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Accounting, Auditing and Consulting Services for Federal, State and Local Governments
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AUDIT REPORT OF
THE CITY OF WILLIAMSTOWN, WEST VIRGINIA
REGULAR AUDIT

For the Year Ended June 30, 2016
Fiscal Year Audited Under GAGAS: 2016

**CITY OF WILLIAMSTOWN, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| TITLE | PAGE |
|--|------|
| Introductory Section | |
| Schedule of Funds Included..... | 1 |
| Financial Section | |
| Independent Auditor’s Report | 2 |
| Basic Financial Statements: | |
| <i>Government-wide Financial Statements:</i> | |
| Statement of Net Position | 5 |
| Statement of Activities | 6 |
| <i>Fund Financial Statements:</i> | |
| Balance Sheet – Governmental Fund and Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 7 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund and Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 8 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual (Budgetary Basis) – General Fund | 9 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual (Budgetary Basis) – Coal Severance Tax Fund..... | 10 |
| Statement of Net Position – Proprietary Funds..... | 11 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds..... | 12 |
| Statement of Cash Flows – Proprietary Funds..... | 13 |
| Notes to the Financial Statements..... | 14 |
| Required Supplementary Information | |
| Schedule of Changes in Net Pension Liability and Related Ratios | 32 |
| Schedule of Changes in Contributions..... | 33 |
| Supplementary Information | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 34 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 33 |
| Accompanying Information | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 36 |
| Schedule of Findings | 38 |
| Schedule of Prior Audit Findings | 39 |

**CITY OF WILLIAMSTOWN, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN THE REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax

NONMAJOR FUNDS

Special Revenue Funds

Street
Park
Employment Security

PROPRIETARY FUND TYPE

MAJOR FUND

Water
Sewer
Stormwater
Pool



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Independent Auditor's Report

City of Williamstown
Wood County, West Virginia
100 West 5th Street
Williamstown, West Virginia 26187

To the Mayor and Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Williamstown, Wood County, West Virginia (the City), as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, each major fund, and the aggregate remaining fund information of the City of Williamstown, Wood County, West Virginia, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Fund, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. The City has omitted the management's discussion and analysis. 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 information related to the defined benefit pension plan on pages 32 and 33 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 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.

Supplementary and Other Information

Our audit was conducted to opine on the City's financial statements taken as a whole.

The Combining Balance Sheet – Nonmajor Governmental Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds are management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these Schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
May 19, 2017

**City of Williamstown
Statement Of Net Position
June 30, 2016**

| | Primary Government | | |
|---|----------------------------------|-------------------------------------|---------------------|
| | Government Activities | Business-type Activities | Total |
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 843,306 | \$ 441,241 | \$ 1,284,547 |
| Taxes Receivable | 134,842 | - | 134,842 |
| Accounts Receivable, Net | 20,927 | 81,164 | 102,091 |
| Restricted Assets | - | 139,967 | 139,967 |
| Capital Assets, Nondepreciable | 115,000 | 299,949 | 414,949 |
| Capital Assets Being Depreciated, Net | <u>483,661</u> | <u>4,463,939</u> | <u>4,947,600</u> |
| Total Assets | 1,597,736 | 5,426,260 | 7,023,996 |
| DEFERRED OUTFLOWS | | | |
| Changes in Employer Proportion and Differences between Contributions and Proportionate Share of Contributions | 55,329 | 36,733 | 92,062 |
| Employer Contributions to Pension Plan Subsequent to Measurement Date | <u>57,456</u> | <u>35,375</u> | <u>92,831</u> |
| Total Deferred Outflows of Resources | <u>112,785</u> | <u>72,108</u> | <u>184,893</u> |
| Total Assets and Deferred Outflows | <u>\$ 1,710,521</u> | <u>\$ 5,498,368</u> | <u>\$ 7,208,889</u> |
| LIABILITIES: | | | |
| Accounts Payable | \$ 13,904 | \$ 33,929 | \$ 47,833 |
| Refunds Due to Customer | - | 8,600 | 8,600 |
| Accrued Payroll Liabilities | 25,230 | 2,968 | 28,198 |
| OPEB Liability | 347,668 | 222,279 | 569,947 |
| Accrued Compensated Absences | 19,723 | 11,619 | 31,342 |
| Customer Deposits | - | 14,573 | 14,573 |
| Noncurrent Liabilities: | | | |
| Current Portion of Long-Term Debt | 17,679 | 108,088 | 125,767 |
| Noncurrent Portion of Long-Term Debt | 41,049 | 1,284,633 | 1,325,682 |
| Net Pension Liability | <u>159,355</u> | <u>101,883</u> | <u>261,238</u> |
| Total Liabilities | 624,608 | 1,788,572 | 2,413,180 |
| DEFERRED INFLOWS | | | |
| Differences between Projected and Actual Investment Earnings | <u>54,112</u> | <u>34,596</u> | <u>88,708</u> |
| Total Deferred Inflows of Resources | 54,112 | 34,596 | 88,708 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 539,933 | 3,464,006 | 4,003,939 |
| Restricted for Debt Service | - | 139,967 | 139,967 |
| Unrestricted | <u>491,868</u> | <u>71,227</u> | <u>563,095</u> |
| Total Net Position | 1,031,801 | 3,675,200 | 4,707,001 |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 1,710,521</u> | <u>\$ 5,498,368</u> | <u>\$ 7,208,889</u> |

The notes to the financial statements are an integral part of this statement.

City of Williamstown
Statement of Activities
For the Year Ended June 30, 2016

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Assets | | |
|-----------------------------------|---------------------|-------------------------|--|--|--|-----------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 155,945 | \$ - | \$ - | \$ - | \$ (155,945) | \$ - | \$ (155,945) |
| Public Safety | 787,521 | 111,162 | 27,200 | 16,000 | (633,159) | - | (633,159) |
| Streets & Transportation | 188,186 | 70,754 | - | - | (117,432) | - | (117,432) |
| Culture and Recreation | 139,279 | - | 1,046 | 3,300 | (134,933) | - | (134,933) |
| Health and Sanitation | 3,000 | - | - | 19,480 | 16,480 | - | 16,480 |
| Social Services | 9,050 | - | - | - | (9,050) | - | (9,050) |
| Total Governmental Activities | <u>1,282,981</u> | <u>181,916</u> | <u>28,246</u> | <u>38,780</u> | <u>(1,034,039)</u> | <u>-</u> | <u>(1,034,039)</u> |
| Business-Type activities: | | | | | | | |
| Water | 407,713 | 392,573 | - | - | - | (15,140) | (15,140) |
| Sewer | 626,238 | 548,115 | - | 65,349 | - | (12,774) | (12,774) |
| Stormwater | 11,199 | 23,364 | - | - | - | 12,165 | 12,165 |
| Pool | 113,136 | 83,027 | - | - | - | (30,109) | (30,109) |
| Total Business-Type Activities | <u>1,158,286</u> | <u>1,047,079</u> | <u>-</u> | <u>65,349</u> | <u>-</u> | <u>(45,858)</u> | <u>(45,858)</u> |
| Total Primary Government | <u>\$ 2,441,267</u> | <u>\$ 1,228,995</u> | <u>\$ 28,246</u> | <u>\$ 104,129</u> | <u>(1,034,039)</u> | <u>(45,858)</u> | <u>(1,079,897)</u> |
| General Revenues: | | | | | | | |
| Taxes | | | | | 903,877 | - | 903,877 |
| Licenses and Permits | | | | | 17,982 | - | 17,982 |
| Discounts and Penalties | | | | | - | 17,040 | 17,040 |
| Fines, Fees and Court Costs | | | | | 90,742 | - | 90,742 |
| Gaming Income | | | | | 13,788 | - | 13,788 |
| Video Lottery | | | | | 19,156 | - | 19,156 |
| Rents & Contributions | | | | | 7,263 | - | 7,263 |
| Interest | | | | | 1,492 | 721 | 2,213 |
| Miscellaneous | | | | | 27,539 | 3,335 | 30,874 |
| Total General Revenues | | | | | <u>1,081,839</u> | <u>21,096</u> | <u>1,102,935</u> |
| Change in Net Position | | | | | 47,800 | (24,762) | 23,038 |
| Net Position at Beginning of Year | | | | | 984,001 | 3,699,962 | 4,683,963 |
| Net Position at End of Year | | | | | <u>\$ 1,031,801</u> | <u>\$ 3,675,200</u> | <u>\$ 4,707,001</u> |

The notes to the financial statements are an integral part of this statement.

