General Government Expenditure Increase
105,497	Public Safety Expenditure Increase
30,435	Highways and Streets Expenditure Increase
56,482	Health and Sanitation Expenditure Increase
21,441	Culture and Recreation Expenditure Increase
5,000	Social Services Expenditures Increase

Coal Severance

<u>Amount</u>	<u>Description</u>
\$ 6,698	General Government Expenditure Increase
6,123	Public Safety Expenditure Increase
(1,715)	Highways and Streets Expenditure (Decrease)
(1,610)	Health and Sanitation Expenditure (Decrease)

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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 & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Policemen's Pension and Relief Mutual Funds	\$ <u>6,881,522</u>	Not Rated	Not Rated
<i>Interest Rate Risk</i>			
		<u>0 – 3 Years</u>	
Mutual Funds	\$ <u>6,881,522</u>		

Concentration of Credit Risk:

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

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
Fidelity Adv Small Cap – CI C	\$ 825,540	11.90%
Fidelity Adv Large Cap – CI C	1,209,428	17.50%
Fidelity Adv Strategic Income– CI C	1,013,248	14.70%
Fidelity Adv Consumer Staples – CI C	695,710	10.10%
Fidelity Adv Health Care – CI C	655,139	9.50%
Fidelity Adv Total Bond – CI C	1,061,449	15.40%
Fidelity Adv Mid Cap Value – CI C	806,241	11.70%
Fidelity Advisor Real Estate Income – CI C	517,039	78.00%

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At year end, the government had the following investments:

	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Firemen's Pension and Relief Mutual Funds	\$ <u>2,739,756</u>	Not Rated	Not Rated
<i>Interest Rate Risk</i>			
	<u>0 – 3 Years</u>		
Mutual Funds	\$ <u>2,739,756</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 firemen's pension fund had the following investments that comprised 5% or more of the total investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
Fidelity Government Cash Reserves	\$ 481,236	6.90%
Ishares Russell Midcap Value ETF	459,131	6.58%
Ishares Russell Midcap Growth	402,669	5.77%
Ishares Core S & P Mid Cap ETF	384,603	5.52%
Ishares Russell 2000 Value ETF	364,693	5.23%
Spdr S&P 50 ETF Trust Unit Ser 1 S & P	317,000	4.55%

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Firemen's Pension and Relief			
Fidelity government cash reserves	\$ 481,236	\$ 481,236	\$ -0-
Federal government securities	1,020,630	994,612	26,018
Mutual funds	2,739,756	1,655,866	1,083,890
Certificates of deposit	49,282	50,000	(718)
Corporate bonds	1,504,360	1,510,409	(6,049)
Corporate stocks	<u>1,178,031</u>	<u>641,678</u>	<u>536,353</u>
	\$ <u>6,973,295</u>	\$ <u>5,333,801</u>	\$ <u>1,639,494</u>

	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Firemen's Pension and Relief			
Fidelity government cash reserves	\$ 481,236	AAA	AAA
Federal government securities	1,020,630	AAA	AAA
Mutual funds	2,739,756	N/A	N/A
Certificates of deposit	49,282	N/A	N/A
Corporate bonds	1,504,360	BBB+-AAA	A1-AAA
Corporate stocks	<u>1,178,031</u>	N/A	N/A
Total	\$ <u>6,973,295</u>		

	<u>Less Than</u>				<u>Total</u>
<u>Interest Rate Risk</u>	<u>1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	<u>Over 10 Years</u>	
Fidelity government cash reserves	\$ 481,236	\$ -0-	\$ -0-	\$ -0-	\$ 481,236
Federal government securities	-0-	28,132	974,960	17,538	1,020,630
Mutual funds	2,739,756	-0-	-0-	-0-	2,739,756
Certificates of deposit	49,282	-0-	-0-	-0-	49,282
Corporate bonds	99,768	697,469	590,004	117,119	1,504,360
Corporate stocks	<u>1,178,031</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,178,031</u>
	\$ <u>4,548,073</u>	\$ <u>725,601</u>	\$ <u>1,564,964</u>	\$ <u>134,657</u>	\$ <u>6,973,295</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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At year end, the government had the following investments in Proprietary Fund Component Units:

Sanitary Sewer Board

	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
WV Municipal Bond Commission	\$ 649,883	Not Rated	Not Rated
Money market	<u>437,343</u>	Not Rated	Not Rated
	<u>\$ 1,087,226</u>		

<u>Interest Rate Risk</u>	<u>0 – 3 Years</u>	<u>4 – 7 Years</u>	<u>8 – 10 Years</u>	<u>Over 10 Years</u>	<u>Total</u>
WV Municipal Bond Commission	\$ 649,883	\$ -0-	\$ -0-	\$ -0-	\$ 649,883
Money market	<u>437,343</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>437,343</u>
	<u>\$ 1,087,226</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,087,226</u>

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.

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 \$5,537,214, which were collateralized with a depository bond.

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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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 \$14,924,043. 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	\$ 5,537,214
Investments – collateralized and secured	<u>14,942,043</u>
Total	\$ <u>20,479,257</u>
Cash and cash equivalents	\$ 5,537,214
Cash and investments – restricted	1,087,226
Investments	<u>13,854,817</u>
Total	\$ <u>20,479,257</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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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>Municipal</u> <u>Sales and</u> <u>Use Tax</u> <u>Fund</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> <u>Sanitary</u> <u>Board</u> <u>Fund</u>
Receivables:							
Accounts	\$ 728,292	\$ -0-	\$ -0-	\$ 1,235	\$ 729,527	\$ -0-	\$ 921,699
Taxes	2,483,034	14,075	1,065,377	148,384	3,710,870	-0-	-0-
Grants	69,136	-0-	-0-	-0-	69,136	-0-	-0-
Other	80,062	-0-	-0-	-0-	80,062	-0-	-0-
Notes	22,806	-0-	-0-	34,587	57,393	-0-	-0-
Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,305</u>	<u>-0-</u>
Total	\$ <u>3,383,330</u>	\$ <u>14,075</u>	\$ <u>1,065,377</u>	\$ <u>184,206</u>	\$ <u>4,646,988</u>	\$ <u>9,305</u>	\$ <u>921,699</u>

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The above receivables are shown net of allowance for doubtful accounts as follows:

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Municipal</u> <u>Sales and</u> <u>Use Tax</u> <u>Fund</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> <u>Sanitary</u> <u>Board</u> <u>Fund</u>
Receivables:							
Accounts	\$ 256	\$ -0-	\$ -0-	\$ -0-	\$ 256	\$ -0-	\$ 29,588
Note	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,000</u>	<u>7,000</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>256</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>7,000</u>	\$ <u>7,256</u>	\$ <u>-0-</u>	\$ <u>29,588</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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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	\$ 400,082
Business and occupation tax receivable	<u>11,630</u>
Total deferred revenue for governmental funds	\$ <u>411,712</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Nondepreciable assets				
Land	\$ <u>710,527</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>710,527</u>
Total nondepreciable assets	<u>710,527</u>	<u>-0-</u>	<u>-0-</u>	<u>710,527</u>
Depreciable assets				
Structures and improvements	14,143,902	584,306	-0-	14,728,208
Infrastructure	17,864,949	-0-	-0-	17,864,949
Machinery and equipment	<u>8,646,896</u>	<u>409,951</u>	<u>-0-</u>	<u>9,056,847</u>
Totals at historical cost	40,655,747	994,257	-0-	41,650,004
Less: Accumulated depreciation	<u>20,439,481</u>	<u>955,244</u>	<u>-0-</u>	<u>21,394,725</u>
Total depreciable assets – net	<u>20,216,266</u>	<u>39,013</u>	<u>-0-</u>	<u>20,255,279</u>
Governmental activities capital assets – net	\$ <u>20,926,793</u>	\$ <u>39,013</u>	\$ <u>-0-</u>	\$ <u>20,965,806</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities				
<i>Municipal Building Commission</i>				
Nondepreciable Assets				
Construction in process	\$ <u>143,142</u>	\$ <u>5,216,491</u>	\$ <u>-0-</u>	\$ <u>5,359,633</u>
Total nondepreciable assets	<u>143,142</u>	<u>5,216,491</u>	<u>-0-</u>	<u>5,359,633</u>
Depreciable Assets				
Buildings	10,762,968	-0-	-0-	10,762,968
Equipment	<u>179,691</u>	<u>-0-</u>	<u>-0-</u>	<u>179,691</u>
Total at historical cost	10,942,659	-0-	-0-	10,942,659
Less: Accumulated depreciation	<u>3,004,090</u>	<u>293,659</u>	<u>-0-</u>	<u>3,297,749</u>
Total depreciable assets	<u>7,938,569</u>	<u>(293,659)</u>	<u>-0-</u>	<u>7,644,910</u>
Business-type activities capital assets – net	\$ <u>8,081,711</u>	\$ <u>4,922,832</u>	\$ <u>-0-</u>	\$ <u>13,004,543</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities – Component Unit				
<i>Sanitary Fund</i>				
Nondepreciable Assets				
Land	\$ 84,065	\$ -0-	\$ -0-	\$ 84,065
Construction in process	<u>11,539,745</u>	<u>356,760</u>	<u>11,539,745</u>	<u>356,760</u>
Total nondepreciable assets	<u>11,623,810</u>	<u>356,760</u>	<u>11,539,745</u>	<u>440,825</u>
Depreciable Assets				
Buildings	1,532,698	-0-	-0-	1,532,698
Structures and improvements	7,077,002	131,795	-0-	7,208,797
Transmission and distribution	<u>16,087,088</u>	<u>12,621,638</u>	<u>28,209</u>	<u>28,680,517</u>
Total at historical cost	24,696,788	12,753,433	28,209	37,422,012
Less: Accumulated depreciation	<u>17,638,583</u>	<u>492,858</u>	<u>9,067</u>	<u>18,122,374</u>
Total depreciable assets – net	<u>7,058,205</u>	<u>12,260,575</u>	<u>19,142</u>	<u>19,299,638</u>
Business-type activities capital assets – net	\$ <u>18,682,015</u>	\$ <u>12,617,335</u>	\$ <u>11,558,887</u>	\$ <u>19,740,463</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities – Component Unit				
<i>Parking Authority</i>				
Nondepreciable Assets				
Land	\$ <u>2,543,901</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>2,543,901</u>
Total nondepreciable assets	<u>2,543,901</u>	<u>-0-</u>	<u>-0-</u>	<u>2,543,901</u>
Depreciable Assets				
Buildings	7,644,604	-0-	-0-	7,644,604
Structures and improvements	275,746	177,837	-0-	453,583
Machinery and equipment	<u>338,301</u>	<u>-0-</u>	<u>-0-</u>	<u>338,301</u>
Total at historical cost	8,258,651	177,837	-0-	8,436,488
Less: Accumulated depreciation	<u>4,453,202</u>	<u>110,440</u>	<u>-0-</u>	<u>4,563,642</u>
Total depreciable assets – net	<u>3,805,449</u>	<u>67,397</u>	<u>-0-</u>	<u>3,872,846</u>
Business-type activities capital assets – net	\$ <u>6,349,350</u>	\$ <u>67,397</u>	\$ <u>-0-</u>	\$ <u>6,416,747</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 145,038
Public safety	211,872
Highways and streets	377,045
Health and sanitation	21,435
Culture and recreation	<u>199,854</u>
	\$ <u>955,244</u>

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D. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Police Fund	\$ 4,000
Park Board Special Levy	Capital Improvement Levy Fund	\$ 34,193
General Fund	Capital Improvement Levy Fund	\$ 101,523
General Fund	Dental and Vision Benefit Fund	\$ 13,000
Sanitary Board Fund	General Fund	\$ 7,572

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Interfund Transfers:

