

**CITY OF FAIRMONT, WEST VIRGINIA
A CLASS II CITY IN MARION COUNTY**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015
RFP #13-088 (Marion County)

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

Office	Name	Term
	<i>Elective</i>	
Mayor:	Ronald J. Straight	01/01/15 – 12/31/18
Council Members:		
1 st District	Marianna Moran	01/01/15 – 12/31/18
2 nd District	Frank Yann	01/01/13 – 12/31/16
3 rd District	Robert Linger	01/01/15 – 12/31/18
4 th District	William Burdick	01/01/13 – 12/31/16
5 th District	Fran Warner	01/01/15 – 12/31/18
6 th District	Daniel Weber	01/01/13 – 12/31/16
7 th District	Philip Mason	11/25/14 – 12/31/16
8 th District	Thomas Mainelia	01/01/15 – 12/31/18
9 th District	Ronald J. Straight	01/01/11 – 12/31/18
	<i>Appointed</i>	
City Manager:	Janet Keller (Acting City Manager)	
Finance Director:	Eileen Layman	
City Clerk:	Paula Friend (Acting City Clerk)	
Municipal Judge:	Anthony Julian	

CITY OF FAIRMONT, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax

PROPRIETARY FUND TYPES

MAJOR FUNDS

Water
Building Commission
Parking
Park Commission

NONMAJOR FUNDS

Special Revenue Funds

Boards and Commissions
Workers Compensation
Urban Renewal Authority
Economic Development Grant

FIDUCIARY FUND TYPES

Pension Trust Funds

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

COMPONENT UNITS

Discretely Presented
Sanitary Board



Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council
City of Fairmont
Fairmont, 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, aggregate blended component units, each major fund, and the aggregate remaining fund information of the City of Fairmont, West Virginia, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City of Fairmont, 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, aggregate blended component units, each major fund and the aggregate remaining fund information of the City of Fairmont, West Virginia as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund and the Coal Severance Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require the schedule of proportionate share of the net pension liability, schedule of City's contributions, notes to required supplementary information, schedule of changes in net pension liability and related ratios multiyear – Firemen's Pension and Relief Fund, schedule of net pension liability multiyear – Firemen's Pension and Relief Fund, schedule of contributions multiyear – Firemen's Pension and Relief Fund, notes to schedule of contributions – Firemen's Pension and Relief Fund, schedule of changes in net pension liability and related ratios multiyear – Policemen's Pension and Relief Fund, schedule of the net pension liability multiyear – Policemen's Pension and Relief Fund, schedule of contributions multiyear – Policemen's Pension and Relief Fund, and notes to schedule of contributions – Policemen's Pension and Relief Fund on pages 90 through 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairmont, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 21, 2016, on our consideration of the City of Fairmont, West Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fairmont, West Virginia's internal control over financial reporting and compliance.

Tedrick A. Bartlett, PHA

January 21, 2016

CITY OF FAIRMONT, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u>	<u>Component</u> <u>Unit</u> <u>Sanitary</u> <u>Sewer</u> <u>Board</u>
Assets				
Cash	\$ 1,938,973	\$ 780,180	\$ 2,719,153	\$ 407,446
Investments	7,725,455	-	7,725,455	-
Receivables	2,276,437	806,360	3,082,797	330,550
Internal balances	51,939	(40,724)	11,215	(11,215)
Inventory	-	271,230	271,230	30,629
Prepaid expenses	5,398	10,197	15,595	11,444
Restricted assets	3,139,962	9,017,476	12,157,438	3,031,504
Capital assets, net	<u>9,428,595</u>	<u>58,535,514</u>	<u>67,964,109</u>	<u>18,847,329</u>
Total assets	<u>24,566,759</u>	<u>69,380,233</u>	<u>93,946,992</u>	<u>22,647,687</u>
Deferred Outflows of Resources				
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,578	49,161	102,739	43,137
Employer contributions subsequent to measurement period	<u>239,850</u>	<u>231,416</u>	<u>471,266</u>	<u>173,538</u>
Total deferred outflows of resources	<u>293,428</u>	<u>280,577</u>	<u>574,005</u>	<u>216,675</u>
Liabilities				
Accounts payable	474,901	481,884	956,785	72,754
Claims payable	231,079	-	231,079	-
Other accrued expenses	453,288	19	453,307	32,308
Accrued other post employment benefits	3,161,786	925,094	4,086,880	742,957
Unearned revenues	102,000	-	102,000	-
Customer deposits	28,740	162,411	191,151	-
Accrued interest payable	-	429,526	429,526	-
Long-term liabilities				
Due within one year	453,432	2,630,104	3,083,536	325,039
Due in more than one year	<u>59,105,192</u>	<u>41,546,902</u>	<u>100,652,094</u>	<u>4,710,416</u>
Total liabilities	<u>64,010,418</u>	<u>46,175,940</u>	<u>110,186,358</u>	<u>5,883,474</u>
Deferred Inflow of Resources				
Net difference between projected and actual investment earnings on pension plan investments	<u>1,109,526</u>	<u>456,767</u>	<u>1,566,293</u>	<u>354,231</u>
Total deferred inflow of resources	<u>1,109,526</u>	<u>456,767</u>	<u>1,566,293</u>	<u>354,231</u>
Net Position				
Net investment in capital assets	9,131,063	15,088,749	24,220,312	14,468,620
Restricted	135,874	7,929,971	8,065,845	3,031,504
Unrestricted	<u>(49,527,194)</u>	<u>9,383</u>	<u>(49,517,811)</u>	<u>(873,467)</u>
Total net position	<u>\$ (40,260,257)</u>	<u>\$ 23,028,103</u>	<u>\$ (17,232,654)</u>	<u>\$ 16,626,657</u>

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

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

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Unit Sanitary Sewer Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Governmental Activities								
General government	\$ 2,617,148	\$ 60,886	\$ -0-	\$ -0-	\$(2,556,262)	\$ -0-	\$(2,556,262)	\$ -0-
Public safety	8,375,804	1,567,067	-0-	45,953	(6,762,784)	-0-	(6,762,784)	-0-
Streets and transportation	1,825,133	1,607,909	-0-	-0-	(217,224)	-0-	(217,224)	-0-
Sanitation	1,343,170	1,343,165	-0-	3,000	2,995	-0-	2,995	-0-
Culture and recreation	159,167	2,075	38,312	-0-	(118,780)	-0-	(118,780)	-0-
Social services	2,035	-0-	-0-	-0-	(2,035)	-0-	(2,035)	-0-
Community development	24,703	22,915	53,653	103,284	155,149	-0-	155,149	-0-
Benefits paid	58,514	-0-	165,895	-0-	107,381	-0-	107,381	-0-
Total governmental activities	<u>14,405,674</u>	<u>4,604,017</u>	<u>257,860</u>	<u>152,237</u>	<u>(9,391,560)</u>	<u>-0-</u>	<u>(9,391,560)</u>	<u>-0-</u>
Business-Type Activities								
Water	7,526,883	9,049,285	-0-	-0-	-0-	1,522,402	1,522,402	-0-
Building Commission	429,009	-0-	-0-	-0-	-0-	(429,009)	(429,009)	-0-
Parking	137,603	140,938	-0-	-0-	-0-	3,335	3,335	-0-
Total business-type activities	<u>8,093,495</u>	<u>9,190,223</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,096,728</u>	<u>1,096,728</u>	<u>-0-</u>
Total primary government	\$ <u>22,499,169</u>	\$ <u>13,794,240</u>	\$ <u>257,860</u>	\$ <u>152,237</u>	<u>(9,391,560)</u>	<u>1,096,728</u>	<u>(8,294,832)</u>	<u>-0-</u>
Component Units								
Sanitary sewer board	\$ <u>4,507,397</u>	\$ <u>4,448,878</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	-0-	-0-	(58,519)