City of Williamstown
Balance Sheet - Governmental Funds
June 30, 2016

| | <u>General Fund</u> | <u>Coal Severance</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|---------------------------------------|-------------------------|---------------------------|---|---------------------|
| Assets: | | | | |
| Current assets: | | | | |
| Cash & Cash Equivalents | \$ 680,774 | \$ 13,723 | \$ 148,809 | \$ 843,306 |
| Taxes Receivable | 131,899 | 1,723 | 1,220 | 134,842 |
| Accounts Receivable, Net | 9,856 | - | 11,071 | 20,927 |
| Due from Other Funds | <u>9,017</u> | <u>-</u> | <u>-</u> | <u>9,017</u> |
| Total Assets | <u>\$ 831,546</u> | <u>\$ 15,446</u> | <u>\$ 161,100</u> | <u>\$ 1,008,092</u> |
| Liabilities and Fund Balances: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 13,904 | \$ - | \$ - | \$ 13,904 |
| Due to Other Funds | - | 9,017 | - | 9,017 |
| Accrued Payroll Liabilities | 25,230 | - | - | 25,230 |
| OPEB Liability | <u>347,668</u> | <u>-</u> | <u>-</u> | <u>347,668</u> |
| Total Current Liabilities | 386,802 | 9,017 | - | 395,819 |
| Fund Balances: | | | | |
| Committed | - | - | 161,100 | 161,100 |
| Assigned | - | 6,429 | - | 6,429 |
| Unassigned | <u>444,744</u> | <u>-</u> | <u>-</u> | <u>444,744</u> |
| Total Fund Balances | <u>444,744</u> | <u>6,429</u> | <u>161,100</u> | <u>612,273</u> |
| Total Liabilities and Fund Balances | <u>\$ 831,546</u> | <u>\$ 15,446</u> | <u>\$ 161,100</u> | <u>\$ 1,008,092</u> |

**Reconciliation of the Governmental Balance Sheet
to the Statement of Net Position to Governmental Funds**

| | |
|--|---------------------|
| Balance sheet - total fund balances | \$ 612,273 |
| Capital assets used in governmental activities are not financial resources and therefore are not in the funds (net of accumulated depreciation) | 598,661 |
| Long-term debt is not recognized in governmental funds | (58,728) |
| The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in the funds | |
| Employer contributions to pension plan subsequent to measurement date | 55,329 |
| Changes in employer proportion and differences between contributions and proportionate share of contributions | 57,456 |
| Differences between projected and actual earnings on pension plan | (54,112) |
| Net pension liability | (159,355) |
| Compensated absences are not included in the governmental activities | <u>(19,723)</u> |
| Net position of governmental activities | <u>\$ 1,031,801</u> |

The notes to the financial statements are an integral part of this statement.

City of Williamstown
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
June 30, 2016

| | <u>General Fund</u> | <u>Coal Severance</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---|-------------------------|---------------------------|--|---------------------|
| Revenues: | | | | |
| Taxes | \$ 882,554 | \$ 6,737 | \$ 14,586 | \$ 903,877 |
| Intergovernmental: | | | | |
| Federal | 35,481 | - | - | 35,481 |
| State | 3,300 | - | - | 3,300 |
| Donations and Contributions | 27,246 | - | 1,000 | 28,246 |
| Licenses and Permits | 17,982 | - | - | 17,982 |
| Charges for Services | 111,162 | - | 70,754 | 181,916 |
| Rents and Concessions | 7,263 | - | - | 7,263 |
| Interest Income | 1,371 | 18 | 103 | 1,492 |
| Gaming Income | 13,788 | - | - | 13,788 |
| Video Lottery | 19,156 | - | - | 19,156 |
| Fines, Fees, and Court Costs | 90,742 | - | - | 90,742 |
| Miscellaneous | <u>26,327</u> | <u>-</u> | <u>1,212</u> | <u>27,539</u> |
| Total Revenues | 1,236,372 | 6,755 | 87,655 | 1,330,782 |
| Expenditures: | | | | |
| General Government | 155,945 | - | - | 155,945 |
| Public Safety | 806,961 | - | - | 806,961 |
| Streets and Transportation | 180,686 | - | 7,500 | 188,186 |
| Culture and Recreation | 112,602 | 1,500 | 25,177 | 139,279 |
| Health and Sanitation | - | 3,000 | - | 3,000 |
| Social Services | <u>-</u> | <u>9,050</u> | <u>-</u> | <u>9,050</u> |
| Total Expenditures | <u>1,256,194</u> | <u>13,550</u> | <u>32,677</u> | <u>1,302,421</u> |
| Net Change in Fund Balance | (19,822) | (6,795) | 54,978 | 28,361 |
| Fund Balance, Beginning of Year | <u>464,566</u> | <u>13,224</u> | <u>106,122</u> | <u>583,912</u> |
| Fund Balance, End of Year | <u>\$ 444,744</u> | # <u>\$ 6,429</u> | # <u>\$ 161,100</u> | # <u>\$ 612,273</u> |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | | | | |
| Net changes in fund balances - total governmental funds | | | \$ 28,361 | |
| Capital outlays | | 34,808 | | |
| Depreciation expense | | <u>(47,591)</u> | (12,783) | |
| Repayment of notes payable | | | (26,530) | |
| Increase in compensated absences | | | (6,026) | |
| Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68. | | | <u>64,778</u> | |
| Change in net position of governmental activities | | | <u>\$ 47,800</u> | |

The notes to the financial statements are an intergral part of this statement.

City of Williamstown
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

| | Original Budget | Revised Budget | Actual Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------|------------------------------|--|
| Revenues: | | | | |
| Taxes | \$ 824,488 | \$ 824,488 | \$ 897,140 | \$ 72,652 |
| Intergovernmental: | | | | |
| Federal | - | 39,480 | 35,481 | (3,999) |
| State | - | 3,300 | 3,300 | - |
| Donations and Contributions | 2,000 | 29,200 | 28,246 | (954) |
| Licenses and Permits | 5,000 | 5,000 | 17,982 | 12,982 |
| Charges for Services | 159,333 | 159,333 | 181,916 | 22,583 |
| Rents and Concessions | 7,245 | 7,245 | 7,263 | 18 |
| Interest Income | 525 | 525 | 1,436 | 911 |
| Gaming Income | 16,000 | 16,000 | 13,788 | (2,212) |
| Video Lottery | 19,000 | 19,000 | 19,156 | 156 |
| Fines, Fees, and Court Costs | 66,800 | 81,800 | 90,742 | 8,942 |
| Miscellaneous | 3,000 | 3,000 | 27,539 | 24,539 |
| Total Revenues | <u>1,103,391</u> | <u>1,188,371</u> | <u>1,323,989</u> | <u>135,618</u> |
| Expenditures: | | | | |
| General Government | 251,217 | 220,653 | 155,945 | 64,708 |
| Public Safety | 604,946 | 764,446 | 806,961 | (42,515) |
| Streets and Transportation | 280,094 | 312,402 | 188,186 | 124,216 |
| Culture and Recreation | 123,134 | 151,655 | 325,965 | (174,310) |
| Capital Projects | 201,449 | 201,449 | - | 201,449 |
| Total Expenditures | <u>1,460,840</u> | <u>1,650,605</u> | <u>1,477,057</u> | <u>173,548</u> |
| Net Change in Fund Balance | (357,449) | (462,234) | (153,068) | 309,166 |
| Fund Balances at Beginning of Year | <u>357,449</u> | <u>462,234</u> | <u>688,202</u> | <u>225,968</u> |
| Fund Balances at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 535,134</u> | <u>\$ 535,134</u> |

The notes to the financial statements are an intergral part of this statement.