	<u>Park Board</u>	<u>Police</u>	<u>Municipal</u>	<u>Urban</u>	<u>Police</u>	<u>General</u>	<u>Capital</u>	<u>Parking</u>	<u>Total</u>
	<u>Special</u>	<u>National</u>	<u>Building</u>	<u>Renewal</u>	<u>Fund</u>	<u>Fund</u>	<u>Improvement</u>	<u>Authority</u>	
	<u>Levy Fund</u>	<u>Nightout</u>	<u>Commission</u>	<u>Authority</u>	<u>Total</u>	<u>Fund</u>	<u>Levy Fund</u>	<u>Fund</u>	<u>Total</u>
<u>Transfers Out:</u>									
Tax Increment Financing District Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 59,724	\$ -0-	\$ 59,724
Park Board Special Levy Fund	-0-	-0-	146,616	-0-	-0-	-0-	-0-	-0-	146,616
Municipal Sales and Use Tax Fund	-0-	-0-	144,377	-0-	-0-	1,658,620	-0-	-0-	1,802,997
Capital Improvement Levy Fund	544,164	-0-	-0-	-0-	-0-	14,842	-0-	-0-	559,006
General Fund	<u>-0-</u>	<u>3,600</u>	<u>601,755</u>	<u>52,677</u>	<u>36,618</u>	<u>-0-</u>	<u>-0-</u>	<u>177,837</u>	<u>872,487</u>
Total	\$ <u>544,164</u>	\$ <u>3,600</u>	\$ <u>892,748</u>	\$ <u>52,677</u>	\$ <u>36,618</u>	\$ <u>1,673,462</u>	\$ <u>59,724</u>	\$ <u>177,837</u>	\$ <u>3,440,830</u>

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

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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>Municipal Sales and Tax Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Committed:					
Streets and transportation	\$ <u>-0-</u>	\$ <u>21,027</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>21,027</u>
Assigned:					
Public safety	-0-	-0-	-0-	241,116	241,116
Capital improvements	-0-	-0-	-0-	629,363	629,363
General government	-0-	-0-	1,809,022	-0-	1,809,022
Culture and recreation	-0-	-0-	-0-	422,658	422,658
Community development	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>35,104</u>	<u>35,104</u>
Total assigned	<u>-0-</u>	<u>-0-</u>	<u>1,809,022</u>	<u>1,328,241</u>	<u>3,137,263</u>
Unassigned	<u>(690,501)</u>	<u>-0-</u>	<u>-0-</u>	<u>(56,155)</u>	<u>(746,656)</u>
Total fund balance	<u>\$(690,501)</u>	<u>\$ 21,027</u>	<u>\$ 1,809,022</u>	<u>\$ 1,272,086</u>	<u>\$ 2,411,634</u>

It was determine during this examination that the General Fund had a deficit fund balance of \$690,051, the Capital Improvement Levy Fund had a deficit fund balance of \$47,224, the Dental and Vision Benefit Fund had a deficit fund balance of \$7,796 and the PEIA fund had a deficit fund balance of \$1,135 at June 30, 2017. The elimination of these deficit fund balances is dependent on the increase of revenues and decreases of expenditures in future periods.

It was determined during this examination that the Governmental Activities had a deficit net position of \$28,782,103 at June 30, 2017. The elimination of this deficit is dependent on the increase of revenues and decrease of expenditures in future periods.

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

F. Long-Term Debt

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due After</u> <u>One Year</u>
Governmental Activities						
Obligation under capital lease	\$ 1,512,731	\$ -0-	\$ 158,948	\$ 1,353,783	\$ 158,274	\$ 1,195,509
Accrued compensated absences	1,570,554	-0-	39,165	1,531,389	574,091	957,298
Net pension obligation	54,711,447	-0-	3,820,982	50,890,465	-0-	50,890,465
General obligation notes payable	<u>69,994</u>	<u>154,000</u>	<u>36,773</u>	<u>187,221</u>	<u>48,832</u>	<u>138,389</u>
Governmental activities long-term liabilities	\$ <u>57,864,726</u>	\$ <u>154,000</u>	\$ <u>4,055,868</u>	\$ <u>53,962,858</u>	\$ <u>781,197</u>	\$ <u>53,181,661</u>

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

The General Fund of the Municipality of Clarksburg entered into a lease agreement on June 28, 2006 for the acquisition of fire equipment. This lease qualifies 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 its inception. This lease was refinanced on July 29, 2009. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,

2018	\$ 27,983
2019	<u>6,996</u>
	34,979
Less: Amount representing interest	<u>(934)</u>
Present value of future minimum lease payments	34,045
Less: Current portion	<u>(27,027)</u>
Non-current portion	\$ <u>7,018</u>

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The General Fund of the Municipality of Clarksburg entered into a lease agreement on December 10, 2009 to finance the lease of energy conversation project (city hall lighting upgrade and boiler upgrade, parking garage lighting upgrade, pike street parking garage lighting upgrade, city wide traffic signals upgrade and street lighting). This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payment as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,

2018		\$ 89,000
2019		91,500
2020		95,100
2021		98,700
2022		102,100
2023		103,400
2024		101,038
2025		<u>21,190</u>
		702,028
Less: Amount representing interest		<u>(136,813)</u>
Present value of future minimum lease payments		565,215
Less: Current portion		<u>(61,814)</u>
Non-current portion		\$ <u>503,401</u>

See independent auditor's report.

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

The General Fund of the Municipality of Clarksburg entered into a lease agreement on May 18, 2011 to finance the lease of a skidsteer. This lease qualifies 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. This capital lease was paid in full at June 30, 2017.

The General Fund of the Municipality of Clarksburg entered into a lease agreement on October 9, 2014 to finance the lease of a dump truck. This lease qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the minimum lease payments as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,

2018	\$ 14,686
2019	14,686
2020	14,686
2021	14,686
2022	<u>7,342</u>
	66,086
Less: Amount representing interest	<u>(3,345)</u>
Present value of future minimum lease payments	62,741
Less: Current portion	<u>(13,410)</u>
Non-current portion	\$ <u>49,331</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The General Fund of the Municipality of Clarksburg entered into a lease agreement on October 9, 2014 to finance the lease of a street flusher. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payment as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 12,293
2019	12,293
2020	12,293
2021	12,293
2022	12,293
2023	12,293
2024	12,293
2025	12,293
2026	12,293
2027	<u>6,147</u>
	116,784
Less: Amount representing interest	<u>(14,503)</u>
Present value of future minimum lease payments	102,281
Less: Current portion	<u>(9,539)</u>
Non-current portion	\$ <u>92,742</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The General Fund of the Municipality of Clarksburg entered into a lease agreement on October 9, 2014 to finance the lease of a fire truck and bull dozer. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payment as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,

2018		\$ 53,618
2019		53,618
2020		53,618
2021		53,618
2022		53,618
2023		53,618
2024		53,618
2025		53,618
2026		53,618
2027		53,618
2028		53,618
2029		53,618
2030		<u>26,809</u>
		670,225
Less: Amount representing interest		<u>(120,913)</u>
Present value of future minimum lease payments		549,312
Less: Current portion		<u>(36,258)</u>
Non-current portion		\$ <u>513,054</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The General Fund of the Municipality of Clarksburg entered into a lease agreement on March 18, 2017 to finance a truck loader. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payment as of the date of inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,

2018	\$ 11,463
2019	11,463
2020	11,463
2021	<u>8,597</u>
	42,986
Less: Amount representing interest	<u>(2,797)</u>
Present value of future minimum lease payments	40,189
Less: Current portion	<u>(10,226)</u>
Non-current portion	\$ <u>29,963</u>

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

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

Fiscal Year Ending June 30,

2018	\$	209,043
2019		190,556
2020		187,160
2021		187,894
2022		175,353
2023		169,311
2024		166,949
2025		87,101
2026		65,911
2027		59,765
2028		53,618
2029		53,618
2030		<u>26,809</u>
		1,633,088
Less: Amount representing interest		<u>(279,305)</u>
Present value of future minimum lease payments		1,353,783
Less: Current portion		<u>(158,274)</u>
Non-current portion	\$	<u>1,195,509</u>

West Union Bank

\$300,000 loan obligation from West Union Bank. Interest rate is 4.00%. Secured by a fire truck. Matures 6/19/2018.

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ <u>36,672</u>	\$ <u>35,669</u>	\$ <u>1,003</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

West Union Bank

\$154,000 loan obligation from West Union Bank. Interest rate is 3.70%. Quarterly installments of \$4,648. Matures 1/5/2027. Secured by an HVAC System.

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 18,591	\$ 13,163	\$ 5,428
2019	18,591	13,657	4,934
2020	18,591	14,170	4,421
2021	18,591	14,701	3,890
2022	18,591	15,252	3,339
2023 – 2027	<u>88,275</u>	<u>80,609</u>	<u>7,666</u>
	<u>\$ 181,230</u>	<u>\$ 151,552</u>	<u>\$ 29,678</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
Business-Type Activities – Municipal Building Commission						
Bonds and notes payable:						
United States Department of Agriculture	\$ 1,913,000	\$ -0-	\$ 156,885	\$ 1,756,115	\$ 166,414	\$ 1,589,701
United States Department of Agriculture	85,855	-0-	11,507	74,348	12,094	62,254
United States Department of Agriculture	561,787	-0-	18,296	543,491	19,442	524,049
United States Department of Agriculture	74,853	-0-	2,372	72,481	2,531	69,950
Lease Revenue Bonds – Series 2012	2,027,230	-0-	57,644	1,969,586	59,566	1,910,020
Lease Revenue Bonds – Series 2013	731,876	-0-	32,847	699,029	30,935	668,094
Lease Revenue Bond – MVB	330,928	-0-	26,737	304,191	25,337	278,854
Lease Revenue Bond – Series 2016A	209,752	-0-	39,481	170,271	40,679	129,592
Sales Tax Revenue Bonds, Series 2016A	143,142	1,302,245	-0-	1,445,387	33,508	1,411,879
Sales Tax Revenue Bond Anticipation Notes – Series 2017A	<u>-0-</u>	<u>2,314,469</u>	<u>104,770</u>	<u>2,209,699</u>	<u>458,034</u>	<u>1,751,665</u>
Total bonds and notes payable	<u>\$ 6,078,423</u>	<u>\$ 3,616,714</u>	<u>\$ 450,539</u>	<u>\$ 9,244,598</u>	<u>\$ 848,540</u>	<u>\$ 8,396,058</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

United States Department of Agriculture

\$3,767,000 bond obligation from Rural Economic and Community Development. Monthly payments of \$20,870. Matures 2/6/2026. Interest rate of 5%. Secured by revenues from a lease agreement between the City of Clarksburg, West Virginia and the Municipality of Clarksburg, West Virginia Municipal Building Commission and a deed of trust on real estate. Interest payments only for the first two years.

\$ 1,756,115

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 250,440	\$ 166,414	\$ 84,026
2019	250,440	174,927	75,513
2020	250,440	183,877	66,563
2021	250,440	193,285	57,155
2022	250,440	203,174	47,266
2023 – 2027	<u>914,613</u>	<u>834,438</u>	<u>80,175</u>
	\$ <u>2,166,813</u>	\$ <u>1,756,115</u>	\$ <u>410,698</u>

\$200,000 bond obligation from Rural Economic and Community Development. Monthly payments of \$1,266. Matures April 2023. Interest rate is 4.50%. Secured by deed of trust on real estate.