**CITY OF FAIRMONT, WEST VIRGINIA
STATEMENT OF ACTIVITIES (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component
								Unit Sanitary Sewer Board
General Revenues								
Taxes								
Ad valorem					\$ 2,222,959	\$ -0-	\$ 2,222,959	\$ -0-
Business and occupation					5,249,638	-0-	5,249,638	-0-
Alcoholic beverage					228,422	-0-	228,422	-0-
Utility service					1,105,458	-0-	1,105,458	-0-
Hotel occupancy					59,072	-0-	59,072	-0-
Animal control					5,018	-0-	5,018	-0-
Gas and oil severance					33,995	-0-	33,995	-0-
Other					46,003	-0-	46,003	-0-
Intergovernmental state					62,779	-0-	62,779	-0-
Licenses and permits					196,027	-0-	196,027	-0-
Video lottery and gaming income					113,444	-0-	113,444	-0-
Investment income					202,954	34,341	237,295	24,935
Franchise fees					248,446	-0-	248,446	-0-
Reimbursements					20,035	-0-	20,035	-0-
Gain (loss) on disposal of capital assets					(625)	736	111	-0-
Miscellaneous					30,071	-0-	30,071	-0-
Total general revenues					<u>9,823,696</u>	<u>35,077</u>	<u>9,858,773</u>	<u>24,935</u>
Change in net position before transfers					432,136	1,131,805	1,563,941	(33,584)
Transfers between activities					(411,546)	411,546	-0-	-0-
Change in net position after transfers between activities					20,590	1,543,351	1,563,941	(33,584)
Net position – beginning – restated					(40,280,347)	21,484,752	(18,795,595)	16,660,241
Net position – ending					<u>\$ (40,259,757)</u>	<u>\$ 23,028,103</u>	<u>\$ (17,231,654)</u>	<u>\$ 16,626,657</u>

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

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

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS				
Cash	\$ 1,701,720	\$ 22,338	\$ 214,915	\$ 1,938,973
Investments	6,061,502	-0-	1,663,953	7,725,455
Receivables, net of allowances:				
Taxes	1,411,211	18,134	-0-	1,429,345
Accounts	568,374	-0-	-0-	568,374
Other	68,038	-0-	109,017	177,055
Interest	5,428	-0-	865	6,293
Due from (to):				
Internal balances	129,139	-0-	(77,200)	51,939
Other governments	95,370	-0-	-0-	95,370
Prepaid expenses	5,398	-0-	-0-	5,398
Restricted assets	<u>3,139,962</u>	<u>-0-</u>	<u>-0-</u>	<u>3,139,962</u>
TOTAL ASSETS	\$ <u>13,186,142</u>	\$ <u>40,472</u>	\$ <u>1,911,550</u>	\$ <u>15,138,164</u>

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 432,420	\$ -0-	\$ 42,481	\$ 474,901
Claims payable	43,554	-0-	187,525	231,079
Other accrued expenses	453,288	-0-	-0-	453,288
Accrued compensated absences	307,435	-0-	-0-	307,435
Accrued other post employment benefits	3,161,786	-0-	-0-	3,161,786
Unearned revenues	102,000	-0-	-0-	102,000
Customer deposits	<u>28,740</u>	<u>-0-</u>	<u>-0-</u>	<u>28,740</u>
Total liabilities	<u>4,529,223</u>	<u>-0-</u>	<u>230,006</u>	<u>4,759,229</u>
Deferred Inflows of Resources				
Deferred taxes	<u>208,957</u>	<u>-0-</u>	<u>-0-</u>	<u>208,957</u>
Total deferred inflows of resources	<u>208,957</u>	<u>-0-</u>	<u>-0-</u>	<u>208,957</u>
Total liabilities and deferred inflows of resources	<u>4,738,180</u>	<u>-0-</u>	<u>230,006</u>	<u>4,968,186</u>
Fund Balances				
Nonspendable	5,398	-0-	-0-	5,398
Committed	1,895,195	40,472	-0-	1,935,667
Restricted	133,008	-0-	2,866	135,874
Assigned	2,398,227	-0-	1,678,678	4,076,905
Unassigned	<u>4,016,134</u>	<u>-0-</u>	<u>-0-</u>	<u>4,016,134</u>
Total fund balances	<u>8,447,962</u>	<u>40,472</u>	<u>1,681,544</u>	<u>10,169,978</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>13,186,142</u>	\$ <u>40,472</u>	\$ <u>1,911,550</u>	\$ <u>15,138,164</u>

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

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

Fund balance, fund level statement June 30, 2015 \$ 10,169,978

The total fund balance of the City of Fairmont's governmental funds differs from net position of the governmental activities reported on the Statement of Net Position as follows:

Some liabilities are not due and payable in the current period and therefore, are not reported in the fund level statements:

Obligations under capital leases	(297,032)
Unfunded pension and post retirement obligation	(57,930,678)
Accrued compensated absences – due in more than one year	(1,023,479)

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.	9,428,595
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Some assets do not provide current financial resources and are not reported as assets in the fund level statements:

Reduction in deferred revenue at June 30, 2015	208,957
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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 – Changes in employer portion and differences between contributions and proportionate share of pension expense	53,578
Deferred outflow – Employer contributions to pension plan after measurement date	239,850
Deferred inflow – Differences between projected and actual investment earnings	(1,109,526)

Net position of governmental activities	\$ <u>(40,259,757)</u>
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The accompanying independent auditor's report and notes are an integral part of this statement.

CITY OF FAIRMONT, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues				
Taxes (including interest and penalties):				
Ad valorem	\$ 2,213,314	\$ -0-	\$ -0-	\$ 2,213,314
Business and occupation	5,249,638	-0-	-0-	5,249,638
Alcoholic beverage	228,422	-0-	-0-	228,422
Utility service	1,105,458	-0-	-0-	1,105,458
Hotel occupancy	59,072	-0-	-0-	59,072
Animal control	5,018	-0-	-0-	5,018
Gas and oil severance	33,995	-0-	-0-	33,995
Other	46,003	-0-	-0-	46,003
Licenses and permits	196,027	-0-	-0-	196,027
Intergovernmental:				
Federal	-0-	-0-	153,891	153,891
State	-0-	62,779	47,999	110,778
Charges for services	4,053,592	-0-	-0-	4,053,592
Contributions:				
From employer	-0-	-0-	165,895	165,895
Video lottery and gaming income	113,444	-0-	-0-	113,444
Fines and forfeits	521,825	-0-	-0-	521,825
Donations	41,397	-0-	19,962	61,359
Investment income	216,226	2	57,854	274,082
Franchise fees	248,446	-0-	-0-	248,446
Reimbursements	20,035	-0-	-0-	20,035
Gain (loss) on investments	(59,055)	-0-	(12,073)	(71,128)
Gain (loss) on sale of capital asset	948	-0-	-0-	948
Miscellaneous	<u>38,676</u>	<u>-0-</u>	<u>-0-</u>	<u>38,676</u>
Total revenues	<u>14,332,481</u>	<u>62,781</u>	<u>433,528</u>	<u>14,828,790</u>