City of Williamstown
Budgetary Comparison Schedule - Coal Severance
For the Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Actual Budgetary Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|----------------------------|---------------------------|---------------------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 11,200 | \$ 11,200 | \$ 6,737 | \$ (4,463) |
| Interest Income | <u>20</u> | <u>20</u> | <u>18</u> | <u>(2)</u> |
| Total Revenues | <u>11,220</u> | <u>11,220</u> | <u>6,755</u> | <u>(4,465)</u> |
| Expenditures: | | | | |
| Public Safety | 16,500 | 9,725 | - | 9,725 |
| Health and Sanitation | 3,000 | 3,000 | 3,000 | - |
| Culture and Recreation | 1,500 | 1,500 | 1,500 | - |
| Social Services | <u>10,220</u> | <u>10,220</u> | <u>9,050</u> | <u>1,170</u> |
| Total Expenditures | <u>31,220</u> | <u>24,445</u> | <u>13,550</u> | <u>10,895</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | (20,000) | (13,225) | (6,795) | 6,430 |
| Fund Balances at Beginning of Year | <u>20,000</u> | <u>13,225</u> | <u>19,206</u> | <u>5,981</u> |
| Fund Balances at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,411</u> | <u>\$ 12,411</u> |

The notes to the financial statements are an integral part of this statement.

City of Williamstown
Combining Statement of Net Position - Proprietary Funds
June 30, 2016

| | <u>Water</u> | <u>Sewer</u> | <u>Stormwater</u> | <u>Pool</u> | <u>Totals</u> |
|---|-------------------|---------------------|-------------------|---------------------|---------------------|
| Assets: | | | | | |
| Current assets: | | | | | |
| Cash & Cash Equivalents | \$ 179,431 | \$ 224,163 | \$ 27,583 | \$ 10,064 | \$ 441,241 |
| Accounts Receivable, Net | 31,446 | 47,777 | 1,941 | - | 81,164 |
| Total Current Assets | 210,877 | 271,940 | 29,524 | 10,064 | 522,405 |
| Restricted Assets: | | | | | |
| Municipal Bond Commission | - | 139,967 | - | - | 139,967 |
| Total Restricted Assets | - | 139,967 | - | - | 139,967 |
| Capital Assets: | | | | | |
| Capital Assets Nondepreciable | 26,400 | 212,700 | - | 60,849 | 299,949 |
| Capital Assets Depreciable, Net | 544,956 | 2,895,904 | 18,418 | 1,004,661 | 4,463,939 |
| Total Capital Assets | 571,356 | 3,108,604 | 18,418 | 1,065,510 | 4,763,888 |
| Total Assets | 782,233 | 3,520,511 | 47,942 | 1,075,574 | 5,426,260 |
| DEFERRED OUTFLOWS | | | | | |
| Changes in Employer Proportion and Differences between Contributions and Proportionate Share of Contributions | | | | | |
| Employer Contributions to Pension Plan Subsequent to Measurement Date | 18,837 | 17,896 | - | - | 36,733 |
| Total Deferred Outflows of Resources | 18,141 | 17,234 | - | - | 35,375 |
| Total Assets and Deferred Outflows | 36,978 | 35,130 | - | - | 72,108 |
| Total Assets and Deferred Outflows | <u>\$ 819,211</u> | <u>\$ 3,555,641</u> | <u>\$ 47,942</u> | <u>\$ 1,075,574</u> | <u>\$ 5,498,368</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ 16,028 | \$ 10,175 | \$ - | \$ 7,726 | \$ 33,929 |
| Accrued Payroll | 1,382 | 1,586 | - | - | 2,968 |
| Refunds Due | 8,548 | 52 | - | - | 8,600 |
| Accrued Compensated Absences | 4,261 | 7,358 | - | - | 11,619 |
| Customer Deposits | 14,573 | - | - | - | 14,573 |
| OPEB Liability | 113,989 | 108,290 | - | - | 222,279 |
| Notes Payable - Current | 14,049 | 12,649 | - | - | 26,698 |
| Bonds Payable - Current | - | 81,390 | - | - | 81,390 |
| Total Current Liabilities | 172,830 | 221,500 | - | 7,726 | 402,056 |
| Long-term Liabilities | | | | | |
| Notes Payable (Net of Current) | 2,281 | 13,364 | - | - | 15,645 |
| Bonds Payable (Net of Current) | - | 1,268,988 | - | - | 1,268,988 |
| Net Pension Liability | 52,248 | 49,635 | - | - | 101,883 |
| Total Long-Term Debt | 54,529 | 1,331,987 | - | - | 1,386,516 |
| Total Liabilities | 227,359 | 1,553,487 | - | 7,726 | 1,788,572 |
| DEFERRED INFLOWS | | | | | |
| Differences Between Projected and Actual Investment Earnings | | | | | |
| Total Deferred Inflows of Resources | 17,741 | 16,855 | - | - | 34,596 |
| Total Deferred Inflows of Resources | 17,741 | 16,855 | - | - | 34,596 |
| Net Position | | | | | |
| Net Investment in Capital Assets | 574,111 | 1,805,967 | 18,418 | 1,065,510 | 3,464,006 |
| Restricted for Debt Service | - | 139,967 | - | - | 139,967 |
| Unrestricted | - | 39,365 | 29,524 | 2,338 | 71,227 |
| Total net position | 574,111 | 1,985,299 | 47,942 | 1,067,848 | 3,675,200 |
| Total Liabilities and Net Position | <u>\$ 819,211</u> | <u>\$ 3,555,641</u> | <u>\$ 47,942</u> | <u>\$ 1,075,574</u> | <u>\$ 5,498,368</u> |

The notes to the financial statements are an integral part of this statement.