\$ 74,348

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 15,192	\$ 12,094	\$ 3,098
2019	15,192	12,649	2,543
2020	15,192	13,230	1,962
2021	15,192	13,838	1,354
2022	15,192	14,474	718
2023	<u>8,175</u>	<u>8,063</u>	<u>112</u>
	\$ <u>84,135</u>	\$ <u>74,348</u>	\$ <u>9,787</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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\$700,000 bond obligation from Rural Economic and Community Development. Monthly payments of \$3,458. Matures May 2036. Interest rate is 4.125%. Secured by deed of trust on real estate. \$ 543,491

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 41,496	\$ 19,442	\$ 22,054
2019	41,496	20,259	21,237
2020	41,496	21,111	20,385
2021	41,496	21,998	19,498
2022	41,496	22,923	18,573
2023 – 2027	207,480	129,906	77,574
2028 – 2032	207,480	159,607	47,873
2033 – 2036	<u>160,646</u>	<u>148,245</u>	<u>12,401</u>
	\$ <u>783,086</u>	\$ <u>543,491</u>	\$ <u>239,595</u>

\$92,600 bond obligation from Rural Economic and Community Development. Monthly payments of \$471. Matures May 2036. Interest rate is 4.375%. Secured by deed of trust on real estate. \$ 72,481

Future maturities of debt retirement based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 5,652	\$ 2,531	\$ 3,121
2019	5,652	2,644	3,008
2020	5,652	2,762	2,890
2021	5,652	2,886	2,766
2022	5,652	3,014	2,638
2023 – 2027	28,260	17,215	11,045
2028 – 2032	28,260	21,416	6,844
2033 – 2036	<u>21,782</u>	<u>20,013</u>	<u>1,769</u>
	\$ <u>106,562</u>	\$ <u>72,481</u>	\$ <u>34,081</u>

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

Lease Revenue Bonds Series 2012

This \$2,200,000 issue was authorized on February 21, 2012 for the purpose of financing costs of the design, acquisition, construction and equipping of a new family aquatics center at the existing site of the Municipality of Clarksburg Municipal Swimming Pool facility located at the Veteran's Memorial Park, Municipality of Clarksburg, West Virginia, together with all necessary appurtenances and the payment of costs of issuance of such bonds. The bonds are issued as draw-down bonds with MVB Bank, Inc. advancing a portion of the purchase price and authorized principal amount thereof as necessary to pay costs of issuance of the bonds and costs of the project as incurred.

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 146,008	\$ 59,566	\$ 86,442
2019	146,008	62,272	83,736
2020	146,008	65,100	80,908
2021	146,008	68,057	77,951
2022	146,008	71,148	74,860
2023 – 2027	730,040	407,250	322,790
2028 – 2032	730,040	508,525	221,515
2033 – 2037	730,040	634,986	95,054
2038	<u>94,158</u>	<u>92,682</u>	<u>1,476</u>
	\$ <u>3,014,318</u>	\$ <u>1,969,586</u>	\$ <u>1,044,732</u>

Lease Revenue Bonds Series 2013

This \$780,000 issue was authorized on May 30, 2013 for the purpose of financing costs of acquisition of property, purchase of equipment and for improvements to the Municipality's Municipal Building, Public Works Center and Jackson Square Parking Facility. The bonds were issued as draw-down bonds with MVB Bank, Inc. and bear interest of 3.25%. The bonds are secured by deed of trust on real estate and improvement, assignment of all rents and leases with respect to financed property and a security interest in the equipment to be purchased.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Future debt maturities based on current financing arrangements is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 52,852	\$ 30,935	\$ 21,917
2019	52,852	31,939	20,913
2020	52,852	32,976	19,876
2021	52,852	34,047	18,805
2022	52,852	35,153	17,699
2023 – 2027	264,260	193,647	70,613
2028 – 2032	264,260	227,199	37,061
2033 – 2035	<u>117,344</u>	<u>113,133</u>	<u>4,211</u>
	\$ <u>910,124</u>	\$ <u>699,029</u>	\$ <u>211,095</u>

Lease Revenue Bonds

This \$361,000 issue was authorized on March 20, 2014 for the purpose of financing costs of acquisition of property, purchase of equipment and for improvements to the Municipality's Municipal Building, Public Works Center and Jackson Square Parking Facility. The bonds were issued as draw-down bonds with MVB Bank, Inc. and bear interest of 3.20%. The bonds are secured by deed of trust on real estate and improvement, assignment of all rents and leases with respect to financed property and a security interest in the equipment to be purchased.

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 34,702	\$ 25,337	\$ 9,365
2019	34,702	26,160	8,542
2020	34,702	27,009	7,693
2021	34,702	27,886	6,816
2022	34,702	28,792	5,910
2023 – 2027	173,510	158,607	14,903
2028	<u>10,460</u>	<u>10,400</u>	<u>60</u>
	\$ <u>357,480</u>	\$ <u>304,191</u>	\$ <u>53,289</u>

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Lease Revenue Bonds Series 2017A

This \$220,000 issue was authorized on February 5, 2016 for the purpose of financing costs of the acquisition of the Harrison County YMCA Lowndes Hill facility and costs of issuance of the Series 2016A Bonds. The bond was purchased by the Harrison County Economic Alliance Corporation and bear interest of 3.00%. The bonds are secured by a deed of trust on real estate and improvements of the acquired financed property.

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 45,332	\$ 40,679	\$ 4,653
2019	45,332	41,913	3,419
2020	45,332	43,185	2,147
2021	<u>45,332</u>	<u>44,494</u>	<u>838</u>
	<u>\$ 181,328</u>	<u>\$ 170,271</u>	<u>\$ 11,057</u>

Sales Tax Revenue Bonds Series 2016A

This \$1,616,033 issue was authorized on April 21, 2016 for the purpose of (i) to finance costs of the design, acquisition, construction and equipping of road and bridge improvements within the Municipality, including but limited to improvements to Second Street and Van Buren Street and the replacement of the Sycamore Street Bridge together with all necessary appurtenances and (ii) to pay the costs of issuance of such obligations and related costs. The bond was purchased by the United States of America, acting through the Rural Housing Service, United States Department of Agriculture and bearing interest of 2.875%. The bond is secured solely by a pledge of the Municipality's municipal sales tax revenues after first deducting therefrom an amount not to exceed \$1,000,000 in each bond year which may be transferred by the Municipality to the pension fund. The bonds are payable each June 1 and December 1 in equal semi-annual installment payments consisting of principal and interest in the amount of \$37,412 commencing on December 1, 2017 and concluding on June 1, 2051. As of June 30, 2017 the Municipality had drawn down \$1,445,387 of the bond issue.

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**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Future debt maturities based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 74,824	\$ 33,508	\$ 41,316
2019	74,824	34,479	40,345
2020	74,824	35,477	39,347
2021	74,824	36,504	38,320
2022	74,824	37,561	37,263
2023 – 2027	374,120	204,764	169,356
2028 – 2032	374,120	236,179	137,941
2033 – 2037	374,120	272,412	101,708
2038 – 2042	374,120	314,203	59,917
2043 – 2046	<u>253,561</u>	<u>240,300</u>	<u>13,261</u>
	\$ <u>2,124,161</u>	\$ <u>1,445,387</u>	\$ <u>678,774</u>

Sales Tax Revenue Bonds Series 2017A

This \$15,310,000 issue was authorized on February 28, 2017 for the purpose of (i) to finance costs of the design, acquisition, construction and equipping of renovations and improvements to the Robinson Grand Theater together with the acquisition of real and personal property, fixtures, furnishings and equipment in connection therewith and new or additional improvements or facilities relating thereto and the payment of architectural and engineering costs and fees and fees and costs for other consulting or professional services that may be necessary in connection therewith and (ii) to pay the costs of issuance of such obligations and related costs. The bond anticipation note was purchased by MVB Bank, Inc. and bears interest of 5.35%. The bond anticipation note is secured solely by a pledge of the Municipality's municipal sales tax revenues after first deducting therefrom an amount not to exceed \$1,000,000 in each bond year which may be transferred by the Municipality to the pension fund. As of June 30, 2017 the Municipality had drawn down \$2,314,469 of the bond issue and had repaid \$104,770 of the total drawn down.

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

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

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 570,208	\$ 458,034	\$ 112,174
2019	<u>1,839,006</u>	<u>1,751,665</u>	<u>87,341</u>
	\$ <u>2,409,214</u>	\$ <u>2,209,699</u>	\$ <u>199,515</u>

Total future debt maturities based on current financing arrangements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,236,706	\$ 848,540	\$ 388,166
2019	2,505,504	2,158,907	346,597
2020	666,498	424,727	241,771
2021	666,498	442,995	223,503
2022	621,166	416,239	204,927
2023 – 2027	2,700,458	1,953,890	746,568
2028 – 2032	1,614,620	1,163,326	451,294
2033 – 2037	1,403,932	1,188,789	215,143
2038 – 2042	468,278	406,885	61,393
2043 – 2046	<u>253,561</u>	<u>240,300</u>	<u>13,261</u>
	\$ <u>12,137,221</u>	\$ <u>9,244,598</u>	\$ <u>2,892,623</u>

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due After</u> <u>One Year</u>
Business-Type Activities – Component Units						
Bonds and notes payable:						
1996 Sewer Revenue Bonds	\$ 770,884	\$ -0-	\$ 381,598	\$ 389,286	\$ 389,286	\$ -0-
2009A Sewer Revenue Bonds	700,000	-0-	50,000	650,000	50,000	600,000
2014A Sewer Revenue Bonds	11,173,895	547,507	373,091	11,348,311	374,959	10,973,352
West Union Bank Note	27,725	-0-	12,118	15,607	12,466	3,141
MVB Bank	<u>30,000</u>	<u>105,750</u>	<u>-0-</u>	<u>135,750</u>	<u>135,750</u>	<u>-0-</u>
Total bonds and notes payable	<u>12,702,504</u>	<u>653,257</u>	<u>816,807</u>	<u>12,538,954</u>	<u>962,461</u>	<u>11,576,493</u>
Other long-term debt						
Obligation under capital lease	19,125	-0-	19,125	-0-	-0-	-0-
Accrued compensated absences	262,100	-0-	19,729	242,371	69,361	173,010
Net pension obligation	<u>564,159</u>	<u>207,516</u>	<u>-0-</u>	<u>771,675</u>	<u>-0-</u>	<u>771,675</u>
Total other long-term debt	<u>845,384</u>	<u>207,516</u>	<u>38,854</u>	<u>1,014,046</u>	<u>69,361</u>	<u>944,685</u>
Total long-term debt	\$ <u>13,547,888</u>	\$ <u>860,773</u>	\$ <u>855,661</u>	\$ <u>13,553,000</u>	\$ <u>1,031,822</u>	\$ <u>12,521,178</u>

Sewer Revenue Bond - Bond Issue of 1996

This issue was authorized to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Municipality. The bond was issued in a denomination of \$6,484,243, bearing interest of 2.00% payable quarterly on the first day of September, December, March and June beginning on September 1, 1998.

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The outstanding bond of this issue and its maturity dates are as follows:

<u>Maturity Date</u>	<u>Amount</u>
September 1, 2017	\$ 96,595
December 1, 2017	97,077
March 1, 2018	97,563
June 1, 2018	<u>98,051</u>
	\$ <u>389,286</u>

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

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ <u>394,165</u>	\$ <u>389,286</u>	\$ <u>4,879</u>

The 1996 bond issue is secured with a lien and pledge on the net revenues derived from the system.

As required by the 1996 Series Bond Ordinance, a sinking fund has been established with the West Virginia Municipal Bond Commission. Moneys 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 and 1/6 of the amount which will be required to redeem 1996 Series bonds prior to their stated dates of maturities. The balance in the sinking fund account with the Municipal Bond Commission at June 30, 2017 was \$462,872.

Sewer Revenue Bond – Series 2009A

This issue was authorized to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Municipality. The bond was issued in a denomination of \$1,000,000 bearing interest of 0.00% payable quarterly on the first day of September, December, March and June beginning on September 1, 2010.

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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Future debt maturity based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 50,000	\$ 50,000	\$ -0-
2019	50,000	50,000	-0-
2020	50,000	50,000	-0-
2021	50,000	50,000	-0-
2022	50,000	50,000	-0-
2023 – 2027	250,000	250,000	-0-
2028 – 2030	<u>150,000</u>	<u>150,000</u>	<u>-0-</u>
	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ -0-</u>

The 2009A bond issue is secured with a lien and pledge on the net revenues derived from the system.

As required by the 2009A Series Bond Ordinance, a sinking fund has been established with the West Virginia Municipal Bond Commission. Moneys in the sinking fund are to be used only for the purposes of paying principal on the bonds. Payments are required to be made into the sinking fund to pay principal which will become due on the next payment date. The balance in the sinking fund account with the Municipal Bond Commission at June 30, 2017 was \$59,364.