CITY OF FAIRMONT, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Expenditures				
General government	\$ 2,562,573	\$ -0-	\$ 185,066	\$ 2,747,639
Public safety	6,592,263	-0-	49,955	6,642,218
Streets and transportation	2,076,631	52,986	-0-	2,129,617
Sanitation	1,343,170	-0-	-0-	1,343,170
Culture and recreation	149,339	-0-	11,890	161,229
Social services	2,035	-0-	-0-	2,035
Community development	-0-	-0-	141,647	141,647
Retirement of debt service:				
Principal	189,554	-0-	-0-	189,554
Interest	17,009	-0-	-0-	17,009
Benefit payments	<u>-0-</u>	<u>-0-</u>	<u>58,514</u>	<u>58,514</u>
Total expenditures	<u>12,932,574</u>	<u>52,986</u>	<u>447,072</u>	<u>13,432,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,399,907</u>	<u>9,795</u>	<u>(13,544)</u>	<u>1,396,158</u>
Other Financing Sources (Uses)				
Operating transfers in	-0-	-0-	16,000	16,000
Operating transfers (out)	<u>(390,946)</u>	<u>-0-</u>	<u>(36,600)</u>	<u>(427,546)</u>
Total other financing sources (uses)	<u>(390,946)</u>	<u>-0-</u>	<u>(20,600)</u>	<u>(411,546)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	1,008,961	9,795	(34,144)	984,612
Fund balance at beginning of year	<u>7,439,001</u>	<u>30,677</u>	<u>1,715,688</u>	<u>9,185,366</u>
Fund balance at end of year	\$ <u>8,447,962</u>	\$ <u>40,472</u>	\$ <u>1,681,544</u>	\$ <u>10,169,978</u>

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

**CITY OF FAIRMONT, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net change in fund balance – total governmental funds	\$ 984,612
 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 assets exceeded depreciation in the current period.	134,317
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds at June 30, 2015:	
Recognition of deferred income	9,645
 Capital leases and bonds provide current financial resources to governmental funds, but entering into capital leases increases long-term liabilities in the Statement of Net Position. Repayment of capital lease obligations and bonds are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Repayment of obligation under capital lease	189,547
 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.	
Loss on disposal of capital assets	(625)
Change in net pension obligation	(1,528,984)
Change in long-term accrued compensated absences	59,668
 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	240,276
Amount of pension expenses recognized at government wide level	(67,866)
 Change in Net Position of Governmental Activities	 \$ <u>20,590</u>

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

**CITY OF FAIRMONT, WEST VIRGINIA
STATEMENT OF FINANCIAL POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	<u>Business Type Activities</u>				<u>Component</u>
	<u>Water</u>	<u>Building Commission</u>	<u>Parking</u>	<u>Total</u>	<u>Unit Sanitary Sewer Board</u>
ASSETS					
Current Assets					
Cash	\$ 674,056	\$ 29,744	\$ 76,380	\$ 780,180	\$ 407,446
Receivables, net of allowances:					
Accounts	743,246	-0-	4,742	747,988	330,550
Other	-0-	-0-	100	100	-0-
Notes	-0-	56,286	-0-	56,286	-0-
Interest	1,986	-0-	-0-	1,986	-0-
Internal balances	(74,703)	-0-	33,979	(40,724)	(11,215)
Prepaid expenses	10,197	-0-	-0-	10,197	11,444
Inventory, at cost	<u>271,230</u>	<u>-0-</u>	<u>-0-</u>	<u>271,230</u>	<u>30,629</u>
Total current assets	<u>1,626,012</u>	<u>86,030</u>	<u>115,201</u>	<u>1,827,243</u>	<u>768,854</u>
Noncurrent Assets					
Restricted assets	<u>9,017,476</u>	<u>-0-</u>	<u>-0-</u>	<u>9,017,476</u>	<u>3,031,504</u>
Capital Assets					
Land	227,647	846,693	-0-	1,074,340	346,889
Buildings	-0-	4,031,820	139,060	4,170,880	-0-
Land improvements	-0-	4,462,177	98,198	4,560,375	-0-
Structures and improvements	18,669,836	-0-	-0-	18,669,836	9,799,063
Building improvements	-0-	467,297	1,242	468,539	-0-
Transmission and distribution	56,095,921	-0-	-0-	56,095,921	29,185,314
Machinery and equipment	3,017,000	16,193	29,907	3,063,100	3,633,798
Office furniture and equipment	-0-	-0-	25,014	25,014	-0-
Vehicles	-0-	-0-	20,750	20,750	-0-
Construction in progress	2,547,248	-0-	-0-	2,547,248	13,170
Less: Accumulated depreciation	<u>(29,572,330)</u>	<u>(2,477,023)</u>	<u>(111,136)</u>	<u>(32,160,489)</u>	<u>(24,130,905)</u>
Net capital assets	<u>50,985,322</u>	<u>7,347,157</u>	<u>203,035</u>	<u>58,535,514</u>	<u>18,847,329</u>
Total assets	<u>61,628,810</u>	<u>7,433,187</u>	<u>318,236</u>	<u>69,380,233</u>	<u>22,647,687</u>
Deferred Outflows of Resources					
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,150	-0-	1,011	49,161	43,137
Employer contributions subsequent to measurement period	<u>226,676</u>	<u>-0-</u>	<u>4,740</u>	<u>231,416</u>	<u>173,538</u>
Total deferred outflows of resources	<u>274,826</u>	<u>-0-</u>	<u>5,751</u>	<u>280,577</u>	<u>216,675</u>

	<u>Business Type Activities</u>				<u>Component</u>
	<u>Water</u>	<u>Building Commission</u>	<u>Parking</u>	<u>Total</u>	<u>Unit Sanitary Sewer Board</u>
LIABILITIES					
Current Liabilities (payable from current assets)					
Notes payable	\$ 146,478	\$ 78,376	\$ -0-	\$ 224,854	\$ -0-
Accounts payable	478,987	-0-	2,897	481,884	72,754
Other accrued expenses	19	-0-	-0-	19	32,308
Other post employment benefits	925,094	-0-	-0-	925,094	742,957
Accrued compensated absences	<u>290,348</u>	<u>-0-</u>	<u>2,069</u>	<u>292,417</u>	<u>49,193</u>
Total current liabilities (payable from current assets)	<u>1,840,926</u>	<u>78,376</u>	<u>4,966</u>	<u>1,924,268</u>	<u>897,212</u>
Current Liabilities (payable from restricted assets)					
Revenue bonds payable	1,973,645	139,188	-0-	2,112,833	275,846
Accrued revenue bond interest payable	422,070	7,456	-0-	429,526	-0-
Customer deposits	<u>162,411</u>	<u>-0-</u>	<u>-0-</u>	<u>162,411</u>	<u>-0-</u>
Total current liabilities (payable from restricted assets)	<u>2,558,126</u>	<u>146,644</u>	<u>-0-</u>	<u>2,704,770</u>	<u>275,846</u>
Long-Term Liabilities (net of current portion)					
Revenue bonds payable	37,691,843	3,130,841	-0-	40,822,684	4,102,863
Notes payable	48,482	237,912	-0-	286,394	-0-
Customer advances	6,569	-0-	-0-	6,569	101,057
Accrued compensated absences	-0-	-0-	-0-	-0-	171,482
Net pension obligation	<u>422,727</u>	<u>-0-</u>	<u>8,528</u>	<u>431,255</u>	<u>335,014</u>
Total long-term liabilities (net of current portion)	<u>38,169,621</u>	<u>3,368,753</u>	<u>8,528</u>	<u>41,546,902</u>	<u>4,710,416</u>
Total liabilities	<u>42,568,673</u>	<u>3,593,773</u>	<u>13,494</u>	<u>46,175,940</u>	<u>5,883,474</u>
Deferred Inflow of Resources					
Net difference between projected and actual investment earnings on pension plan investments	<u>447,404</u>	<u>-0-</u>	<u>9,363</u>	<u>456,767</u>	<u>354,231</u>
Net Position					
Net investment in capital assets	11,124,874	3,760,840	203,035	15,088,749	14,468,620
Restricted	7,929,971	-0-	-0-	7,929,971	3,031,504
Unrestricted	<u>(167,286)</u>	<u>78,574</u>	<u>98,095</u>	<u>9,383</u>	<u>(873,467)</u>
Total net position	\$ <u>18,887,559</u>	\$ <u>3,839,414</u>	\$ <u>301,130</u>	\$ <u>23,028,103</u>	\$ <u>16,626,657</u>