City of Williamstown
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2016

| | <u>Water</u> | <u>Sewer</u> | <u>Stormwater</u> | <u>Pool</u> | <u>Totals</u> |
|---------------------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| OPERATING REVENUES: | | | | | |
| Charges for Services | \$ 392,573 | \$ 548,115 | \$ 23,364 | \$ 83,027 | \$ 1,047,079 |
| Discounts and Penalties | 7,241 | 9,799 | - | - | 17,040 |
| Miscellaneous Revenues | <u>2,579</u> | <u>610</u> | <u>-</u> | <u>146</u> | <u>3,335</u> |
| Total Operating Revenues | <u>402,393</u> | <u>558,524</u> | <u>23,364</u> | <u>83,173</u> | <u>1,067,454</u> |
| OPERATING EXPENSES: | | | | | |
| Collecting | 94,861 | 45,668 | 9,703 | - | 150,232 |
| Pumping | 28,073 | 71,933 | - | - | 100,006 |
| Treatment and Disposal | 54,067 | 92,067 | - | - | 146,134 |
| Transmission and Distribution | 1,334 | - | - | - | 1,334 |
| Customer Accounts | 19,703 | 25,105 | - | - | 44,808 |
| Material and Supplies | - | - | - | 18,982 | 18,982 |
| Maintenance | 29,379 | - | - | 582 | 29,961 |
| Pool Operations | - | - | - | 53,201 | 53,201 |
| Administrative and General | 138,659 | 151,166 | - | 10,164 | 299,989 |
| Depreciation and Amortization | <u>41,637</u> | <u>130,974</u> | <u>1,496</u> | <u>30,207</u> | <u>204,314</u> |
| Total Operating Expenses | 407,713 | 516,913 | 11,199 | 113,136 | 1,048,961 |
| Operating Income (Loss) | <u>(5,320)</u> | <u>41,611</u> | <u>12,165</u> | <u>(29,963)</u> | <u>18,493</u> |
| Other Income (Expense) | | | | | |
| Capital Contributions | - | 65,349 | - | - | 65,349 |
| Interest Income | 524 | 197 | - | - | 721 |
| Interest Expense | <u>-</u> | <u>(109,325)</u> | <u>-</u> | <u>-</u> | <u>(109,325)</u> |
| Total Other Income (Expense) | <u>524</u> | <u>(43,779)</u> | <u>-</u> | <u>-</u> | <u>(43,255)</u> |
| Net Change in Net Position | (4,796) | (2,168) | 12,165 | (29,963) | (24,762) |
| Net Position, Beginning of Year | <u>578,907</u> | <u>1,987,467</u> | <u>35,777</u> | <u>1,097,811</u> | <u>3,699,962</u> |
| Net Position, End of Year | <u>\$ 574,111</u> | <u>\$ 1,985,299</u> | <u>\$ 47,942</u> | <u>\$ 1,067,848</u> | <u>\$ 3,675,200</u> |

The notes to the financial statements are an intergal part of this statement.

City of Williamstown
Combining Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016

| | <u>Water</u> | <u>Sewer</u> | <u>Stormwater</u> | <u>Pool</u> | <u>Totals</u> |
|---|-------------------|-------------------|-------------------|------------------|-------------------|
| Cash Flows from Operating Activities: | | | | | |
| Cash Received from Customers | \$ 406,400 | \$ 555,711 | \$ 23,510 | \$ 86,996 | \$ 1,072,617 |
| Less: Cash Paid for O&M Expenses | (361,477) | (380,586) | (9,703) | (82,929) | (834,695) |
| Cash Paid for Taxes Other than Income Taxes | (11,799) | (11,693) | - | - | (23,492) |
| Interest and Other Income Received | 740 | 65,546 | - | - | 66,286 |
| Interest Paid | (113) | (109,325) | - | - | (109,438) |
| Other Income Adjustments | <u>(1,673)</u> | <u>(3,153)</u> | <u>-</u> | <u>-</u> | <u>(4,826)</u> |
| Net Cash Provided by Operating Activities | <u>32,078</u> | <u>116,500</u> | <u>13,807</u> | <u>4,067</u> | <u>166,452</u> |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from Long Term Debt | (2,536) | - | - | - | (2,536) |
| Retirement of Long Term Debt | (5,269) | (4,383) | - | - | (9,652) |
| Increase (Decrease) in Short Term Debt | - | (13,202) | - | - | (13,202) |
| Increase (Decrease) in Customer Deposits | <u>1,206</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,206</u> |
| Net Cash Used by Financing Activities | <u>(6,599)</u> | <u>(17,585)</u> | <u>-</u> | <u>-</u> | <u>(24,184)</u> |
| Cash Flows from Investing Activities: | | | | | |
| Contributions and Advances in Aid of Construction | 2,902 | 990 | - | - | 3,892 |
| Additions to Utility Plant | (6,839) | (80,956) | (8,125) | - | (95,920) |
| Investments in Associated Companies | <u>1,272</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,272</u> |
| Net Cash Used by Investing Activities | <u>(2,665)</u> | <u>(79,966)</u> | <u>(8,125)</u> | <u>-</u> | <u>(90,756)</u> |
| Net Increase in Cash and Equivalents | 22,814 | 18,949 | 5,682 | 4,067 | 51,512 |
| Cash and Equivalents, Beginning | <u>156,617</u> | <u>170,044</u> | <u>21,901</u> | <u>5,997</u> | <u>354,559</u> |
| Cash and Equivalents, Ending | <u>\$ 179,431</u> | <u>\$ 188,993</u> | <u>\$ 27,583</u> | <u>\$ 10,064</u> | <u>\$ 406,071</u> |
| <u>Reconciliation of Operating Income:</u> | | | | | |
| Operating Income (Loss) | \$ (16,571) | \$ (12,654) | \$ 12,165 | \$ (29,964) | \$ (47,024) |
| Adjustments: | | | | | |
| Depreciation and Amortization | 41,637 | 130,974 | 1,496 | 30,207 | 204,314 |
| Decrease (Increase) in Accounts Receivable | 4,154 | 4,227 | 146 | - | 8,527 |
| Increase (Decrease) in Other Accr. Rev. & Assets | - | (5,891) | - | - | (5,891) |
| Increase (Decrease) in Accounts Payable | 1,709 | (2,043) | - | (1,772) | (2,106) |
| Increase (Decrease) in Accrued Expenses | <u>1,149</u> | <u>1,887</u> | <u>-</u> | <u>5,596</u> | <u>8,632</u> |
| Total Adjustments | <u>48,649</u> | <u>129,154</u> | <u>1,642</u> | <u>34,031</u> | <u>213,476</u> |
| Net Cash Provided by Operating Activities | <u>\$ 32,078</u> | <u>\$ 116,500</u> | <u>\$ 13,807</u> | <u>\$ 4,067</u> | <u>\$ 166,452</u> |

The notes to the financial statements are an integral part of this statement.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The City of Williamstown, West Virginia (the City), complies with accounting principles generally accepted in the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of these Notes. The remainder of the notes provides explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2016.

B. Component Unit / Reporting Entity

The City is a municipal corporation governed by an elected mayor and four council members. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The criteria for inclusion or exclusion from the financial reporting entity is outlined in GASB Statement Number 61 and includes oversight responsibility over agencies, boards and commissions by the City's Council. Oversight responsibilities include financial accountability (including selection of the governing authority), fiscal dependence and the ability for the Council to impose its will on the potential component unit. The City had no component units to report as of June 30, 2016.

C. 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 of the activities of the primary government. 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.

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

Separate financial statements are provided for governmental funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide Statement of Net Position and Statement of Activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Government Fund Types

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 to be 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 collected 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 judgements are recorded only when payment is due.

Within the governmental fund financial statements, property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The City uses the following governmental funds:

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

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

Coal Severance Fund: Accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund net position is segregated into net investment in capital assets, restricted for debt service and unrestricted. The City's proprietary funds consist of the following:

Enterprise Funds: Enterprise funds are used to account for operations that: (a) 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 or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City uses the following proprietary (enterprise) funds:

The *Water Fund* is an enterprise fund meeting the classification requirements of a major fund. It is used to account for the economic resource measurement of the City's water operations.

The *Sewer Fund* is an enterprise fund meeting the classification requirements of a major fund. It is used to account for the economic resource measurement of the City's sewer operations.

The *Stormwater Fund* is an enterprise fund the City has elected to report as a major fund. It is used to account for the economic resource measurement of the City's Stormwater operations.

The *Pool Fund* is an enterprise fund the City has elected to report as a major fund. It is used to account for the economic resource measurement of the City's pool operations.