Sewer Revenue Bonds, Series 2014A

This issue was authorized to pay for the acquisition and construction of certain extensions, additions, betterments and improvements for the existing public sewerage system, consisting of upgrades to the waste water treatment plant and all necessary appurtenances, which constitutes properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewerage or industrial wastes. The bond is issued in the amount of \$12,000,000 bearing interest of .5% payable quarterly on the first day of March, June, September and December beginning on December 1, 2015.

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Future debt maturity based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 431,000	\$ 374,959	\$ 56,041
2019	431,000	376,838	54,162
2020	431,000	378,726	52,274
2021	431,000	380,623	50,377
2022	431,000	382,530	48,470
2023 – 2027	2,155,000	1,941,585	213,415
2028 – 2032	2,155,000	1,990,707	164,293
2033 – 2037	2,155,000	2,041,070	113,930
2038 – 2042	2,155,000	2,092,706	62,294
2043 - 2046	<u>1,400,750</u>	<u>1,388,567</u>	<u>12,183</u>
	\$ <u>12,175,750</u>	\$ <u>11,348,311</u>	\$ <u>827,439</u>

The 2014A bond issue is secured with a lien and pledge on the net revenues derived from the system.

As required by the 2014A Series Bond Ordinance, a sinking fund has been established with the West Virginia Municipal Bond Commission. Moneys in the sinking fund are to be used only for the purposes of paying principal on the bonds. Payments are required to be made into the sinking fund to pay principal which will become due on the next payment date. The balance in the sinking fund account with the Municipal Bond Commission at June 30, 2017 was \$127,647.

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The future bond debt maturity based on current financing arrangements for all bonds is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 875,165	\$ 814,245	\$ 60,920
2019	481,000	426,838	54,162
2020	481,000	428,726	52,274
2021	481,000	430,623	50,377
2022	481,000	432,530	48,470
2023 – 2027	2,405,000	2,191,585	213,415
2028 – 2032	2,305,000	2,140,707	164,293
2033 – 2037	2,155,000	2,041,070	113,930
2038 – 2042	2,155,000	2,092,706	62,294
2043 - 2046	<u>1,400,750</u>	<u>1,388,567</u>	<u>12,183</u>
	\$ <u>13,219,915</u>	\$ <u>12,387,597</u>	\$ <u>832,318</u>

MVB Bank

Line of Credit – MVB Bank - \$500,000. 4.75% line of credit dated 5/25/16 maturing 7/25/17, secured by various equipment.

\$ 135,750

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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West Union Bank

3.10%; installment obligation; payable in quarterly installments of \$3,202; maturing 7/15/18; secured by parking pay stations. \$ 15,607

The future debt maturities based on current financing arrangements is as follows:

<u>For the Year Ended June30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 12,807	\$ 12,466	\$ 341
2019	<u>3,166</u>	<u>3,141</u>	<u>25</u>
	\$ <u>15,973</u>	\$ <u>15,607</u>	\$ <u>366</u>

G. Restricted Assets

The balances of the restricted asset accounts for the component unit are as follows:

	<u>Business-Type Activities</u>
Construction and maintenance account	\$ 437,343
Revenue bond account	<u>649,883</u>
Total restricted assets	\$ <u>1,087,226</u>

H. Benefits Funded by the State of West Virginia

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

<u>Plan</u>	<u>Amount</u>
Policemen's Pension and Relief Fund	\$ 421,449
Firemen's Pension and Relief Fund	<u>445,631</u>
Total	\$ <u>867,080</u>

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

See independent auditor's report.

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

IV. Other Information

A. Risk Management

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

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

C. Tax Abatements

Pursuant to the provisions of the West Virginia Code 8-1-5a, "The Home Rule Statute" and the Municipality of Clarksburg's participation in Home Rule, the Municipality enacted an Ordinance to permit certain incentives for new and expanding business and to provide for business expansion in certain districts within the Municipality. For the fiscal year ended June 30, 2017 the Municipality's ad valorem tax revenues were decreased by \$87,005.

See independent auditor's report.

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

V. Employee Retirement System and Plans

Plan Descriptions, Contribution Information, and Funding Policies

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

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. The PPRF's Board consists of a chairman which is the city manager and four members from the municipal police department. The Municipality is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2017.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. The FPRF's Board consists of a chairman which is the city manager and four members from the municipal fire department. The Municipality is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2017.

Actuarial valuations are required to be performed once every three years per state statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF and FPRF's Board.

The investment policies of the PPRF and the FPRF are restricted by State Code and may be restricted further as determined by the Boards. There were not significant changes in the investment policies for the current year.

Memberships of the plans are as follows:

<u>Group</u>	<u>PPRF</u>	<u>FPRF</u>	<u>Totals</u>
Active employees	44	42	86
Retirees and beneficiaries currently receiving benefits	47	53	100
Inactive – non-retired members	<u>2</u>	<u>-0-</u>	<u>2</u>
	<u>93</u>	<u>95</u>	<u>188</u>

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions.

	<u>PPRF</u>	<u>FPRF</u>
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years in accordance with West Virginia State code §8-022-10. However, municipalities may utilize an alternative contribution method which allows the Municipality to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method as authorized by West Virginia State Code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary. The Municipality contributes 107% of the prior year's contributions for both police and fire pension plans.	
Plan Members	7% of covered payroll	7% of covered payroll
Period required to vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.	
Post-Retirement benefit increases	Cost of living adjustment after two years of retirement. Adjustment calculated on the first \$15,000 of the total annual benefit in the first year and then the cumulative index for the preceding year. The supplementary pension benefit shall not exceed four percent.	
Eligibility for distribution	20 years of credited service or age 65; whichever comes first. Must be at least 50.	
Provisions for:	<u>PPRF</u>	<u>FPRF</u>
Disability benefits	Yes	Yes
Death benefits	Yes	Yes

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Actuarial Assumptions and Rate of Return

The total pension liability was determined by an actuarial valuation as of June 30, 2017 for both plans, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2016. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

	<u>Policemen's Pension & Relief Fund</u>	<u>Firemen's Pension & Relief Fund</u>
Actuarial assumptions:		
Inflation rate	2.75%	2.75%
Salary increases	2.75 percent on average	2.75 percent on average
Investment rate of return	5.00%	5.00%

Mortality rates were based on the RP – 2014 Blue Collar Healthy Employee tables, as appropriate, with adjustments for mortality improvements based upon the status of members.

Net Pension Liability, Reserves and Discount Rate

Current year net pension liability for the PPRF and FPRF are shown below. The annual required contributions were made in accordance with State Code by both the PPRF and FPRF.

Reserves

There are no assets legally reserved for purposes other than the payment of plan members benefits for either plan.

Net Pension Liability

The Municipality's net pension liability for the Policemen's and Firemen's Pension and Relief funds are as follows:

	<u>PPRF</u>	<u>FPRF</u>
Total pension liability	\$ 29,365,377	\$ 33,298,509
Plan fiduciary net position	<u>6,888,363</u>	<u>6,988,476</u>
Net pension liability	\$ <u>22,477,014</u>	\$ <u>26,310,033</u>
Plan fiduciary net position as a percentage of the total pension liability	23.46%	20.88%

See independent auditor's report.

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00% for the PPRF and 5.00% for the FPRF, and the municipal bond rate of 3.56% for both plans. The projection of cash flows used to determine these discount rates assumed that the plans sponsor would make the statutory required contribution in accordance with alternative funding method which is 107% of the prior year's contribution as allowed by West Virginia State Code. Based on those assumptions, the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
PPRF's net pension liability	\$ 27,116,749	\$ 22,477,014	\$ 18,773,722
FPRF's net pension liability	\$ 31,468,646	\$ 26,310,033	\$ 22,168,053

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
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For the year ended June 30, 2017, the Municipality's Policemen's Pension and Relief and Firemen's Pension and Relief reported deferred outflows of resources and deferred inflows of resources related to these pension plans from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 268,877	\$ 587,418
Difference in assumptions	4,081,244	1,819,170
Difference between expected and actual non-investment experience	<u>-0-</u>	<u>2,361,627</u>
	\$ <u>4,350,121</u>	\$ <u>4,768,215</u>

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

Year Ended June 30,

2018	\$ (274,321)
2019	(57,008)
2020	(68,008)
2021	<u>(18,757)</u>
	\$ <u>(418,094)</u>

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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Pension Trust Funds Financial Statements

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>	<u>Total (Memorandum Only)</u>
Assets			
Cash	\$ 6,841	\$ 5,876	\$ 12,717
Investments:			
Fidelity government cash reserves	-0-	481,236	481,236
Federal government securities	-0-	1,020,630	1,020,630
Mutual funds	6,881,522	2,739,756	9,621,278
Certificates of deposit	-0-	49,282	49,282
Corporate bonds	-0-	1,504,360	1,504,360
Corporate stocks	-0-	1,178,031	1,178,031
Receivables:			
Accrued interest	-0-	9,305	9,305
Total assets	<u>6,888,363</u>	<u>6,988,476</u>	<u>13,876,839</u>
Liabilities			
Accounts payable	-0-	-0-	-0-
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Position			
Held in trust for pension benefits	\$ <u>6,888,363</u>	\$ <u>6,988,476</u>	\$ <u>13,876,839</u>

See independent auditor's report.

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

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>	<u>Total (Memorandum Only)</u>
Additions			
Contributions:			
Employer	\$ 1,337,055	\$ 1,345,298	\$ 2,682,353
Employee	168,474	148,321	316,795
Insurance premium tax allocation	<u>421,449</u>	<u>445,631</u>	<u>867,080</u>
Total contributions	<u>1,926,978</u>	<u>1,939,250</u>	<u>3,866,228</u>
Investment income:			
Net appreciation in fair value of investments	593,692	516,846	1,110,538
Net gain (loss) on sale of investments	59,563	7,103	66,666
Interest and dividends	<u>59,192</u>	<u>122,433</u>	<u>181,625</u>
Total investment income	<u>712,447</u>	<u>646,382</u>	<u>1,358,829</u>
Miscellaneous	<u>368</u>	<u>512</u>	<u>880</u>
Total additions	<u>2,639,793</u>	<u>2,586,144</u>	<u>5,225,937</u>
Deductions			
General and administrative	50,786	28,907	79,693
Benefit payments	<u>1,192,439</u>	<u>1,223,009</u>	<u>2,415,448</u>
Total deductions	<u>1,243,225</u>	<u>1,251,916</u>	<u>2,495,141</u>
Net increase	1,396,568	1,334,228	2,730,796
Net position – beginning of year	<u>5,491,795</u>	<u>5,654,248</u>	<u>11,146,043</u>
Net position – end of year	\$ <u>6,888,363</u>	\$ <u>6,988,476</u>	\$ <u>13,876,839</u>

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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V.B.1 Plan Descriptions Contribution Information and Funding Policies

Public Employees Retirement system (PERS)

The Municipality of Clarksburg, West Virginia participates in a state-wide, cost sharing, multiply-employer defined benefit plan on behalf of general Municipality employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

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

Public Employees' Retirement System (PERS)

Eligibility to participate	All Municipal full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50% and 6.00%
Municipality's contribution rate	12.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

V.B.2 Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2017	\$ 471,409	100%
2016	\$ 581,123	100%
2015	\$ 590,023	100%

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

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

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

See independent auditor's report.

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

Employees covered by benefit terms are all active employees.

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

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

At June 30, 2017 the Municipality reported a liability of \$2,875,093 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 using the actuarial assumption and methods described in the appropriate section of the notes. The Municipality's portion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating public employers actuarially determined.

At June 30, 2017, the Municipality reported the following proportions and increases/decreases from its proportion measured as of June 30, 2016:

Amount for proportionate share of net pension liability	\$ 2,875,093
Percentage for proportionate share of net pension liability	0.31281%
Increase (decrease) % from prior proportion measured	0.00204%

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
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For the year ended June 30, 2017, the Municipality recognized pension expense of \$1,077,156 on its government wide financial statements. At June 30, 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 660,972	\$ -0-
Employer contributions subsequent to measurement period	471,409	-0-
Differences between expected and actual experience	175,408	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,461	1,169
Difference in assumptions	<u>-0-</u>	<u>102,475</u>
	<u>\$ 1,339,250</u>	<u>\$ 103,644</u>

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, 2018. 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>	
2018	\$ 191,050
2019	191,049
2020	191,049
2021	<u>191,049</u>
	<u>\$ 764,197</u>

See independent auditor's report.