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

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

	Business Type Activities				Component
	Water	Building Commission	Parking	Total	Unit Sanitary Sewer Board
Operating Revenues					
Charges for services	\$ 9,049,285	\$ -0-	\$ 140,938	\$ 9,190,223	\$ 4,440,519
Miscellaneous	-0-	-0-	-0-	-0-	8,359
Total operating revenues	<u>9,049,285</u>	<u>-0-</u>	<u>140,938</u>	<u>9,190,223</u>	<u>4,448,878</u>
Operating Expenses					
Personal services	1,613,636	-0-	57,831	1,671,467	1,733,797
Administrative and general	878,443	9,664	29,734	917,841	391,732
Collection and pumping	-0-	-0-	-0-	-0-	148,661
Treatment and disposal	-0-	-0-	-0-	-0-	727,056
Billing and collection	-0-	-0-	-0-	-0-	236,035
Rents and utilities	541,961	-0-	8,521	550,482	-0-
Bad debt expense	51,113	-0-	-0-	51,113	-0-
Fuel and oil	62,312	-0-	-0-	62,312	-0-
Materials and supplies	582,069	-0-	17,272	599,341	-0-
Depreciation	2,394,073	300,308	15,114	2,709,495	1,154,272
Benefits	471,429	-0-	9,131	480,560	-0-
Total operating expenses	<u>6,595,036</u>	<u>309,972</u>	<u>137,603</u>	<u>7,042,611</u>	<u>4,391,553</u>
Operating income (loss)	<u>2,454,249</u>	<u>(309,972)</u>	<u>3,335</u>	<u>2,147,612</u>	<u>57,325</u>
Nonoperating Revenues (Expenses)					
Investment income	73,797	5	10	73,812	24,935
Gain (loss) on investments	(39,471)	-0-	-0-	(39,471)	-0-
Gain (loss) on disposal of capital assets	736	-0-	-0-	736	-0-
Interest and fiscal charges	(931,847)	(119,037)	-0-	(1,050,884)	(115,844)
Total nonoperating revenues (expenses)	<u>(896,785)</u>	<u>(119,032)</u>	<u>10</u>	<u>(1,015,807)</u>	<u>(90,909)</u>
Income (loss) before nonoperating grants and capital contributions	1,557,464	(429,004)	3,345	1,131,805	(33,584)
Contributions from other funds	-0-	319,908	157,062	476,970	-0-
Contributions to other funds	-0-	-0-	(65,424)	(65,424)	-0-
Change in net position	1,557,464	(109,096)	94,983	1,543,351	(33,584)
Total net position – beginning – restated	<u>17,330,095</u>	<u>3,948,510</u>	<u>206,147</u>	<u>21,484,752</u>	<u>16,660,241</u>
Total net position – ending	<u>\$ 18,887,559</u>	<u>\$ 3,839,414</u>	<u>\$ 301,130</u>	<u>\$ 23,028,103</u>	<u>\$ 16,626,657</u>

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

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

	<u>Business Type Activities</u>				<u>Component</u>
	<u>Water</u>	<u>Building Commission</u>	<u>Parking</u>	<u>Total</u>	<u>Unit Sanitary Sewer Board</u>
Cash Flows from Operating Activities					
Receipts from customers	\$ 9,056,367	\$ -0-	\$ 140,608	\$ 9,196,975	\$ 4,465,533
Receipts from other sources	-0-	319,908	55,038	374,946	-0-
Payments to suppliers	(2,978,713)	(18,962)	(69,719)	(3,067,394)	(1,544,238)
Payment to employees	(1,608,672)	-0-	(58,178)	(1,666,850)	(1,699,179)
Net cash provided by (used in) operating activities	<u>4,468,982</u>	<u>300,946</u>	<u>67,749</u>	<u>4,837,677</u>	<u>1,222,116</u>
Cash Flows from Capital and Related Financing Activities					
(Increase) decrease in restricted assets	2,044,684	-0-	-0-	2,044,684	(237,947)
Repayment of revenue bonds	(1,823,197)	(134,238)	-0-	(1,957,435)	(270,713)
Proceeds from revenue bonds	1,055,475	-0-	-0-	1,055,475	-0-
Repayment of notes payable	(152,214)	(73,296)	-0-	(225,510)	-0-
Interest expense	(953,641)	(117,244)	-0-	(1,070,885)	(115,844)
Net cash provided by (used in) capital and related financing activities	<u>171,107</u>	<u>(324,778)</u>	<u>-0-</u>	<u>(153,671)</u>	<u>(624,504)</u>
Cash Flows from Investing Activities					
Acquisition of capital assets	(4,510,298)	-0-	(63,646)	(4,573,944)	(559,281)
Interest on investments	<u>73,781</u>	<u>5</u>	<u>10</u>	<u>73,796</u>	<u>24,935</u>
Net cash (used in) provided by investing activities	<u>(4,436,517)</u>	<u>5</u>	<u>(63,636)</u>	<u>(4,500,148)</u>	<u>(534,346)</u>
Net increase (decrease) in cash	203,572	(23,827)	4,113	183,858	63,266
Cash at beginning of year	<u>470,484</u>	<u>53,571</u>	<u>72,267</u>	<u>596,322</u>	<u>344,180</u>
Cash at end of year	\$ <u>674,056</u>	\$ <u>29,744</u>	\$ <u>76,380</u>	\$ <u>780,180</u>	\$ <u>407,446</u>