E. Budget Policy and Practice

The Mayor submits the annual budget for the General Fund and Coal Severance Tax Fund to the City Council in accordance with the Municipal Charter and State Law. The budgets are prepared on prescribed forms and submitted for approval to the State Tax Commissioner. These budgets are prepared in accordance with the following procedures:

1. 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 1st.
2. The budget is then submitted to the State Tax Commissioner for approval.
3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

Revisions are authorized only with the prior written approval of the State Tax Commissioner. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgeting and Budgetary Control

The General Fund and Coal Severance Tax Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services, contractual commodities, capital outlay, and contributions. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council and approval by the State Tax Commissioner. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year and the budgeted amounts reflected in the accompanying financial statements are such approved amounts.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of the formal budgetary process for the fiscal year ended June 30, 2016.

H. Accounting Estimates

The preparation of basic financial statements in conformance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

I. Cash and Cash Equivalents and Investments

For the purpose of the Statement of Cash Flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

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

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States of 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 National Mortgage Association; indebtedness secured by first lien deed of trusts for property situated within this State if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; 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.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Cash and Cash Equivalents and Investments (Continued)

State statute limitation concerning the aforementioned investments include the following: At no time can investment portfolios consist of more than 75 percent of the indebtedness of any private corporation nor can the portfolio have over 25 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 60 percent of the portfolio be invested in equity mutual funds.

J. Restricted Assets

The City's restricted assets in the Sewer Enterprise Fund includes cash totaling \$139,967 which is held in separate accounts with the West Virginia Municipal Bond Commission until monies are spent according to the bond covenants.

K. Receivables

The City's governmental funds taxes receivable totaled \$134,842. Additionally, the General Fund reported accounts receivable of Police Protection Fees, Ambulance Fees and other miscellaneous receivables of \$9,856 and the Street Fund reported accounts receivable of Street Fees of \$5,475.

Management periodically analyzes delinquent accounts of the Water, Sewer and Stormwater Funds and uses the allowance method for accounting for bad debt. Accounts receivable on the financial statements are shown net of allowance for uncollectibles of \$31,446 for the Water Fund, \$47,777 for the Sewer Fund, and \$1,941 for the Stormwater Fund.

L. Inventories

The City considers inventories of materials and supplies utilized in governmental fund types to be immaterial and, therefore, expended at the time of purchase. As a result, they do not appear in the City's financial statements.

M. Capital Assets

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on the balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Land, buildings, and equipment of the proprietary funds are stated on the basis of historical cost. The City capitalizes expenses of \$5,000 and greater with a useful life of two years or more. Assets acquired by gifts or donations are recorded at estimated fair value at the time of acquisition. In accordance with accounting principles generally accepted in the United States of America, interest is capitalized during the construction phase and included in the fixed assets depreciable basis.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Capital Assets (Continued)

| | |
|---------------|----------------|
| Buildings | 25 – 100 years |
| Improvements | 10 – 20 years |
| Utility Plant | 10 – 50 years |
| Equipment | 3 – 20 years |

N. Compensated Absences

Compensated absences are those for which employees have a right to receive consideration for expected future absences. In governmental funds, since the primary emphasis is on the flow of financial resources, only the current portion of the liability should be reported in the fund. The amount attributable to proprietary funds is charged to expense with a corresponding liability recorded in the applicable fund.

Full-time, permanent employees are granted benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees up to 90 days. Generally, after one year of service, all qualified employees are entitled to all accrued vacation leave upon termination. No liability is reported for unpaid sick leave. Accrued compensated absences totaled \$19,723 for the governmental funds, \$4,261 for the Water Fund, and \$7,358 for the Sewer Fund at June 30, 2016.

O. Long-term Obligations

In the government-wide financial statements and 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.

P. Fund Balance Classification

The governmental fund financial statements present fund balances based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

1. **Nonspendable** – This amount cannot be spent either because it is in a nonspendable form or because it is legally or contractually required to be maintained intact.
2. **Restricted** – This amount can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. **Committed** – This amount can be spent only for a specific purpose determined by a formal action of City Council. City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance Classification (Continued)

4. **Assigned** – This amount does not meet the criteria to be classified as restricted or committed but is intended to be used for a specific purpose. Under the City's adopted policy, only City Council may assign an amount for a specific purpose.
5. **Unassigned** – This amount includes all other spendable amounts.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Q. Net Position

Net position represents the difference between all other elements on the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. An example of net position restricted for other purposes includes activities for various federal grants and programs. Net position is reported as unrestricted when the net position does not meet the definition of "net investment in capital assets" or "restricted net position". The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. As of June 30, 2016 the City had net position reported as restricted as required by debt covenants.

R. Interfund Transactions

All interfund services provided and used are reported as transfers.

S. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City reported deferred inflows and outflows of resources for 2016.

T. Net Pension Liability

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 the City's Public Employee 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.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Commission, these revenues are sports dues and subscription revenues, corporate sponsorships, and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Commission, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and travel expenses.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2016, were as follows:

| | |
|--------------------------------|--------------------|
| Cash deposits in bank accounts | \$1,284,547 |
| Restricted cash | <u>139,967</u> |
| Total | <u>\$1,424,514</u> |

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned. The City's deposits at June 30, 2016, were fully covered by FDIC insurance or collateral on deposit in excess of FDIC insurance coverage.

NOTE 3. PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September 1st of the year for which the assessment is made, and becomes delinquent on October 1st, and the second installment is payable on the first day of the following March and becomes delinquent on April 1st. 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 taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

All municipalities within the State are authorized to levy taxes not in excess of the following maximum levies per \$100.00 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); on Class II property, twenty-five cents (25.0 cents); and on Class IV property, fifty cents (50.0 Cents).

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 3. PROPERTY TAXES (Continued)

In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City of Williamstown, West Virginia, per \$100.00 of assessed valuation for each class of property for the fiscal year ended June 30, 2016, were as follows:

| <u>Class of Property</u> | <u>Assessed Valuations for Tax Purposes</u> | <u>Rates Levied</u> |
|--------------------------|---|---------------------|
| Class I | \$ -- | 12.50 Cents |
| Class II | \$ 81,455,622 | 25.00 Cents |
| Class IV | \$ 36,719,251 | 50.00 Cents |

NOTE 4. CAPITAL ASSETS

Changes in governmental activities capital assets during the year were as follows:

| | <u>6/30/15 Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/16 Balance</u> |
|-------------------------------|----------------------------|--------------------|------------------|----------------------------|
| Land | \$ 115,000 | \$ - | \$ - | \$ 115,000 |
| Non-Depreciable Assets | <u>115,000</u> | <u>-</u> | <u>-</u> | <u>115,000</u> |
| Buildings and Improvements | 138,065 | - | - | 138,065 |
| Infrastructure | 256,191 | - | - | 256,191 |
| Machinery & Equipment | <u>615,633</u> | <u>34,808</u> | <u>-</u> | <u>650,441</u> |
| Depreciable Assets | <u>1,009,889</u> | <u>34,808</u> | <u>-</u> | <u>1,044,697</u> |
| Depreciation | | | | |
| Buildings and Improvements | (56,573) | (2,312) | - | (58,885) |
| Infrastructure | (92,648) | (12,828) | - | (105,476) |
| Machinery & Equipment | <u>(364,224)</u> | <u>(32,451)</u> | <u>-</u> | <u>(396,675)</u> |
| Total Depreciation: | <u>(513,445)</u> | <u>(47,591)</u> | <u>-</u> | <u>(561,036)</u> |
| Net Depreciable Assets | <u>496,444</u> | <u>(12,783)</u> | <u>-</u> | <u>483,661</u> |
| Net Capital Assets | <u>\$ 611,444</u> | <u>\$ (12,783)</u> | <u>\$ -</u> | <u>\$ 598,661</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--------------------------|------------------|
| Governmental Activities | |
| General Government | \$ 2,183 |
| Public safety | 20,695 |
| Streets & Transportation | 17,143 |
| Culture and recreation | <u>7,570</u> |
| Total | <u>\$ 47,591</u> |