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

Actuarial Assumptions

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

Inflation:	3.00%
Salary increases:	3.0% – 4.6% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expenses, including inflation.

Mortality rates were based on the following:

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

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

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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.

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent as well as what the Municipality'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>
Municipality's proportionate share of the net pension liability	\$ 5,205,033	\$ 2,875,093	\$ 896,923

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. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

VI. Retirement Health Plan (RHP)

VI.1. Plan Description:

The Municipality contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 10001, 1900 Kanawha Boulevard East, Charleston, West Virginia, 25305-0710.

See independent auditor's report.

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

VI.2. Authority Establishing the Plan and Funding Policy

Chapter 5, Article 16D of the West Virginia code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members are currently required to contribute \$270 per month per active health policy. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT board sets the employer contribution rate based on the annual required contributions of the plan (ARC), and amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The entity's contribution to RHBT for the year ended June 30, 2017, was \$-0-, which represents 0% of the required contribution this year.

VI.3. Trend Information

West Virginia Retiree Health Benefits Trust Fund (RHBT)

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Liability</u>
2017	\$ 217,209	0%	\$ 6,523,701
2016	\$ 377,847	0%	\$ 6,306,492
2015	\$ 337,275	64%	\$ 5,928,645

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

VII. Debt Service Coverage

The debt service coverage factor for the Sanitary Board Fund has been calculated as follows for the year ended June 30, 2017:

Operating revenues	\$ 4,943,445
Operating expenses	<u>4,769,271</u>
Total operating income	174,174
Add: Depreciation expense	492,858
Add: Interest income	<u>16,479</u>
Amount available for debt service and capital expenditures	\$ <u>683,511</u>
Maximum annual debt service	\$ <u>875,165</u>
Calculated debt service coverage factor	0.78
Required debt service coverage factor	1.15

Based on this calculation, it appears that the Sanitary Board Fund was not in compliance with the provisions set forth in its bond ordinance as of June 30, 2017.

VIII. Subsequent Events

The Municipality has considered all subsequent events through January 22, 2018, the date the financial statements were made available.

See independent auditor's report.

REQUIRED SUPPLEMENTARY INFORMATION

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Fiscal Year Ended June 30, 2017</u>	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>
Municipality's proportion of the net pension liability (asset)	0.31%	0.31%	0.31%
Municipality's proportionate share of the net pension liability (asset)	\$ 2,875,093	\$ 1,735,341	\$ 1,148,488
Municipality's covered – employee payroll	\$ 3,928,408	\$ 4,310,474	\$ 4,218,741
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered – employee payroll	65.08%	40.26%	27.22%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%

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

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF MUNICIPALITY CONTRIBUTIONS
FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Fiscal Year Ended June 30, 2017</u>	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>
Contractually required contribution	\$ 471,409	\$ 581,122	\$ 590,023
Contributions in relation to the contractually required contribution	<u>471,409</u>	<u>581,122</u>	<u>590,023</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	<u>-0-</u>	\$ <u>-0-</u>
Municipality's covered – employee payroll	\$ 3,928,408	4,310,474	\$ 4,218,741
Contributions as a percentage of covered – employee payroll	12.00%	13.50%	14.00%

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

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Assumptions

Actuarial Revisions

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

Total Pension Liability	\$ 6,616,588,000
Plan Fiduciary Net Position	(5,697,470,000)
Net Pension Liability	\$ <u>919,118,000</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	86.11%

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

See independent auditor's report.

MUNICIPALITY OF CLARKSBURG, 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 FISCAL YEAR ENDED JUNE 30, 2017

Fiscal year ending June 30,	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 1,041,846	\$ 739,794	\$ 735,159	\$ 729,815
Interest on the total pension liability	1,540,729	1,503,073	1,480,035	1,492,730
Benefit changes	-0-	-0-	-0-	-0-
Difference between expected and actual experience	(962,572)	(511,633)	(837,150)	-0-
Assumption changes	(2,433,972)	4,020,701	-0-	-0-
Benefit payments	(1,178,192)	(1,239,292)	(1,247,385)	(1,281,861)
Refunds	(44,817)	-0-	(3,554)	(21,320)
Net change in total pension liability	(2,036,978)	4,512,643	127,105	919,364
 Total pension liability – beginning	 <u>35,335,487</u>	 <u>30,822,844</u>	 <u>30,695,739</u>	 <u>29,776,375</u>
Total pension liability – ending (a)	\$ <u>33,298,509</u>	\$ <u>35,335,487</u>	\$ <u>30,822,844</u>	\$ <u>30,695,739</u>
 Plan Fiduciary Net Position				
Employer contributions	\$ 1,790,929	\$ 1,361,271	\$ 1,288,742	\$ 1,210,474
Employee contributions	148,321	145,720	140,550	135,019
Pension plan net investment income	586,180	315,511	185,060	465,521
Benefit payments	(1,134,275)	(1,239,292)	(1,247,385)	(1,281,861)
Refunds	(44,817)	-0-	(3,554)	(21,320)
Pension plan administrative expense	(7,500)	(6,000)	(6,000)	(6,000)
Other	-0-	-0-	-0-	-0-
Net change in plan fiduciary net position	1,338,838	577,210	357,413	501,833
 Plan fiduciary net position – beginning	 <u>5,649,638</u>	 <u>5,072,427</u>	 <u>4,715,014</u>	 <u>4,213,181</u>
Plan fiduciary net position – ending (b)	\$ <u>6,988,476</u>	\$ <u>5,649,637</u>	\$ <u>5,072,427</u>	\$ <u>4,715,014</u>
 Net pension liability – ending (a) – (b)	 \$ <u>26,310,033</u>	 \$ <u>29,685,850</u>	 \$ <u>25,750,417</u>	 \$ <u>25,980,725</u>
 Plan fiduciary net position as a percentage of total pension liability	 20.88%	 15.99%	 16.46%	 15.36%
 Covered employee payroll	 \$ <u>1,919,071</u>	 \$ <u>1,868,455</u>	 \$ <u>1,826,835</u>	 \$ <u>1,812,838</u>
 Net pension liability as a percentage of covered employee payroll	 1,370.98%	 1,588.79%	 1,409.56%	 1,433.15%

See accompanying notes and independent auditor's report.

MUNICIPALITY OF CLARKSBURG, 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 FISCAL YEAR ENDED JUNE 30, 2017

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 30,695,739	\$ 4,715,014	\$ 25,980,725	15.36%	\$ 1,812,838	1,433.15%
2015	\$ 30,822,844	\$ 5,072,427	\$ 25,750,417	16.46%	\$ 1,826,835	1,409.56%
2016	\$ 35,335,487	\$ 5,649,637	\$ 29,685,850	15.99%	\$ 1,868,455	1,588.79%
2017	\$ 33,254,592	\$ 6,944,559	\$ 26,310,033	20.88%	\$ 1,919,071	1,370.98%

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF CONTRIBUTIONS MULTIYEAR
FIREMEN'S PENSION AND RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u> (a)	<u>Employer Contribution</u> (b)	<u>State Contribution</u> (c)	<u>Percentage Contributed</u> [(b)+(c)]/(a)	<u>Covered Payroll</u> (f)	<u>Actual Contribution as a % of Covered Payroll</u> [(b)+(c)]/(f)
06/30/2013	\$ 1,603,979	\$ 743,702	\$ 473,392	76%	\$ 1,712,139	71%
06/30/2014	\$ 1,676,866	\$ 803,198	\$ 407,276	72%	\$ 1,812,838	67%
06/30/2015	\$ 1,697,409	\$ 867,454	\$ 421,288	76%	\$ 1,826,835	71%
06/30/2016	\$ 2,124,224	\$ 936,850	\$ 424,421	64%	\$ 1,868,455	73%
06/30/2017	\$ 2,031,009	\$ 1,345,298	\$ 445,631	88%	\$ 1,919,071	93%

See accompanying notes and independent auditor's report.

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

Single Discount Rate

A GASB Statement Nos. 67 and 68 single discount rate of 5.0000% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 5.0000%, and the municipal bond rate of 3.5600%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members for all future plan years. Therefore, the single discount rate of 5.0000% was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 5.0000%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

<u>1% Decrease</u>	<u>Current Single Discount</u> <u>Rate Assumption</u>	<u>1% Increase</u>
4.0000%	5.0000%	6.0000%
\$ 31,468,646	\$ 26,310,033	\$ 22,168,053

See independent auditor's report.

MUNICIPALITY OF CLARKSBURG, 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 FISCAL YEAR ENDED JUNE 30, 2017

Fiscal year ending June 30,	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 940,194	\$ 678,319	\$ 618,071	\$ 666,702
Interest on the total pension liability	1,404,357	1,370,741	1,338,559	1,332,234
Benefit changes	-0-	-0-	-0-	-0-
Difference between expected and actual experience	(1,132,945)	(192,337)	(345,859)	-0-
Assumption changes	-0-	3,317,951	-0-	-0-
Benefit payments	(1,149,829)	(1,160,463)	(1,126,094)	(1,059,430)
Refunds	(42,610)	(47,953)	(84,055)	(91,247)
Net change in total pension liability	19,167	3,966,258	400,622	848,259
 Total pension liability – beginning	 <u>29,346,210</u>	 <u>25,379,952</u>	 <u>24,979,330</u>	 <u>24,131,071</u>
Total pension liability – ending (a)	\$ <u>29,365,377</u>	\$ <u>29,346,210</u>	\$ <u>25,379,952</u>	\$ <u>24,979,330</u>
 Plan Fiduciary Net Position				
Employer contributions	\$ 1,758,504	\$ 1,333,490	\$ 1,261,009	\$ 1,189,034
Employee contributions	168,474	157,241	154,449	151,027
Pension plan net investment income	669,529	(21,235)	133,494	632,587
Benefit payments	(1,149,829)	(1,160,463)	(1,126,094)	(1,059,430)
Refunds	(42,610)	(47,953)	(84,055)	(91,247)
Pension plan administrative expense	(7,500)	(7,750)	(7,500)	(7,500)
Other	-0-	-0-	-0-	206
Net change in plan fiduciary net position	1,396,568	253,330	331,303	814,677
 Plan fiduciary net position – beginning	 <u>5,491,795</u>	 <u>5,238,465</u>	 <u>4,907,162</u>	 <u>4,092,485</u>
Plan fiduciary net position – ending (b)	6,888,363	5,491,795	5,238,465	4,907,162
Net pension liability – ending (a) – (b)	\$ <u>22,477,014</u>	\$ <u>23,854,415</u>	\$ <u>20,141,487</u>	\$ <u>20,072,168</u>
 Plan fiduciary net position as a percentage of total pension liability	 23.46%	 18.71%	 20.64%	 19.64%
 Covered employee payroll	 \$ <u>2,085,929</u>	 \$ <u>1,989,442</u>	 \$ <u>1,808,232</u>	 \$ <u>1,958,068</u>
 Net pension liability as a percentage of covered employee payroll	 1,077.55%	 1,199.05%	 1,113.88%	 1,025.10%

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, 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 FISCAL YEAR ENDED JUNE 30, 2017**

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 24,979,330	\$ 4,907,162	\$ 20,072,168	19.64%	\$ 1,958,068	1,025.10%
2015	\$ 25,379,952	\$ 5,238,465	\$ 20,141,487	20.64%	\$ 1,808,232	1,113.88%
2016	\$ 29,346,210	\$ 5,491,795	\$ 23,854,415	18.71%	\$ 1,989,442	1,199.05%
2017	\$ 29,365,377	\$ 6,888,363	\$ 22,477,014	23.46%	\$ 2,085,929	1,077.55%

See accompanying notes and independent auditor's report.