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

	Business Type Activities				<u>Component</u>
	<u>Water</u>	<u>Building Commission</u>	<u>Parking</u>	<u>Total</u>	<u>Unit Sanitary Sewer Board</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 2,454,249	\$(309,972)	\$ 3,335	\$ 2,147,612	\$ 57,325
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	2,394,073	300,308	15,114	2,709,495	1,154,272
(Gain) loss on disposal of capital assets	735	-0-	-0-	735	6,500
Transfers (to) from other funds	-0-	319,908	91,638	411,546	-0-
(Increase) decrease in:					
Accounts receivable	7,082	6,408	(330)	13,160	16,655
Due from (to) other funds	(10,718)	(344)	(34,887)	(45,949)	3,746
Prepaid expenses	525	-0-	-0-	525	(886)
Inventory	(36,116)	-0-	-0-	(36,116)	9,085
Deferred outflow of resources – changes in proportion and differences between employer contributions and proportionate share of contributions	(48,150)	-0-	(1,011)	(49,161)	(43,137)
Deferred outflows of resources – employer contributions subsequent to measurement period	(226,676)	-0-	(4,740)	(231,416)	(173,538)
Deferred outflows of resources – employer contributions during measurement period	222,403	-0-	4,487	226,890	176,255
Increase (decrease) in:					
Accounts payable	(248,200)	(15,362)	(3,656)	(267,218)	18,535
Other accrued expenses	(504)	-0-	-0-	(504)	(8,473)
Other post employment benefits	57,342	-0-	-0-	57,342	57,576
Customer deposits	18	-0-	-0-	18	-0-
Customer advances	6,569	-0-	-0-	6,569	-0-
Accrued compensated absences	4,964	-0-	(347)	4,617	34,618
Net pension obligation	(556,018)	-0-	(11,217)	(567,235)	(440,648)
Deferred inflow of resources – net difference between projected and actual investment earnings on pension plan investments	<u>447,404</u>	<u>-0-</u>	<u>9,363</u>	<u>456,767</u>	<u>354,231</u>
Net cash provided by (used in) operating activities	<u>\$ 4,468,982</u>	<u>\$ 300,946</u>	<u>\$ 67,749</u>	<u>\$ 4,837,677</u>	<u>\$ 1,222,116</u>

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

CITY OF FAIRMONT, 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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>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>
Revenues						
Taxes (including interest and penalties):						
Ad valorem	\$ 2,297,450	\$ 2,297,450	\$ 2,213,314	\$ 9,645	\$ 2,222,959	\$ (84,136)
Business and occupation	5,585,000	5,530,000	5,249,638	-0-	5,249,638	(280,362)
Alcoholic beverage	175,000	217,000	214,045	-0-	214,045	(2,955)
Utility service	1,115,000	1,108,000	1,105,458	-0-	1,105,458	(2,542)
Hotel occupancy	50,000	61,000	59,072	-0-	59,072	(1,928)
Animal control	5,000	5,000	5,018	-0-	5,018	18
Gas and oil severance	18,000	33,994	33,994	-0-	33,994	-0-
Other	29,000	29,000	26,885	-0-	26,885	(2,115)
Licenses and permits	182,400	210,300	210,404	-0-	210,404	104
Charges for services	3,882,205	3,887,355	4,065,820	-0-	4,065,820	178,465
Fines and forfeitures	230,000	230,000	293,568	-0-	293,568	63,568
Donations	-0-	-0-	3,085	-0-	3,085	3,085
Investment income	1,500	12,270	64,559	-0-	64,559	52,289
Franchise fees	260,000	260,000	248,446	-0-	248,446	(11,554)
Video lottery and gaming income	117,000	109,800	113,444	-0-	113,444	3,644
Miscellaneous	117,550	60,999	65,702	-0-	65,702	4,703
Total revenues	<u>14,065,105</u>	<u>14,052,168</u>	<u>13,972,452</u>	<u>9,645</u>	<u>13,982,097</u>	<u>(79,716)</u>
Expenditures						
General government	3,343,347	4,174,781	3,508,592	(130,491)	3,378,101	666,189
Public safety	6,651,326	6,767,648	6,357,018	1,534,631	7,891,649	410,630
Streets and transportation	2,506,478	3,420,540	2,347,245	(312,492)	2,034,753	1,073,295
Sanitation	1,361,778	1,361,778	1,343,170	-0-	1,343,170	18,608
Culture and recreation	200,313	242,758	149,339	(2,062)	147,277	93,419
Social services	1,863	2,163	2,035	-0-	2,035	128
Total expenditures	<u>14,065,105</u>	<u>15,969,668</u>	<u>13,707,399</u>	<u>1,089,586</u>	<u>14,796,985</u>	<u>2,262,269</u>
(Deficiency) excess of revenues (under) over expenditures	<u>-0-</u>	<u>(1,917,500)</u>	<u>265,053</u>	<u>(1,079,941)</u>	<u>(814,888)</u>	<u>2,182,553</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>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	\$ -0-	\$ 12,500	\$ 12,500	\$ -0-	\$ 12,500	\$ -0-
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>12,500</u>	<u>12,500</u>	<u>-0-</u>	<u>12,500</u>	<u>-0-</u>
Net change in fund balance	-0-	(1,905,000)	277,553	(1,079,941)	(802,388)	2,182 553
Fund balance at beginning of year	<u>-0-</u>	<u>1,905,000</u>	<u>2,666,639</u>	<u>(14,356)</u>	<u>2,652,283</u>	<u>761,639</u>
Fund balance at end of year	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>2,944,192</u></u>	\$ <u><u>(1,094,297)</u></u>	\$ <u><u>1,849,895</u></u>	\$ <u><u>2,944,192</u></u>

Explanation of Differences:

- (1) The City budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the accrual basis of accounting.
- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.

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

**CITY OF FAIRMONT, 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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Difference</u>	<u>GAAP</u>	<u>Budget</u>
					<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Interest	\$ 20	\$ 20	\$ 2	\$ -0-	\$ 2	\$ (18)
Intergovernmental:						
State	<u>73,000</u>	<u>60,000</u>	<u>62,779</u>	<u>-0-</u>	<u>62,779</u>	<u>2,779</u>
Total revenues	<u>73,020</u>	<u>60,020</u>	<u>62,781</u>	<u>-0-</u>	<u>62,781</u>	<u>2,761</u>
Expenditures						
Streets and transportation	<u>73,020</u>	<u>72,020</u>	<u>52,986</u>	<u>-0-</u>	<u>52,986</u>	<u>19,034</u>
Total expenditures	<u>73,020</u>	<u>72,020</u>	<u>52,986</u>	<u>-0-</u>	<u>52,986</u>	<u>19,034</u>
(Deficiency) excess of revenues (under) over expenditures	<u>-0-</u>	<u>(12,000)</u>	<u>9,795</u>	<u>-0-</u>	<u>9,795</u>	<u>21,795</u>
Other Financing Sources (Uses)						
Operating transfers in	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>-0-</u>	<u>(12,000)</u>	<u>9,795</u>	<u>-0-</u>	<u>9,795</u>	<u>21,795</u>
Fund balance at beginning of year	<u>-0-</u>	<u>12,000</u>	<u>30,677</u>	<u>-0-</u>	<u>30,677</u>	<u>18,677</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>40,472</u>	\$ <u>-0-</u>	\$ <u>40,472</u>	\$ <u>40,472</u>

Explanation of Differences:

- (1) The City budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the accrual basis of accounting.
- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures and changes in fund balances because of the cumulative effect of transactions such as those described above.