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 4. CAPITAL ASSETS (Continued)

Changes in business-type activities capital assets during the year were as follows:

Water Fund

| | <u>6/30/15 Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/16 Balance</u> |
|-------------------------------|----------------------------|--------------------|------------------|----------------------------|
| Land | \$ 26,400 | \$ - | \$ - | \$ 26,400 |
| Non-Depreciable Assets | <u>26,400</u> | <u>-</u> | <u>-</u> | <u>26,400</u> |
| Structures and Improvements | 342,785 | 6,839 | - | 349,624 |
| Machinery and Equipment | <u>1,119,812</u> | <u>-</u> | <u>-</u> | <u>1,119,812</u> |
| Depreciable Assets | <u>1,462,597</u> | <u>6,839</u> | <u>-</u> | <u>1,469,436</u> |
| Depreciation | | | | |
| Structures and Improvements | (263,730) | (3,540) | - | (267,270) |
| Machinery and Equipment | <u>(619,113)</u> | <u>(38,097)</u> | <u>-</u> | <u>(657,210)</u> |
| Total Depreciation: | <u>(882,843)</u> | <u>(41,637)</u> | <u>-</u> | <u>(924,480)</u> |
| Net Depreciable Assets | <u>579,754</u> | <u>(34,798)</u> | <u>-</u> | <u>544,956</u> |
| Net Capital Assets | <u>\$ 606,154</u> | <u>\$ (34,798)</u> | <u>\$ -</u> | <u>\$ 571,356</u> |

Sewer Fund

| | <u>6/30/15 Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/16 Balance</u> |
|-------------------------------|----------------------------|--------------------|------------------|----------------------------|
| Land | \$ 212,700 | \$ - | \$ - | \$ 212,700 |
| Construction in Progress | <u>14,078</u> | <u>48,255</u> | <u>-</u> | <u>62,333</u> |
| Non-Depreciable Assets | <u>226,778</u> | <u>48,255</u> | <u>-</u> | <u>275,033</u> |
| Structures and Improvements | 3,246,815 | 6,839 | - | 3,253,654 |
| Vehicles and Equipment | <u>2,137,628</u> | <u>25,861</u> | <u>-</u> | <u>2,163,489</u> |
| Depreciable Assets | <u>5,384,443</u> | <u>32,700</u> | <u>-</u> | <u>5,417,143</u> |
| Depreciation | | | | |
| Structures and Improvements | (1,302,461) | - | - | (1,302,461) |
| Vehicles and Equipment | <u>(1,150,137)</u> | <u>(130,974)</u> | <u>-</u> | <u>(1,281,111)</u> |
| Total Depreciation: | <u>(2,452,598)</u> | <u>(130,974)</u> | <u>-</u> | <u>(2,583,572)</u> |
| Net Depreciable Assets | <u>2,931,845</u> | <u>(98,274)</u> | <u>-</u> | <u>2,833,571</u> |
| Net Capital Assets | <u>\$ 3,158,623</u> | <u>\$ (50,019)</u> | <u>\$ -</u> | <u>\$ 3,108,604</u> |

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 4. CAPITAL ASSETS (Continued)

Stormwater Fund

| | <u>6/30/15</u> <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/16</u> <u>Balance</u> |
|-------------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| Construction in Progress | \$ 4,257 | \$ - | \$ (4,257) | \$ - |
| Non-Depreciable Assets | <u>4,257</u> | <u>-</u> | <u>(4,257)</u> | <u>-</u> |
| Structures and Improvements | 5,931 | - | - | 5,931 |
| Machinery & Equipment | <u>6,301</u> | <u>12,382</u> | <u>-</u> | <u>18,683</u> |
| Depreciable Assets | <u>12,232</u> | <u>12,382</u> | <u>-</u> | <u>24,614</u> |
| Depreciation | | | | |
| Structures and Improvements | (920) | (119) | - | (1,039) |
| Machinery & Equipment | <u>(3,780)</u> | <u>(1,377)</u> | <u>-</u> | <u>(5,157)</u> |
| Total Depreciation: | <u>(4,700)</u> | <u>(1,496)</u> | <u>-</u> | <u>(6,196)</u> |
| Net Depreciable Assets | <u>7,532</u> | <u>10,886</u> | <u>-</u> | <u>18,418</u> |
| Net Capital Assets | <u>\$ 11,789</u> | <u>\$ 10,886</u> | <u>\$ (4,257)</u> | <u>\$ 18,418</u> |

Pool Fund

| | <u>6/30/15</u> <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/16</u> <u>Balance</u> |
|-------------------------------|----------------------------------|--------------------|------------------|----------------------------------|
| Assets | | | | |
| Land | \$ 60,849 | \$ - | \$ - | \$ 60,849 |
| Non-Depreciable Assets | <u>60,849</u> | <u>-</u> | <u>-</u> | <u>60,849</u> |
| Buildings and Improvements | 1,148,099 | - | - | 1,148,099 |
| Infrastructure | 18,067 | - | - | 18,067 |
| Machinery & Equipment | <u>48,044</u> | <u>-</u> | <u>-</u> | <u>48,044</u> |
| Depreciable Assets | <u>1,214,210</u> | <u>-</u> | <u>-</u> | <u>1,214,210</u> |
| Depreciation | | | | |
| Buildings and Improvements | (137,772) | (22,962) | - | (160,734) |
| Infrastructure | (10,840) | (1,807) | - | (12,647) |
| Machinery & Equipment | <u>(30,730)</u> | <u>(5,438)</u> | <u>-</u> | <u>(36,168)</u> |
| Total Depreciation: | <u>(179,342)</u> | <u>(30,207)</u> | <u>-</u> | <u>(209,549)</u> |
| Net Depreciable Assets | <u>1,034,868</u> | <u>(30,207)</u> | <u>-</u> | <u>1,004,661</u> |
| Net Capital Assets | <u>\$ 1,095,717</u> | <u>\$ (30,207)</u> | <u>\$ -</u> | <u>\$ 1,065,510</u> |

In accordance with Governmental Accounting Standards Board Statement No. 34, the City has elected not to report infrastructure assets retroactively.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 5. LONG TERM DEBT

Long-term debt activity for the governmental activities as of June 30, 2016 was as follows:

| | Interest Rate | Balance at 6/30/2015 | Additions | Reductions | Balance at 06/30/16 | Amounts Due in One Year |
|-----------------------|---------------|----------------------|------------------|--------------------|---------------------|-------------------------|
| 2014 Dodge Charger | 3.25% | \$ 22,834 | \$ - | \$ (5,093) | \$ 17,741 | \$ 5,261 |
| 2015 Dodge Durango | 3.25% | 26,889 | - | (5,530) | 21,359 | 5,715 |
| 2014 Dodge Charger | 3.25% | 23,251 | - | (5,079) | 18,172 | 5,247 |
| 2014 Ford Taurus | 3.25% | 10,032 | - | (8,576) | 1,456 | 1,456 |
| Net Pension Liability | | 92,689 | 66,666 | - | 159,355 | - |
| Compensated Absences | | 13,697 | 6,026 | - | 19,723 | - |
| Totals | | <u>\$ 189,392</u> | <u>\$ 72,692</u> | <u>\$ (24,278)</u> | <u>\$ 237,806</u> | <u>\$ 17,679</u> |