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

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u> (a)	<u>Employer Contribution</u> (b)	<u>State Contribution</u> (c)	<u>Percentage Contributed</u> [(b)+(c)]/(a)	<u>Covered Payroll</u> (f)	<u>Actual Contribution as a % of Covered Payroll</u> [(b)+(c)]/(f)
06/30/2013	\$ 1,517,921	\$ 737,643	\$ 525,982	83%	\$ 2,017,329	63%
06/30/2014	\$ 1,419,464	\$ 796,654	\$ 392,380	84%	\$ 1,958,068	61%
06/30/2015	\$ 1,392,690	\$ 860,386	\$ 400,623	91%	\$ 1,808,232	70%
06/30/2016	\$ 1,802,392	\$ 929,217	\$ 404,273	74%	\$ 1,989,442	67%
06/30/2017	\$ 1,864,693	\$ 1,337,055	\$ 421,449	94%	\$ 2,085,929	84%

See accompanying notes and independent auditor's report.

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

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

<i>Measurement Date</i>	June 30, 2017, measurement date based on actuarial liabilities as of July 1, 2016
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<i>Actuarial Cost Method</i>	Entry Age Normal, Level-Percentage-of-Pay
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<i>Actuarial Value of Assets</i>	Market value used for GASB Nos. 67 and 68 reporting
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<i>Contribution Policy and Amortization Method</i>	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings are expected to fully fund the projected actuarial liability for current plan members by 2043.
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Actuarial Assumptions:

<i>Investment Rate of Return</i>	5.0000% per year
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<i>GASB 67/68 Discount Rate</i>	5.0000% per year at June 30, 2017, and 5.0000% at June 30, 2016
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<i>Projected Salary Increases</i>	Service-based increases: 20.00% in year 1, 6.50% in year 2, reducing over years of service down to 1.25% in years 30-34. 0% increases for service over 34
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<i>Cost of Living Increases</i>	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years
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See independent auditor's report.

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

Single Discount Rate

A GASB Statement Nos. 67 and 68 single discount rate of 5.0000% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 5.0000%, and the municipal bond rate of 3.5600%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members for all future plan years. Therefore, the single discount rate of 5.0000% was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 5.0000%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

<u>1% Decrease</u>	<u>Current Single Discount</u> <u>Rate Assumption</u>	<u>1% Increase</u>
<u>4.0000%</u>	<u>5.0000%</u>	<u>6.0000%</u>
\$ 27,116,749	\$ 22,477,014	\$ 18,773,722

See independent auditor's report.

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION -
COMPONENT UNITS
JUNE 30, 2017

	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash	\$ 936,723	\$ 9,853
Receivables, net of allowances:		
Accounts	921,699	-0-
Due to/from other activities	7,572	-0-
Inventory	<u>311,590</u>	<u>-0-</u>
Total current assets	<u>2,177,584</u>	<u>9,853</u>
Noncurrent Assets		
Restricted assets	<u>1,087,226</u>	<u>-0-</u>
Capital Assets		
Land	84,065	2,543,901
Construction in process	356,760	-0-
Buildings	1,532,698	7,644,604
Structures and improvements	7,208,797	453,583
Machinery and equipment	-0-	338,301
Transmission and distribution	28,680,517	-0-
Less: Accumulated depreciation	<u>(18,122,374)</u>	<u>(4,563,642)</u>
Net capital assets	<u>19,740,463</u>	<u>6,416,747</u>
Total assets	<u>23,005,273</u>	<u>6,426,600</u>
Deferred Outflows of Resources		
Net difference between projected and actual investment earnings on pension plan investments	241,766	723
Employer contributions subsequent to measurement period	172,438	547
Differences between expected and actual experience	64,160	192
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>11,507</u>	<u>34</u>
Total deferred outflow of resources	<u>489,871</u>	<u>1,496</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF NET POSITION -
COMPONENT UNITS (CONTD)
JUNE 30, 2017

	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities (payable from current assets)		
Notes payable	\$ 135,750	\$ 12,466
Accounts payable	42,565	146
Accrued compensated absences	69,361	-0-
Accrued post-employment benefits payable	<u>1,082,226</u>	<u>40,410</u>
Total current liabilities (payable from current assets)	<u>1,329,902</u>	<u>53,022</u>
Current Liabilities (payable from restricted assets)		
Revenue bonds payable	<u>814,245</u>	<u>-0-</u>
Total current liabilities (payable from restricted assets)	<u>814,245</u>	<u>-0-</u>
Long-Term Liabilities (net of current portion)		
Revenue bonds payable	11,573,352	-0-
Notes payable net of current portion	-0-	3,141
Accrued compensated absences	173,010	-0-
Net pension obligation	<u>769,375</u>	<u>2,300</u>
Total long-term liabilities (net of current portion)	<u>12,515,737</u>	<u>5,441</u>
Total liabilities	<u>14,659,884</u>	<u>58,463</u>
Deferred Inflow of Resources		
Deferred difference in assumptions	37,483	112
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>428</u>	<u>1</u>
Total deferred inflow of resources	<u>37,911</u>	<u>113</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 STATEMENT OF NET POSITION –
 COMPONENT UNITS (CONTD)
 JUNE 30, 2017

	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
Net Position		
Net investment in capital assets	\$ 7,217,116	\$ 6,401,140
Restricted for debt service	649,883	-0-
Restricted for renewal and replacement	437,343	-0-
Unrestricted	<u>493,007</u>	<u>(31,620)</u>
Total net position	\$ <u>8,797,349</u>	\$ <u>6,369,520</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION -
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Sanitary Board Fund</u>	<u>Parking Authority Fund</u>
Operating Revenue		
Charges for services	\$ <u>4,943,445</u>	\$ <u>130,594</u>
Total operating services	<u>4,943,445</u>	<u>130,594</u>
Operating Expenses		
Personal services	2,009,228	55,514
Contractual services	767,380	1,500
Administrative and general	53,022	775
Fuel and oil	65,323	-0-
Liability insurance	131,663	3,634
Materials and supplies	272,651	4,837
Utilities	221,529	31,100
Depreciation	492,858	110,440
Maintenance	<u>755,617</u>	<u>44,616</u>
Total operating expenses	<u>4,769,271</u>	<u>252,416</u>
Operating income (loss)	<u>174,174</u>	(<u>121,822</u>)
Nonoperating Revenues (Expenses)		
Interest	16,479	128
Gain on disposal of capital assets	6,625	-0-
Miscellaneous income	9,590	1,818
Interest and fiscal charges	(<u>155,132</u>)	(<u>689</u>)
Total nonoperating revenues (expenses)	<u>(122,438)</u>	<u>1,257</u>
Change in net position before operating transfers in (out)	51,736	(120,565)
Operating transfers in (out)	<u>-0-</u>	<u>177,837</u>
Change in net position	51,736	57,272
Total net position – beginning	<u>8,745,613</u>	<u>6,312,248</u>
Total net position – ending	\$ <u>8,797,349</u>	\$ <u>6,369,520</u>

See accompanying notes and independent auditor's report.

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS –
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Sanitary Sewer Board</u>	<u>Parking Authority Fund</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 4,960,320	\$ 130,594
Payments to suppliers	(2,968,733)	(100,115)
Payments to employees	(1,465,237)	(50,488)
Net cash provided by (used in) operating activities	<u>526,350</u>	<u>(20,009)</u>
Cash Flows from Non-Capital Financing Activities		
Operating transfers from other funds	<u>-0-</u>	<u>177,837</u>
Net cash provided by non-capital financing activities	<u>-0-</u>	<u>177,837</u>
Cash Flows from Capital and Related Financing Activities		
(Increase) decrease in restricted assets	1,105,866	-0-
Repayment of revenue bonds	(804,689)	-0-
Repayment of obligation under capital lease	(19,125)	-0-
Repayment of notes payable	-0-	(12,118)
Proceeds from revenue bonds	547,507	-0-
(Decrease) in loan drawdowns receivable	(320,832)	-0-
Proceeds from notes payable	105,750	-0-
Proceeds from disposal of capital assets	25,767	-0-
Acquisition of capital assets	(1,249,616)	(177,837)
Interest expense	(155,133)	(689)
Net cash (used in) capital and related financing activities	<u>(764,505)</u>	<u>(190,644)</u>
Cash Flows from Investing Activities		
Interest on investments	<u>16,479</u>	<u>128</u>
Net cash provided by investing activities	<u>16,479</u>	<u>128</u>
Net increase (decrease) in cash	(221,676)	(32,688)
Cash at beginning of year	<u>1,158,399</u>	<u>42,541</u>
Cash at end of year	\$ <u>936,723</u>	\$ <u>9,853</u>

MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS –
COMPONENT UNITS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Sanitary Sewer Board</u>	<u>Parking Authority Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 174,174	\$ (121,822)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	492,858	110,440
Miscellaneous income	9,590	1,818
(Increase) decrease in:		
Accounts receivable	16,875	-0-
Due to/from other activities	101	-0-
Inventory	(55,492)	-0-
Deferred outflows of resources – net difference between projected and actual investment earnings on pension plan investments	(72,925)	2,560
Deferred outflows of resources – employer contributions subsequent to measurement period	12,892	3,042
Deferred outflows of resources – differences between expected and actual experience	49,024	2,008
Deferred outflows of resources – changes in proportion and differences between employer contributions and proportionate share of contributions	7,421	334
Increase (decrease) in:		
Accounts payable	(19,919)	1
Accrued compensated absences	(16,402)	(3,327)
Accrued post-employment benefits payable	31,785	234
Net pension obligation	215,975	(8,459)
Deferred inflow of resources – net difference between projected and actual investment earnings on pension plan investments	(290,191)	(5,642)
Deferred inflow of resources – deferred difference in assumptions	(29,082)	(1,182)
Deferred inflow of resources – changes in proportion and differences between employer contributions and proportionate share of contributions	(336)	(14)
Net cash provided by (used in) operating activities	\$ <u>526,348</u>	\$ <u>(20,009)</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING FUND BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Total Memorandum Only)</u>
ASSETS			
Cash	\$ 1,536,534	\$ 403	\$ 1,536,937
Receivables (net of allowances for uncollectibles of \$7,000):			
Accounts	1,235	-0-	1,235
Taxes	148,384	-0-	148,384
Notes	17,722	16,865	34,587
Due from/(to) other activities	(118,523)	-0-	(118,523)
TOTAL ASSETS	\$ <u>1,585,352</u>	\$ <u>17,268</u>	\$ <u>1,602,620</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 179,124	\$ -0-	\$ 179,124
Accrued payroll	18,779	-0-	18,779
Unearned revenue	<u>3,146</u>	<u>-0-</u>	<u>3,146</u>
Total liabilities	<u>201,049</u>	<u>-0-</u>	<u>201,049</u>
Deferred Inflows of Resources			
Deferred taxes	<u>129,485</u>	<u>-0-</u>	<u>129,485</u>
Total liabilities and deferred inflows of resources	<u>330,534</u>	<u>-0-</u>	<u>330,534</u>
Fund Balances			
Assigned	1,310,973	17,268	1,328,241
Unassigned	(56,155)	-0-	(56,155)
Total fund balances	<u>1,254,818</u>	<u>17,268</u>	<u>1,272,086</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>1,585,352</u>	\$ <u>17,268</u>	\$ <u>1,602,620</u>

See accompanying notes and independent auditor's report.