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

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

	<u>Pension and Relief</u>
Assets	
Cash	\$ 113,883
Investments	6,413,227
Receivables:	
Other	6,198
Interest	<u>2,023</u>
Total assets	<u>6,535,331</u>
Liabilities	
Accounts payable	<u>-0-</u>
Net Position	
Held in trust for pension benefits	\$ <u>6,535,331</u>

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

**CITY OF FAIRMONT, WEST VIRGINIA
FIDUCIARY RESPONSIBILITIES
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Pension and Relief</u>
Additions	
Contributions:	
Employer	\$ 1,576,850
Employees	295,091
Insurance premium tax allocation	<u>742,987</u>
Net contributions	<u>2,614,928</u>
Investment income:	
Net appreciation in fair value of investments	(171,052)
Interest income and dividends	145,578
Capital gains (losses)	<u>165,953</u>
Net investment income	140,479
Miscellaneous	<u>41</u>
Total additions	<u>2,755,448</u>
Deductions	
General and administrative	2,387
Benefit payments	<u>2,771,513</u>
Total deductions	<u>2,773,900</u>
Net increase	(18,452)
Net position – beginning of year	<u>6,553,783</u>
Net position – end of year	\$ <u>6,535,331</u>

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

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

I. Summary of Significant Accounting Policies

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

(a) Reporting Entity

The City of Fairmont, West Virginia is a municipal corporation governed by an elected mayor, and nine 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 public safety for the City of Fairmont, West Virginia, 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 City.

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

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

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

Blended Component Units

The entities below are legally separate from the City 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 City.

The *Fairmont Building Commission* serves City of Fairmont, West Virginia, by providing facilities for the City. The Commission leases these facilities to the City in accordance with lease agreements. This fund accounts for the debt services, receipts and expenses of the system. This fund is reported as a major proprietary fund. The Building Commission acquires property and debt on behalf of the City. The City of Fairmont Building Commission is reported as an enterprise fund.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement No. 39). The discretely presented component units are presented on the government-wide statements.

The *Fairmont Sanitary Sewer Board* serves all the citizens of the City of Fairmont and is governed by a three member board comprised of the City Manager and two other members appointed by council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

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

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

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.

(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.

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

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

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

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

The 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 government reports the following major proprietary funds:

The *Parking fund* serves the City by providing parking facilities to the public. This fund accounts for the receipts and expenses of operating these parking facilities.

The *Water fund* serves the citizens of the City of Fairmont by providing water services to the community. This fund accounts for the receipts and expenses of operating this facility. The Water Fund is served by a board of directors. The rates for user charges and bond issuance authorizations are approved by the board of directors and the government's elected council.

The *Building Commission* is also a major proprietary fund.

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

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

Additionally, the government reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

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

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee or agency capacity. Pension trust funds are accounted for in essentially the same manner as proprietary funds.

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

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

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

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

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

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

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

The accounts of the City are organized into funds, each of which is considered to be a separate accounting entity.

1. Deposits and Investments

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

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

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

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

Short-term investments are reported at cost, which approximates fair value.

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

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

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

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

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

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

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

2. Receivables and Payables

Interfund Transactions

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

Trade Receivables

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

Property Tax Receivable

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

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

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

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

The rates levied by the City per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2015, were as follows:

<u>Class of Property</u>	<u>Assessed Valuation For Tax Purposes</u>	<u>Current Expense</u>
Class II	\$ 295,239,440	25.00 cents
Class IV	\$ 354,715,550	50.00 cents

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the Statement of Net Position 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 \$1,000 for governmental funds and \$5,000 or more and estimated to have a useful life in excess of one year for the water and sewer fund. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

Governmental Funds

Buildings and improvements	20 - 50 years
Infrastructure	20 - 65 years
Machinery and equipment	5 - 20 years
Vehicles	8 - 10 years

Proprietary Funds

Buildings	25 - 50 years
Improvements	10 - 20 years
Utility plant	10 - 20 years
Equipment	3 - 10 years

5. Compensated Absences

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

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.

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

7. Fund Balances

Equity Classification

Effective July 1, 2010, the City adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards for accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

Net Position Classifications:

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

- a. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position – consists of net position that is restricted by the City's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- c. Unrestricted – all other net position is reported in this category

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

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

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 City's code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. **Committed** – Amounts that can be used only for specific purposes determined by a formal action by the City's council.
- d. **Assigned** – Amounts that are designed by the City's council for a particular purpose but are not spendable until there is a majority vote approval by the City's council.
- e. **Unassigned** – All amounts not included in other spendable classifications.

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

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

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

8. Change in Accounting Principle

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

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

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

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

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

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

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

9. Deferred Outflows/Inflows of Resources

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

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

10. Pensions

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

11. Stabilization Arrangements

The government has created a stabilization arrangement in accordance with West Virginia Code §8-37-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for any unforeseen shortfalls. The stabilization balance at fiscal year-end was \$2,973,071.

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

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

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

The governing body of the City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the City and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

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>
\$ 831,434	General Government Expenditure Increase
116,322	Public Safety Expenditure Increase
914,062	Streets and Transportation Expenditure Increase
45,445	Culture and Recreation Expenditure Increase
300	Social Services Expenditure Increase

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

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

Coal Severance

<u>Amount</u>	<u>Description</u>
\$ (1,000)	Streets and Transportation Expenditure (Decrease)

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			
Money Market	\$ 48,701	Not Rated	Not Rated
Certificates of deposit	229,913	Not Rated	Not Rated
Mutual Funds	<u>4,515,622</u>	Not Rated	Not Rated
	<u>\$ 4,794,236</u>		

Interest Rate Risk

	<u>Total</u>	<u>Less than</u>	
		<u>1 year</u>	<u>1 – 5 years</u>
Certificates of Deposit	\$ <u>229,913</u>	\$ <u>59,987</u>	\$ <u>169,926</u>

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

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

Concentration of Credit Risk:

The government's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investment. In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures, 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 held with these issuers:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>	
American Fds Mortgage Fd Cl A	\$ 132,953	2.94%	
American Mutual Fund Cl A	302,979	6.71%	
Bond Fund of America Cl A	627,102	13.89%	
Capital Income Builder Fund A	803,576	17.80%	
Capital World Grw & Inc Fund A	367,941	8.15%	
Growth Fund of America Cl A	232,801	5.16%	
Income Fund of America Fund A	742,202	16.44%	
Inter Bond Fd of America Cl A	469,760	10.40%	
Investment Co of America Fd A	317,543	7.03%	
New Perspective Fund Cl A	209,601	4.64%	
Washington Mutual Invs Fd Cl A	<u>309,164</u>	<u>6.84%</u>	
	\$ <u>4,515,622</u>	<u>100.00%</u>	
		<u>Credit Risk Rating</u>	
	<u>Fair</u>	<u>Standard &</u>	<u>Moody's</u>
	<u>Value</u>	<u>Poor's and</u>	<u>Investment</u>
		<u>Fitch</u>	<u>Services</u>
Firemen's Pension and Relief			
Cash and cash equivalents	\$ 103,478	Not Rated	Not Rated
Certificates of deposit	99,771	Not Rated	Not Rated
Bonds	71,491	A+ - A2	A+ - A2
Mutual Funds	<u>1,344,251</u>	Not Rated	Not Rated
	\$ <u>1,618,991</u>		

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

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

Interest Rate Risk

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 – 5 years</u>	<u>6 – 10 years</u>	<u>More than 10 years</u>
Certificates of Deposit	\$ 99,771	\$ -0-	\$ 99,771	\$ -0-	\$ -0-
Bonds	<u>71,491</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>71,491</u>
	<u>\$ 171,262</u>	<u>\$ -0-</u>	<u>\$ 99,771</u>	<u>\$ -0-</u>	<u>\$ 71,491</u>
		<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</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 held with these issuers:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
FHLMC Good Pool	\$ 872	0.06%
GNMA Pool	81	0.01%
Wells Fargo & Co Mtn Step Up	70,535	4.98%
American Intl Grw & Inc A	62,336	4.40%
American Mutual Fund Cl A	76,075	5.37%
Bond Fund of America Cl A	102,227	7.22%
Capital Income Builder Fund A	107,764	7.61%
Capital World Grw & Inc Fund A	199,882	14.12%
Europacific Growth Fund Cl A	103,838	7.33%
Fundamental Investors Fund A	130,587	9.22%
Growth Fund of America Cl A	171,907	12.14%
Income Fund of America Fund A	182,475	12.89%
Inter Bond Ed of America Cl A	152,785	10.79%
Washington Mutual Invs Fd Cl A	<u>54,378</u>	<u>3.86%</u>
	<u>\$ 1,415,742</u>	<u>100.00%</u>

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

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

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 \$18,315,541, which were collateralized with a depository bond.

For Investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government has adopted State Code requirements as its policy for custodial credit risk. At year end, the investment balances were \$7,725,455. 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	\$ 3,240,482
Investments – collateralized and secured	<u>29,327,624</u>
Total	\$ <u>32,568,106</u>
Cash and cash equivalents	\$ 3,240,482
Cash and investments – restricted	15,188,942
Investments	<u>14,138,682</u>
Total	\$ <u>32,568,106</u>

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

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

B. Receivables

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

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Building</u> <u>Commission</u>	<u>Parking</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>Sewer</u> <u>Board</u>
Receivables:									
Taxes	\$ 1,411,211	\$ 18,134	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,429,345	\$ -0-	\$ -0-
Accounts	568,374	-0-	743,246	-0-	4,742	-0-	1,316,362	-0-	330,550
Other	163,408	-0-	-0-	-0-	100	-0-	163,508	6,198	-0-
Grant	-0-	-0-	-0-	-0-	-0-	109,017	109,017	-0-	-0-
Notes	-0-	-0-	-0-	56,286	-0-	-0-	56,286	-0-	-0-
Interest	<u>5,428</u>	<u>-0-</u>	<u>1,986</u>	<u>-0-</u>	<u>-0-</u>	<u>865</u>	<u>8,279</u>	<u>2,023</u>	<u>-0-</u>
Total	\$ <u>2,148,421</u>	\$ <u>18,134</u>	\$ <u>745,232</u>	\$ <u>56,286</u>	\$ <u>4,842</u>	\$ <u>109,882</u>	\$ <u>3,082,797</u>	\$ <u>8,221</u>	\$ <u>330,550</u>

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

	<u>General</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Parking</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Component</u> <u>Unit</u> <u>Sanitary</u> <u>Sewer</u> <u>Board</u>
Receivables:					
Accounts	\$ <u>448,391</u>	\$ <u>334,552</u>	\$ <u>3,171</u>	\$ <u>786,114</u>	\$ <u>294,066</u>
Total	\$ <u>448,391</u>	\$ <u>334,552</u>	\$ <u>3,171</u>	\$ <u>786,114</u>	\$ <u>294,066</u>

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

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

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	\$ <u>208,957</u>
Total deferred revenue for governmental funds	\$ <u>208,957</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets				
Land	\$ <u>238,737</u>	\$ <u>37,566</u>	\$ <u>-0-</u>	\$ <u>276,303</u>
Total non-depreciable assets	<u>238,737</u>	<u>37,566</u>	<u>-0-</u>	<u>276,303</u>
Depreciable Assets				
Buildings	1,691,691	-0-	-0-	1,691,691
Land improvements	664,133	51,638	-0-	715,771
Machinery and equipment	1,439,385	61,923	-0-	1,501,308
Building improvements	329,184	87,700	-0-	416,884
Office furniture and equipment	690,820	74,148	6,199	758,769
Vehicles	4,325,726	111,189	58,277	4,378,638
Infrastructure	<u>27,933,135</u>	<u>957,691</u>	<u>-0-</u>	<u>28,890,826</u>
Totals at historical cost	37,074,074	1,344,289	64,476	38,353,887
Less: Accumulated depreciation	<u>28,017,908</u>	<u>1,247,538</u>	<u>63,851</u>	<u>29,201,595</u>
Total depreciable assets	<u>9,056,166</u>	<u>96,751</u>	<u>625</u>	<u>9,152,292</u>
Governmental activities capital assets, net	\$ <u>9,294,903</u>	\$ <u>134,317</u>	\$ <u>625</u>	\$ <u>9,428,595</u>

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

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Business-Type Activities				
<i>Water Fund</i>				
Non-depreciable Assets				
Land	\$ 227,647	\$ -0-	\$ -0-	\$ 227,647
Construction in progress	<u>3,294,473</u>	<u>2,547,248</u>	<u>3,294,473</u>	<u>2,547,248</u>
Total non-depreciable assets	<u>3,522,120</u>	<u>2,547,248</u>	<u>3,294,473</u>	<u>2,774,895</u>
Depreciable Assets				
Structures and improvements	18,316,183	353,653	-0-	18,669,836
Transmission and distribution	51,387,469	4,708,452	-0-	56,095,921
Machinery and equipment	<u>2,952,506</u>	<u>195,418</u>	<u>130,924</u>	<u>3,017,000</u>
Totals at historical cost	72,656,158	5,257,523	130,924	77,782,757
Less: Accumulated depreciation	<u>27,309,181</u>	<u>2,394,073</u>	<u>130,924</u>	<u>29,572,330</u>
Total depreciable assets	<u>45,346,977</u>	<u>2,863,450</u>	<u>-0-</u>	<u>48,210,427</u>
Business-type activities capital assets, net	\$ <u>48,869,097</u>	\$ <u>5,410,698</u>	\$ <u>3,294,473</u>	\$ <u>50,985,322</u>
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<i>Building Commission</i>				
Non-depreciable Assets				
Land	\$ <u>846,693</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>846,693</u>
Total non-depreciable assets	<u>846,693</u>	<u>-0-</u>	<u>-0-</u>	<u>846,693</u>
Depreciable Assets				
Buildings	4,031,820	-0-	-0-	4,031,820
Land improvements	4,462,177	-0-	-0-	4,462,177
Buildings improvements	467,297	-0-	-0-	467,297
Machinery and equipment	<u>16,193</u>	<u>-0-</u>	<u>-0-</u>	<u>16,193</u>
Totals at historical cost	8,977,487	-0-	-0-	8,977,487
Less: Accumulated depreciation	<u>2,176,715</u>	<u>300,308</u>	<u>-0-</u>	<u>2,477,023</u>
Total depreciable assets	<u>6,800,772</u>	<u>(300,308)</u>	<u>-0-</u>	<u>6,500,464</u>
Business-type activities capital assets, net	\$ <u>7,647,465</u>	\$ <u>(300,308)</u>	\$ <u>-0-</u>	\$ <u>7,347,157</u>