As of June 30, 2016, the maturities of long-term debt for the years ending:

| | Principal | Interest | Total |
|------|------------------|-----------------|------------------|
| 2017 | \$ 17,679 | \$ 1,629 | \$ 19,308 |
| 2018 | 16,753 | 1,091 | 17,844 |
| 2019 | 17,309 | 535 | 17,844 |
| 2020 | <u>6,987</u> | <u>62</u> | <u>7,049</u> |
| | <u>\$ 58,728</u> | <u>\$ 3,317</u> | <u>\$ 62,045</u> |

Business-type activities long-term debt at June 30, 2016, consisted of the following:

| | Interest Rate | Balance at 06/30/15 | Additions | Reductions | Balance at 06/30/16 | Amounts Due in One Year |
|-----------------------|---------------|---------------------|-------------------|--------------------|---------------------|-------------------------|
| The Fields Note | 0.00% | \$ 22,134 | \$ - | \$ (11,067) | \$ 11,067 | \$ 11,067 |
| 2013 GMC 3500 Note | 3.25% | 11,944 | - | (10,536) | 1,408 | 1,407 |
| Cooper Ridge Note | 0.00% | 4,559 | 13,678 | (6,839) | 11,398 | 6,839 |
| 2015 GMC 1500 Truck | 3.25% | - | 21,050 | (2,579) | 18,471 | 7,388 |
| Sewer 1987A Bond | 9.75% | 10,293 | - | (564) | 9,729 | 563 |
| Sewer 1987A1 Bond | 8.38% | 428,636 | - | (22,083) | 406,553 | 22,083 |
| Sewer 1987B Bond | 0.00% | 53,396 | - | (4,468) | 48,928 | 4,467 |
| Sewer 2005A Bonds | 2.00% | 135,100 | - | (11,381) | 123,719 | 11,381 |
| Sewer 2009A Bonds | 0.00% | 716,880 | - | (20,780) | 696,100 | 20,780 |
| Sewer 2015A Bonds | 2.00% | - | 65,349 | - | 65,349 | 22,113 |
| Net Pension Liability | 0.00% | 75,837 | 26,046 | - | 101,883 | - |
| Compensated Absences | 0.00% | 9,999 | 1,619 | - | 11,618 | - |
| Total | | <u>\$ 1,468,778</u> | <u>\$ 127,742</u> | <u>\$ (90,297)</u> | <u>\$ 1,506,223</u> | <u>\$ 108,088</u> |

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 5. LONG TERM DEBT (CONTINUED)

As of June 30, 2016, the maturities of long-term debt for the years ending:

| | Principal | Interest | Total |
|-----------|--------------------|-------------------|--------------------|
| 2017 | \$ 108,088 | \$ 36,945 | \$ 145,033 |
| 2018 | 75,397 | 34,417 | 109,814 |
| 2019 | 70,143 | 31,722 | 101,865 |
| 2020 | 68,660 | 29,203 | 97,863 |
| 2021 | 71,740 | 26,123 | 97,863 |
| 2022-2026 | 407,049 | 82,266 | 489,315 |
| 2027-2031 | 161,876 | 3,359 | 165,235 |
| 2032-2036 | 103,900 | - | 103,900 |
| 2037-2041 | 103,900 | - | 103,900 |
| 2042-2046 | 103,900 | - | 103,900 |
| 2047-2050 | 118,069 | - | 118,069 |
| | <u>\$1,392,722</u> | <u>\$ 244,035</u> | <u>\$1,636,757</u> |

Revenues derived from the respective proprietary funds are pledged for the payment of revenue bond debt service. Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts.

The Sewer Fund has various revenue bonds. For the revenue bonds, the City's bond covenants state that the schedule of rates be sufficient, together with other revenues of the system, to provide for all reasonable expenses of operation, repair and maintenance of the system, and to leave a balance each year equal to at least 110 percent of the maximum amount required in any year for principal and interest.

NOTE 6. EMPLOYEES' RETIREMENT PLAN

Plan Description

City employees participate in the West Virginia Public Employees Retirement System (PERS). This plan is a cost sharing multiple-employer public employee retirement system created by the State of West Virginia.

All eligible full-time employees must participate. Among those employees not eligible for plan membership are members and retirees of other state retirement systems. Employees hired prior to July 1, 2015 may retire with full benefits at age 60 with a minimum of 5 years of credited service or when the member's age plus his/her years of service is equal to or greater than 80 provided that the employee has reached age 55. An individual with 5 or more consecutive years of service who terminates employment prior to retirement can choose to leave contributions with the system and will be eligible for retirement benefits at age 62. Members are entitled to a yearly retirement benefit of 2% of their highest averaged salary over 3 consecutive years out of the last 10 years of earnings multiplied by the years of service. Payments are made monthly to the retiree and the retiree can choose from 3 retirement options.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 6. EMPLOYEES' RETIREMENT PLAN (CONTINUED)

In accordance with Chapter 5, Article 10 of the West Virginia State Code, employees hired prior to July 1, 2015 are required to contribute 4.5% of their annual salary to PERS with the City contributing 13.5%. Employees hired after July 1, 2015 are required to contribute 6.0% of their annual salary with the City contributing the same percentage.

| <u>Year</u> | <u>Employer Contributions</u> | <u>Percentage Contributed</u> |
|-------------|-----------------------------------|-----------------------------------|
| 2016 | \$ 90,703 | 100% |
| 2015 | \$ 88,822 | 100% |
| 2014 | \$ 88,664 | 100% |
| 2013 | \$ 72,270 | 100% |
| 2012 | \$ 79,715 | 100% |

Further benefit, trend and other information regarding this plan is presented in the PERS annual financial report, which may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

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

At fiscal year-end, the City reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liabilities were determined by the actuarial assumptions and methods described in the appropriate section of this note. The City's proportion of the net pension liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the City reported the following proportions and increase/decreases from its proportion measured as of June 30, 2014.

| | |
|---|--------------------------|
| Amount for proportionate share of net pension liability | <u>PERS</u> \$261,238 |
| Percentage for proportionate share of net pension liability | 0.046783% |
| Increase/(decrease)% from prior proportion measured | 0.001120% |

For the year ended June 30, 2016, the City recognized the following pension expenses:

| | |
|-----------------|-----------------|
| | <u>PERS</u> |
| Pension Expense | <u>\$47,343</u> |

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 6. EMPLOYEES' RETIREMENT PLAN (CONTINUED)

The City reported deferred outflows of resources and deterred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference in assumptions | \$ - | \$ 31,423 |
| Net difference between projected and actual Earnings on pension plan investments | \$ 53,429 | \$ 57,285 |
| Changes in proportion and differences between City contributions and proportional share of contributions | 40,761 | - |
| City contributions subsequent to the measurement date | <u>90,703</u> \$184,893 | <u>-</u> \$ 88,708 |

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|---------------------|--------------------|
| 2016 | \$(29,423) |
| 2017 | \$(29,423) |
| 2018 | \$(29,423) |
| 2019 | <u>\$(40,479)</u> |
| | <u>\$(128,748)</u> |

Actuarial Assumptions

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

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

Actuarial Assumptions (Continued)

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

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

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 6. EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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

| <u>Investment</u> | <u>Long-term Expected Real Rate of Return</u> | <u>PERS Target Asset Allocation</u> |
|-----------------------------------|---|---|
| US Equity (Russell 3000) | 7.6% | 27.5% |
| International Equity (ACWI ex US) | 8.5% | 27.5% |
| Fixed Income | 2.9% | 15.0% |
| High Yield | 4.8% | 0.0% |
| TPS | 2.9% | 0.0% |
| Real Estate | 6.8% | 10.0% |
| Private Equity | 9.9% | 10.0% |
| Hedge Funds | 5.0% | 10.0% |
| Inflation (CPI) | 2.2% | 0.0% |
| | | <u>100.0%</u> |

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed 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 payment 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.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rate 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:

Discount Rate (Continued)

| | 1% decrease <u>6.5%</u> | Current rate <u>7.5%</u> | 1% increase <u>8.5%</u> |
|--|----------------------------|-----------------------------|----------------------------|
| City's proportionate share Of the net pension liability | \$602,484 | \$261,238 | \$(27,063) |

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.