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

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Total (Memorandum Only)</u>
Revenues			
Taxes – Ad valorem	\$ 1,503,044	\$ -0-	\$ 1,503,044
Charges for services	770,427	-0-	770,427
Fines and forfeits	28,163	-0-	28,163
Interest	13,992	2,606	16,598
Donations	4,827	-0-	4,827
Intergovernmental:			
Federal	18,902	-0-	18,902
Contributions from employees	426,708	-0-	426,708
Contributions from employer	1,587,580	-0-	1,587,580
Other	<u>12,944</u>	<u>-0-</u>	<u>12,944</u>
Total revenues	<u>4,366,587</u>	<u>2,606</u>	<u>4,369,193</u>
Expenditures			
General government	12,800	-0-	12,800
Public safety	355,225	-0-	355,225
Highways and streets	686,279	-0-	686,279
Community development	452,655	441,334	893,989
Culture and recreation	1,194,064	-0-	1,194,064
Benefit payments	<u>2,014,194</u>	<u>-0-</u>	<u>2,014,194</u>
Total expenditures	<u>4,715,217</u>	<u>441,334</u>	<u>5,156,551</u>
(Deficiency) excess of revenues (under) over expenditures	(348,630)	(438,728)	(787,358)
Other Financing Sources (Uses)			
Operating transfers in	644,106	52,677	696,783
Operating transfers (out)	<u>(765,346)</u>	<u>-0-</u>	<u>(765,346)</u>
Total other financing sources (uses)	<u>(121,240)</u>	<u>52,677</u>	<u>(68,563)</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)	(469,870)	(386,051)	(855,921)
Fund balance beginning of year	<u>1,724,688</u>	<u>403,319</u>	<u>2,128,007</u>
Fund balance end of year	\$ <u>1,254,818</u>	\$ <u>17,268</u>	\$ <u>1,272,086</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 COMBINING FUND BALANCE SHEETS
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017**

	<u>Police</u> <u>Fund</u>	<u>Tax Increment</u> <u>Financing</u> <u>District</u> <u>Fund</u>	<u>Urban</u> <u>Renewal</u> <u>Authority</u>	<u>Park</u> <u>Board</u>	<u>Park Board</u> <u>Special</u> <u>Levy</u>	<u>Capital</u> <u>Improvement</u> <u>Levy Fund</u>	<u>Dental and</u> <u>Vision Benefit</u> <u>Fund</u>	<u>PEIA</u> <u>Fund</u>	<u>Police</u> <u>National</u> <u>Nightout</u> <u>Fund</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
ASSETS										
Cash	\$ 237,693	\$ 629,363	\$ 114	\$ 353,892	\$ 70,344	\$ 77,152	\$ 5,204	\$ 156,584	\$ 6,188	\$ 1,536,534
Receivables (net of allowances for uncollectibles of \$7,000)										
Accounts	1,235	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,235
Taxes	-0-	-0-	-0-	-0-	59,353	89,031	-0-	-0-	-0-	148,384
Notes	-0-	-0-	17,722	-0-	-0-	-0-	-0-	-0-	-0-	17,722
Due from/(to) other funds	(4,000)	-0-	-0-	-0-	34,193	(135,716)	(13,000)	-0-	-0-	(118,523)
TOTAL ASSETS	\$ <u>234,928</u>	\$ <u>629,363</u>	\$ <u>17,836</u>	\$ <u>353,892</u>	\$ <u>163,890</u>	\$ <u>30,467</u>	\$ <u>(7,796)</u>	\$ <u>156,584</u>	\$ <u>6,188</u>	\$ <u>1,585,352</u>

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
COMBINING FUND BALANCE SHEETS
NONMAJOR SPECIAL REVENUE FUNDS (CONT'D)
JUNE 30, 2017**

	<u>Police Fund</u>	<u>Tax Increment Financing District Fund</u>	<u>Urban Renewal Authority</u>	<u>Park Board</u>	<u>Park Board Special Levy</u>	<u>Capital Improvement Levy Fund</u>	<u>Dental and Vision Benefit Fund</u>	<u>PEIA Fund</u>	<u>Police National Nightout Fund</u>	<u>Total (Memorandum Only)</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 21,405	\$ -0-	\$ -0-	\$ -0-	\$ 157,719	\$ -0-	\$ 179,124
Accrued payroll	-0-	-0-	-0-	18,779	-0-	-0-	-0-	-0-	-0-	18,779
Unearned revenue	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,146</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,146</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>43,330</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>157,719</u>	<u>-0-</u>	<u>201,049</u>
Deferred Inflows										
Deferred Taxes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>51,794</u>	<u>77,691</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>129,485</u>
Fund Balances										
Assigned	234,928	629,363	17,836	310,562	112,096	-0-	-0-	-0-	6,188	1,310,973
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(47,224)</u>	<u>(7,796)</u>	<u>(1,135)</u>	<u>-0-</u>	<u>(56,155)</u>
Total fund balances	<u>234,928</u>	<u>629,363</u>	<u>17,836</u>	<u>310,562</u>	<u>112,096</u>	<u>(47,224)</u>	<u>(7,796)</u>	<u>(1,135)</u>	<u>6,188</u>	<u>1,254,818</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ <u>234,928</u>	\$ <u>629,363</u>	\$ <u>17,836</u>	\$ <u>353,892</u>	\$ <u>163,890</u>	\$ <u>30,467</u>	\$ <u>(7,796)</u>	\$ <u>156,584</u>	\$ <u>6,188</u>	\$ <u>1,585,352</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Police</u> <u>Fund</u>	<u>Tax</u> <u>Increment</u> <u>Financing</u> <u>District</u> <u>Fund</u>	<u>Urban</u> <u>Renewal</u> <u>Authority</u>	<u>Park</u> <u>Board</u>	<u>Park Board</u> <u>Special</u> <u>Levy</u>	<u>Capital</u> <u>Improvement</u> <u>Levy Fund</u>	<u>Dental and</u> <u>Visions Benefit</u> <u>Fund</u>	<u>PEIA</u> <u>Fund</u>	<u>Police</u> <u>National</u> <u>Nightout</u> <u>Fund</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
Revenues										
Taxes – Ad Valorem	\$ -0-	\$ 305,134	\$ -0-	\$ -0-	\$ -0-	\$ 1,197,910	\$ -0-	\$ -0-	\$ -0-	\$ 1,503,044
Charges for services	-0-	7,000	-0-	763,427	-0-	-0-	-0-	-0-	-0-	770,427
Fines and forfeits	28,163	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	28,163
Interest	1,963	5,380	16	3,097	1,583	1,238	66	608	41	13,992
Donations	2,300	-0-	-0-	457	-0-	-0-	-0-	-0-	2,070	4,827
Intergovernmental:										
Federal	18,902	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	18,902
Contributions from employees	-0-	-0-	-0-	-0-	-0-	-0-	90,456	336,252	-0-	426,708
Contributions from employer	-0-	-0-	-0-	-0-	-0-	-0-	58,937	1,528,643	-0-	1,587,580
Other	-0-	300	-0-	-0-	-0-	12,640	4	-0-	-0-	12,944
Total revenues	<u>51,328</u>	<u>317,814</u>	<u>16</u>	<u>766,981</u>	<u>1,583</u>	<u>1,211,788</u>	<u>149,463</u>	<u>1,865,503</u>	<u>2,111</u>	<u>4,366,587</u>
Expenditures										
General government	-0-	-0-	-0-	-0-	-0-	9,200	3,600	-0-	-0-	12,800
Public safety	144,438	-0-	-0-	-0-	-0-	202,239	-0-	-0-	8,548	355,225
Highways and streets	-0-	-0-	-0-	-0-	-0-	686,279	-0-	-0-	-0-	686,279
Community development	-0-	340,849	2,000	-0-	-0-	109,806	-0-	-0-	-0-	452,655
Culture and recreation	-0-	-0-	-0-	771,611	422,453	-0-	-0-	-0-	-0-	1,194,064
Benefit payments	-0-	-0-	-0-	-0-	-0-	-0-	143,824	1,870,370	-0-	2,014,194
Total expenditures	<u>144,438</u>	<u>340,849</u>	<u>2,000</u>	<u>771,611</u>	<u>422,453</u>	<u>1,007,524</u>	<u>147,424</u>	<u>1,870,370</u>	<u>8,548</u>	<u>4,715,217</u>
(Deficiency) excess of revenues (under) over expenditures	(93,110)	(23,035)	(1,984)	(4,630)	(420,870)	204,264	2,039	(4,867)	(6,437)	(348,630)

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS (CONTD)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Police</u> <u>Fund</u>	<u>Tax</u> <u>Increment</u> <u>Financing</u> <u>District</u> <u>Fund</u>	<u>Urban</u> <u>Renewal</u> <u>Authority</u>	<u>Park</u> <u>Board</u>	<u>Park Board</u> <u>Special</u> <u>Levy</u>	<u>Capital</u> <u>Improvement</u> <u>Levy Fund</u>	<u>Dental and</u> <u>Visions Benefit</u> <u>Fund</u>	<u>PEIA</u> <u>Fund</u>	<u>Police</u> <u>National</u> <u>Nightout</u> <u>Fund</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
Other Financing Sources (Uses)										
Operating transfers in	\$ 36,618	\$ -0-	\$ -0-	\$ -0-	\$ 544,164	\$ 59,724	\$ -0-	\$ -0-	\$ 3,600	\$ 644,106
Operating transfer (out)	<u>-0-</u>	<u>(59,724)</u>	<u>-0-</u>	<u>-0-</u>	<u>(146,616)</u>	<u>(559,006)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(765,346)</u>
Total other financing sources (uses)	<u>36,618</u>	<u>(59,724)</u>	<u>-0-</u>	<u>-0-</u>	<u>397,548</u>	<u>(499,282)</u>	<u>-0-</u>	<u>-0-</u>	<u>3,600</u>	<u>(121,240)</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)	(56,492)	(82,759)	(1,984)	(4,630)	(23,322)	(295,018)	2,039	(4,867)	(2,837)	(469,870)
Fund balance beginning of year	<u>291,420</u>	<u>712,122</u>	<u>19,820</u>	<u>315,192</u>	<u>135,418</u>	<u>247,794</u>	<u>(9,835)</u>	<u>3,732</u>	<u>9,025</u>	<u>1,724,688</u>
Fund balance end of year	\$ <u>234,928</u>	\$ <u>629,363</u>	\$ <u>17,836</u>	\$ <u>310,562</u>	\$ <u>112,096</u>	\$ <u>(47,224)</u>	\$ <u>(7,796)</u>	\$ <u>(1,135)</u>	\$ <u>6,188</u>	\$ <u>1,254,818</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 COMBINING BALANCE SHEET -
 NONMAJOR DEBT SERVICE FUND
 JUNE 30, 2017**

Urban
 Renewal
 Authority

ASSETS

Cash	\$	403
Receivables:		
Notes		<u>16,865</u>
TOTAL ASSETS	\$	<u>17,268</u>

LIABILITIES AND FUND BALANCES

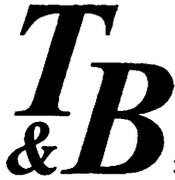
Liabilities		
Accounts payable	\$	<u>-0-</u>
Total liabilities		<u>-0-</u>
 Fund Balances		
Assigned		<u>17,268</u>
Total fund balances		<u>17,268</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>17,268</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – NONMAJOR DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Urban Renewal Authority</u>
Revenues	
Charges for services	\$ -0-
Interest	<u>2,606</u>
Total revenues	<u>2,606</u>
Expenditures	
Community development	<u>441,334</u>
Total expenditures	<u>441,334</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(438,728)</u>
Other Financing Sources (Uses)	
Operating transfers in	<u>52,677</u>
Total other financing sources (uses)	<u>52,677</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)	<u>(386,051)</u>
Fund balance beginning of year	<u>403,319</u>
Fund balance end of year	\$ <u>17,268</u>

See accompanying notes and independent auditor's report.



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

**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
Municipality of Clarksburg
Clarksburg, 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, the blended component units, each major fund, and the aggregate remaining fund information of the Municipality of Clarksburg, West Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Municipality of Clarksburg, West Virginia's basic financial statements and have issued our report thereon dated January 22, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality of Clarksburg, 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 Municipality of Clarksburg, West Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Clarksburg, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality of Clarksburg, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item #2017-002.