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Williamstown, West Virginia, contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. 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 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia.

Corporation Establishing the Plan and Funding Policy

Chapter 5, Article 16D, of the West Virginia State Code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members are currently required to contribute monthly per active health policy. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT Board sets the employers' contribution rate based on the annual required contributions of the plan (ARC), an 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 30 years. Reported trend information percentage contributions include monies deposited into this restricted account.

Trend Information

| <u>Fiscal Year</u> | <u>Annual OPEB Cost</u> | <u>Percentage Contributed</u> |
|--------------------|-----------------------------|-----------------------------------|
| 2016 | \$27,132 | 0% |
| 2015 | 25,200 | 0% |
| 2014 | 12,032 | 0% |
| 2013 | 11,613 | 0% |

NOTE 8. CONTINGENT LIABILITIES

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

City of Williamstown, West Virginia
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 9. RISK MANAGEMENT

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

The City provides insurance coverage to employees for job-related injuries through United Wisconsin Insurance Co.

The City offers health insurance to all eligible employees through the West Virginia Public Employee Insurance Agency (PEIA).

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

NOTE 10. SALES TAX IMPLEMENTED

The City of Williamstown, beginning in fiscal year 2013 implemented a 1.0 percent sales tax on all goods bought within city limits. The tax is collected by the State of West Virginia and distributed back to the City of Williamstown in full less an operations charge.

NOTE 11. SUBSEQUENT EVENTS

In preparing these financial statements, the City had evaluated any transactions for potential recognition or disclosure through May 19, 2017, the date the financial statements were available to be issued. There were no subsequent events that are required to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

City of Williamstown
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2016

Public Employees Retirement System

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|-------------|
| Commission's proportion of the net pension liability (asset) (percentage) | 0.046783% | 0.045663% | 0.038569% |
| Commission's proportionate share of the net pension liability (asset) | \$261,238 | \$168,526 | \$351,603 |
| Commission's covered-employee payroll | \$634,443 | \$611,476 | \$498,414 |
| Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 41.18% | 27.56% | 70.54% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.29% | 93.98% | 79.70% |

City of Williamstown
Schedule of City Contributions
For the Year Ended June 30, 2016

Public Employees Retirement System

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contributions | \$ 90,703 | \$ 88,822 | \$ 88,664 | \$ 72,270 | \$ 79,643 |
| Contributions in relation to the contractually required contributions | <u>(90,703)</u> | <u>(88,822)</u> | <u>(88,664)</u> | <u>(72,270)</u> | <u>(79,643)</u> |
| Contribution deficit (surplus) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$671,876 | \$634,443 | \$ 611,476 | \$ 498,414 | \$ 549,262 |
| Contributions as a percentage of covered-employee payroll | 13.50% | 14.00% | 14.50% | 14.50% | 14.50% |

*Information prior to 2012 is
not available

SUPPLEMENTARY INFORMATION

City of Williamstown
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2016

| | <u>Street Fund</u> | <u>Park Fund</u> | <u>Employment Security</u> | <u>Total</u> |
|---------------------------|------------------------|----------------------|--------------------------------|-----------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 125,140 | \$ 11,558 | \$ 12,111 | \$ 148,809 |
| Taxes Receivable | - | 1,220 | - | 1,220 |
| Accounts Receivable | <u>5,475</u> | <u>5,596</u> | <u>-</u> | <u>11,071</u> |
| Total Assets | <u>\$ 130,615</u> | <u>\$ 18,374</u> | <u>\$ 12,111</u> | <u>\$ 161,100</u> |
| FUND BALANCES: | | | | |
| Committed | <u>\$ 130,615</u> | <u>\$ 18,374</u> | <u>\$ 12,111</u> | <u>\$ 161,100</u> |
| Total Fund Balances | <u>\$ 130,615</u> | <u>\$ 18,374</u> | <u>\$ 12,111</u> | <u>\$ 161,100</u> |

The notes to the financial statements are an integral part of this statement.

City of Williamstown
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2016

| | <u>Street Fund</u> | <u>Park Fund</u> | <u>Employment Security</u> | <u>Total</u> |
|--|------------------------|----------------------|--------------------------------|-------------------|
| REVENUES: | | | | |
| Taxes | \$ - | \$ 14,586 | \$ - | \$ 14,586 |
| Charges for Services | 70,754 | - | - | 70,754 |
| Donations | - | 1,000 | - | 1,000 |
| Interest | 53 | 12 | 38 | 103 |
| Miscellaneous | <u>-</u> | <u>1,212</u> | <u>-</u> | <u>1,212</u> |
| Total Revenues | <u>70,807</u> | <u>16,810</u> | <u>38</u> | <u>87,655</u> |
| EXPENDITURES: | | | | |
| Streets and Transportation | 7,500 | - | - | 7,500 |
| Culture and Recreation | <u>-</u> | <u>25,177</u> | <u>-</u> | <u>25,177</u> |
| Total Expenditures | <u>7,500</u> | <u>25,177</u> | <u>-</u> | <u>32,677</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | 63,307 | (8,367) | 38 | 54,978 |
| Fund Balances at Beginning of Year | <u>67,308</u> | <u>26,741</u> | <u>12,073</u> | <u>106,122</u> |
| Fund Balances at End of Year | <u>\$ 130,615</u> | <u>\$ 18,374</u> | <u>\$ 12,111</u> | <u>\$ 161,100</u> |

The notes to the financial statements are an intergral part of this statement.

ACCOMPANYING INFORMATION



Balestra, Harr & Scherer, CPAs, Inc.
(A Division of BHM CPA Group, Inc.)

Accounting, Auditing and Consulting Services for Federal, State and Local Governments
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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

City of Williamstown
Wood County, West Virginia
100 West 5th Street
Williamstown, West Virginia 26187

To the Mayor and Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Williamstown, Wood County, West Virginia (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 19, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, and is reported as Item 2016-001 in the Schedule of Findings.

Entity's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
May 19, 2017

City of Williamstown
Wood County, West Virginia
Schedule of Findings
June 30, 2016

2016-001

Expenditures in Excess of Amounts Allocated in the Levy Estimated – General Fund

We determined during our audit that the City of Ronceverte incurred expenditures for certain items in the General Fund in excess of the amounts allocated for those items in the official levy estimate (budget) as last revised. Specifically, expenditures in the public safety category exceeded budgeted amount by \$42,515 and in the culture and recreation category by \$174,310.

West Virginia Code Section 11-8-26 states in part that:

“...a local fiscal body shall not expend money or incur obligations:

- 1) In an unauthorized manner;
- 2) For an unauthorized purpose;
- 3) In excess of the amount allocated to the fund in the levy order;
- 4) In excess of the funds available for current expenses...”

The City failed to implement policies and procedures which should regulate expenditures and insure that adequate revisions be made to the budget prior to actual disbursements being made.

We recommend the Town implement budgetary controls to help insure compliance with budgetary requirements.

Officials Response:

The City will make every effort to comply with this requirement.

**CITY OF WILLIAMSTOWN, WEST VIRGINIA
 SCHEDULE OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2016**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|-----------------------|---|-------------------------|--|
| 2015-001 | Controls over Financial Statement Preparation | Yes | Corrective Action Taken |