Municipality of Clarksburg, West Virginia's Response to Findings

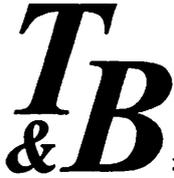
Municipality of Clarksburg, West Virginia's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Municipality of Clarksburg, West Virginia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Strick, Barkus, PLLC

Clarksburg, West Virginia
January 22, 2018



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

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

To the Honorable Mayor and Council
Municipality of Clarksburg
Clarksburg, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the Municipality of Clarksburg, West Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Municipality of Clarksburg, West Virginia's major federal programs for the year ended June 30, 2017. Municipality of Clarksburg, West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Municipality of Clarksburg, West Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality of Clarksburg, 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 Municipality of Clarksburg, West Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the Municipality of Clarksburg, West Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Municipality of Clarksburg, 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 Municipality of Clarksburg, West Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Municipality of Clarksburg, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Detrick, Bethel, PLLC

Clarksburg, West Virginia
January 22, 2018

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

A. Summary of Audit Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified Opinion</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>Yes</u>
Deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Deficiency(s) identified that are not considered to be material weaknesses?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified Opinion</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u>No</u>
Identification of major programs:	
United States Department of Agriculture, Rural Housing Service Community Facilities Loans and Grants	CFDA #10.766
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee	___ yes <u>X</u> no

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2017**

B. Findings – Financial Statement Audit

Finding #2017-001 Timely Deposits of Funds

Criteria: All funds received by the Municipality should be deposited in a financial institution in a timely manner.

Condition: It was noted during our audit that there were no deposits made during the fiscal year for police evidence funds that were confiscated property.

Cause: The Municipality failed to deposit the funds timely.

Effect: The failure to timely deposit funds could result in funds being misplaced or misappropriated.

Recommendation: The Municipality should adhere to its policies and controls and ensure that all police evidence funds that were confiscated property is deposited in a financial institution in a timely manner.

View of Responsible Officials and Planned Corrective Action: A policy is being implemented to ensure that all police evidence funds that are confiscated are deposited into the financial institution in a timely manner. While the funds may not have been deposited in a timely manner in fiscal year 2016-2017, please note that funds were secured in a locked evidence room, with access limited to only the Chief and Deputy Chief of Police.

Statue: This condition was not reported in the prior year's audit.

Finding #2017-002 Insufficient Rates – Sanitary Sewer Board

Criteria: The Municipality's Sanitary Sewer Board is required to have adequate revenue to maintain a 110% debt service coverage:

"...The rates or charges to be charged for the service from such sanitary sewer board shall be sufficient at all times to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof as and when the same become due, and reasonable reserves therefore, and to provide for the repair, maintenance and operation of the sewer system, and to provide an adequate depreciation fund, and to make any other payments which shall be required or provided for in order authorizing the issuance of said bonds."

Condition: It was noted during this audit that the rates the Sanitary Sewer Board charges for services are not sufficient to provide adequate debt service coverage.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2017**

Cause: The Municipality's rates were inadequate to maintain a 110% debt service coverage.

Effect: The insufficient rates caused the Sanitary Sewer Board to be in violation of its bond rate compliance coverage.

Recommendation: The Sanitary Sewer Board should review its current rates and expenses to comply with the bond rate compliance coverage.

View of Responsible Officials and Planned Corrective Action: In August 2016, the Municipality had a Rule 42 prepared and it was determined that rates would not need to be increased in the very near future and with this, it was believed that sufficient coverage was in place. It wasn't until recently, when this finding came about, that further research into the Rule 42 showed a decrease in debt service coverage was imminent in the final year of the older debt. With this, when the older debt drops off, in the current year, the debt service coverage increases over the required 110% again. While it is known by the Treasurer and the Sanitary Board that the Sanitary Sewer Board is required to have adequate revenue to maintain a 110% debt service coverage, it was overlooked in fiscal year 2016-2017. A change in Finance Director in the middle of the budget year is one reason. The debt reserve was in place in the budget, however, because of one large debt being in its last year on the books and a new large debt coming on the books in the same year, it was overlooked that revenues were going to be insufficient to support the required debt service coverage.

Our plan is to have the debt service coverage analyzed in depth, periodically, by both the Sanitary Board accountant and the Finance Director. Also, we are working on trying to reduce expenses for the Sanitary Board.

Status: This condition was not reported in the prior year's audit.

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

United States Department of Agriculture – Rural Housing Services – Community Facilities Loans and Grants – CFDA Number 10.766 – Fiscal Year Ended June 30, 2017.

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

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
United States Department of Justice/Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0274	\$ 13,053	\$ 13,053	\$ 13,053
ARRA – Edward Byrne Memorial Justice Assistance Grant	16.803		6,000	5,849	5,849
United States Department of Justice/Bureau of Justice Assistance					
<i>State of West Virginia Division of Justice and Community Services</i>					
Edward Byrne Memorial Formula Grant Program	16.579	2016-DJ-BX-0105	18,000	18,000	18,000
United States Department of Justice/Bureau of Justice Assistance					
<i>State of West Virginia – Division of Justice and Community Services</i>					
<i>City of Bridgeport</i>					
Edward Byrne Memorial Formula Grant Program	16.579	2015-DJ-BX-1069	23,000	<u>23,000</u>	<u>23,000</u>
Total CFDA 16.579				<u>41,000</u>	<u>41,000</u>
United States Department of Justice/Violence Against Women Office					
<i>West Virginia Division of Justice and Community Services</i>					
<i>Task Force on Domestic Violence</i>					
ARRA – Violence Against Women Formula Grants	16.588	15-VAW-020	43,176	<u>4,685</u>	<u>4,685</u>
Total United States Department of Justice				<u>64,587</u>	<u>64,587</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
United States Department of Agriculture/Rural Housing Service					
Community Facilities Loans and Grants	10.755		\$ 1,616,03	\$ <u>1,302,245</u>	\$ <u>1,320,245</u>
Total United States Department of Agriculture				<u>1,302,245</u>	<u>1,302,245</u>
National Endowment for the Arts/State of West Virginia Division of Culture and History					
Promotion of Arts Partnership Agreements	45.025	AH16-7727	255,270	<u>255,091</u>	<u>255,091</u>
Total National Endowments for the Arts				<u>255,091</u>	<u>255,091</u>
United States Department of Homeland Security Federal Emergency Management Agency					
<i>State of West Virginia/Department of Military Affairs and Public Safety Homeland Security State Administrative Agency</i>					
Homeland Security Grant Program	97.067	EMW2016SS00003	7,466	<u>7,466</u>	<u>7,466</u>
Total United States Department of Homeland Security				<u>7,466</u>	<u>7,466</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
United States Department of Transportation/National Highway Traffic Safety Administration					
<i>West Virginia Department of Transportation/West Virginia Division of Motor Vehicles</i>					
State and Community Highway Safety	20.600	F17-HS-05-402	\$ 143,600	\$ 76,020	\$ 76,020
State and Community Highway Safety	20.600	F17-HS-05-405B	52,300	18,622	18,622
State and Community Highway Safety	20.600	F17-HS-05-405C	404,988	361,208	361,208
State and Community Highway Safety	20.600	F17-HS-45-405D	217,500	83,673	83,673
State and Community Highway Safety	20.600	F17-HS-05-406	6,000	4,467	4,467
State and Community Highway Safety	20.600	F17-HS-05-DOHDD	30,000	19,184	19,184
State and Community Highway Safety	20.600	F17-HS-05-DOHWZ	10,000	3,584	3,584
State and Community Highway Safety	20.600	F17-HS-05-DHHR	22,500	21,921	21,921
State and Community Highway Safety	20.600	F16-HS-05-402	127,500	26,520	26,520
State and Community Highway Safety	20.600	F16-HS-05-408	100,000	182	182
State and Community Highway Safety	20.600	F16-HS-05-410	75,000	36	36
State and Community Highway Safety	20.600	F16-HS-05-405B	37,500	5,549	5,549
State and Community Highway Safety	20.600	F16-HS-05-154AL	207,840	73,802	73,802
State and Community Highway Safety	20.600	F16-HS-05-DOHDD	53,000	17,634	17,634
State and Community Highway Safety	20.600	F16-HS-05-C	13,435	13,263	13,263
State and Community Highway Safety	20.600	F15-HS-05-DHHR	29,835	<u>10,134</u>	<u>10,134</u>
Total United States Department of Transportation – CFDA 20.600				<u>735,799</u>	<u>735,799</u>

See accompanying notes and independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
 SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
Executive Office of the President					
<i>Financial Commission for Appalachia High Intensity Drug Trafficking Area Laurel County Fiscal Court</i>					
High Intensity Drug Trafficking Areas Program	95.001	G16AP0001A	\$ 38,250	\$ 10,993	\$ 10,993
High Intensity Drug Trafficking Areas Program	95.001	G17AP0001A	38,250	<u>10,752</u>	<u>10,752</u>
Total Executive Office of the President – CFDA 95.001				<u>21,745</u>	<u>21,745</u>
Total Federal Assistance				\$ <u>2,386,933</u>	\$ <u>2,386,933</u>

See accompanying notes and independent auditor's report.

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

Note A – Basis of Presentation

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

Note B – Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMG Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The Municipality of Clarksburg, West Virginia has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note C – Outstanding Loan Balance

The United States Department of Agriculture, Rural Housing Service, Community Facilities Loans and Grants program (CFDA 10.755) is the Municipality's Sales Tax Revenue Bonds, Series 2016A that was purchased in its entirety by the United States Department of Agriculture. The outstanding balance on this bond issue at June 30, 2017 was \$1,445,387.

See independent auditor's report.

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
222 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301**

January 22, 2018

CORRECTIVE ACTION PLAN

U.S. Department of Agriculture, Rural Housing Services

Municipality of Clarksburg, West Virginia respectfully submits the following corrective action plan for the year ended June 30, 2017. Name and address of independent public accounting firm: Tetrick & Bartlett, PLLC, P.O. Box 1916, Clarksburg, WV 26302-1916. Audit period: July 1, 2016 – June 30, 2017.

The findings from the June 30, 2017 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary Audit Results, does not include findings and is not addressed.

B. Financial Statement Audit

Material Weaknesses

#2017-001 Timely Deposits of Funds

Recommendation: The Municipality should adhere to its policies and controls and ensure that all police evidence funds that were confiscated property is deposited in a financial institution in a timely manner.

Action Taken: A policy is being implemented to ensure that all police evidence funds that are confiscated are deposited into the financial institution in a timely manner. While the funds may not have been deposited in a timely manner in fiscal year 2016-2017, please note that funds were secured in a locked evidence room, with access limited to only the Chief and Deputy Chief of Police.

Compliance

#2017-002 Insufficient Rates – Sanitary Sewer Board

Recommendation: The Sanitary Sewer Board should review its current rates and expenses to comply with the bond rate compliance coverage.

Action Taken: In August 2016, the Municipality had a Rule 42 prepared and it was determined that rates would not need to be increased in the very near future and with this, it was believed that sufficient coverage was in place. It wasn't until recently, when this finding came about, that further research into the Rule 42 showed a decrease in debt service coverage was imminent in the final year of the older debt. With this, when the older debt drops off, in the current year, the debt service coverage increases over the required 110% again. While it is known by the Treasurer and the Sanitary Board that the Sanitary Sewer Board is required to have adequate revenue to maintain a 110% debt service coverage, it was overlooked in fiscal year 2016-2017. A change in Finance Director in the middle of the budget year is one reason. The debt reserve was in place in the budget, however, because of one large debt being in its last year on the books and a new large debt coming on the books in the same year, it was overlooked that revenues were going to be insufficient to support the required debt service coverage.

Our plan is to have the debt service coverage analyzed in depth, periodically, by both the Sanitary Board accountant and the Finance Director. Also, we are working on trying to reduce expenses for the Sanitary Board.

If the U.S. Department of Agriculture, Rural Housing Services, has questions regarding this plan, please contact Kim Karakiozis, Director of Finance, at 304-624-1650.

Sincerely yours,



Kim Karakiozis
Director of Finance
Municipality of Clarksburg

**MUNICIPALITY OF CLARKSBURG, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial Audit

There were no prior audit findings.

**United States Department of Transportation – National Highway Traffic Safety
Administration – State and Community Highway Safety – CFDA Number 20.600 – Year
Ended June 30, 2016**

There were no prior audit findings.