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

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Business-Type Activities (Cont'd)				
<i>Parking Authority</i>				
Depreciable Assets				
Buildings	\$ 137,440	\$ 1,620	\$ -0-	\$ 139,060
Land improvements	37,414	60,784	-0-	98,198
Buildings improvements	-0-	1,242	-0-	1,242
Machinery and equipment	29,907	-0-	-0-	29,907
Office furniture and equipment	25,014	-0-	-0-	25,014
Vehicles	<u>20,750</u>	<u>-0-</u>	<u>-0-</u>	<u>20,750</u>
Totals at historical cost	250,525	63,646	-0-	314,171
Less: Accumulated depreciation	<u>96,022</u>	<u>15,114</u>	<u>-0-</u>	<u>111,136</u>
Business-type activities capital assets, net	\$ <u>154,503</u>	\$ <u>48,532</u>	\$ <u>-0-</u>	\$ <u>203,035</u>

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Total				
Non-depreciable Assets				
Land	\$ 1,074,340	\$ -0-	\$ -0-	\$ 1,074,340
Construction in progress	<u>3,294,473</u>	<u>2,547,248</u>	<u>3,294,473</u>	<u>2,547,248</u>
Total non-depreciable assets	<u>4,368,813</u>	<u>2,547,248</u>	<u>3,294,473</u>	<u>3,621,588</u>
Depreciable Assets				
Buildings	4,169,260	1,620	-0-	4,170,880
Land improvements	4,499,591	60,784	-0-	4,560,375
Structures and improvements	18,316,183	353,653	-0-	18,669,836
Building improvements	467,297	1,242	-0-	468,539
Transmission and distribution	51,387,469	4,708,452	-0-	56,095,921
Machinery and equipment	2,998,606	195,418	130,924	3,063,100
Office furniture and equipment	25,014	-0-	-0-	25,014
Vehicles	<u>20,750</u>	<u>-0-</u>	<u>-0-</u>	<u>20,750</u>
Totals at historical cost	81,884,170	5,321,169	130,924	87,074,415
Less: Accumulated depreciation	<u>29,581,918</u>	<u>2,709,495</u>	<u>130,924</u>	<u>32,160,489</u>
Total depreciable assets	<u>52,302,252</u>	<u>2,611,674</u>	<u>-0-</u>	<u>54,913,926</u>
Business-type activities capital assets, net	\$ <u>56,671,065</u>	\$ <u>5,158,922</u>	\$ <u>3,294,473</u>	\$ <u>58,535,514</u>

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities (Cont'd)				
<i>Component Unit – Sewer Fund</i>				
Non-depreciable Assets				
Land	\$ 346,889	\$ -0-	\$ -0-	\$ 346,889
Construction in process	<u>-0-</u>	<u>13,170</u>	<u>-0-</u>	<u>13,170</u>
Total non-depreciable assets	<u>346,889</u>	<u>13,170</u>	<u>-0-</u>	<u>360,059</u>
Depreciable Assets				
Structures and improvements	9,741,211	57,852	-0-	9,799,063
Transmission and distribution	28,997,835	197,479	10,000	29,185,314
Machinery and equipment	<u>3,343,018</u>	<u>290,780</u>	<u>-0-</u>	<u>3,633,798</u>
Totals at historical cost	42,082,064	546,111	10,000	42,618,175
Less: Accumulated depreciation	<u>22,980,133</u>	<u>1,154,272</u>	<u>3,500</u>	<u>24,130,905</u>
Total depreciable assets	<u>19,101,931</u>	<u>(608,161)</u>	<u>6,500</u>	<u>18,487,270</u>
Business-type activities capital assets, net	\$ <u>19,448,820</u>	\$ <u>(594,991)</u>	\$ <u>6,500</u>	\$ <u>18,847,329</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 67,019
Public safety	345,745
Streets and transportation	799,724
Culture and recreation	26,728
Community development	<u>8,322</u>
	\$ <u>1,247,538</u>

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

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

D. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Boards and Commissions Fund	General Fund	\$ 1,690
Capital Reserve Fund	Economic Development Grant Fund	\$ 43,990
Parking Fund	Economic Development Grant Fund	\$ 34,900
Parking Fund	Police Fund	\$ 128
Payroll Fund	Parking Fund	\$ 1,049
General Fund	Water Fund	\$ 11,522
Sanitary Sewer Board	Water Fund	\$ 23,554
Payroll Fund	Water Fund	\$ 39,627
Payroll Fund	Sanitary Sewer Board	\$ 30,507
Sanitary Sewer Board	Police Fund	\$ 211
General Fund	Police Fund	\$ 23,942
Payroll Fund	General Fund	\$ 130,909
General Fund	Sanitary Sewer Board	\$ 4,473

Interfund Transfers:

	<u>Urban Renewal Authority</u>	<u>Parking Fund</u>	<u>Building Commission</u>	<u>Total</u>
Transfers Out:				
General Fund	\$ 16,000	\$ 120,462	\$ 254,484	\$ 390,946
Economic Development Grant Fund	-0-	36,600	-0-	36,600
Parking Fund	<u>-0-</u>	<u>-0-</u>	<u>65,424</u>	<u>65,424</u>
	\$ 16,000	\$ 157,062	\$ 319,908	\$ 492,970

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

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

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

E. Fund Balance Detail

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

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid expenses	\$ <u>5,398</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>5,398</u>
Committed:				
Public safety	151,495	-0-	-0-	151,495
Streets and transportation	1,658,166	40,472	-0-	1,698,638
Health and welfare	<u>85,534</u>	<u>-0-</u>	<u>-0-</u>	<u>85,534</u>
Total committed	<u>1,895,195</u>	<u>40,472</u>	<u>-0-</u>	<u>1,935,667</u>
Restricted:				
Public safety	133,008	-0-	-0-	133,008
Brownfield reclamation	<u>-0-</u>	<u>-0-</u>	<u>2,866</u>	<u>2,866</u>
Total restricted	<u>133,008</u>	<u>-0-</u>	<u>2,866</u>	<u>135,874</u>
Assigned:				
Parks and recreation	31,694	-0-	-0-	31,694
Streets and transportation	83,076	-0-	-0-	83,076
Debt service	7,398	-0-	-0-	7,398
Arts and humanities	-0-	-0-	8,365	8,365
Historical preservation	43,990	-0-	5,378	49,368
Economic development	563,100	-0-	957	564,057
Health and welfare	-0-	-0-	1,663,978	1,663,978
Capital projects	1,529,204	-0-	-0-	1,529,204
Public safety	57,322	-0-	-0-	57,322
Other escrows	<u>82,443</u>	<u>-0-</u>	<u>-0-</u>	<u>82,443</u>
Total assigned	<u>2,398,227</u>	<u>-0-</u>	<u>1,678,678</u>	<u>4,076,905</u>
Unassigned	<u>4,016,134</u>	<u>-0-</u>	<u>-0-</u>	<u>4,016,134</u>
Total fund balance	\$ <u>8,447,962</u>	\$ <u>40,472</u>	\$ <u>1,681,544</u>	\$ <u>10,169,978</u>

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

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

F. Long-Term Debt

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due After</u> <u>One Year</u>
Governmental Activities						
Obligation under capital lease	\$ 486,579	\$ -0-	\$ 189,547	\$ 297,032	\$ 145,997	\$ 151,035
Compensated absences	1,396,675	-0-	65,761	1,330,914	307,435	1,023,479
Net pension obligation	<u>57,991,805</u>	-0-	<u>61,127</u>	<u>57,930,678</u>	<u>-0-</u>	<u>57,930,678</u>
Governmental activities long-term liabilities	\$ <u>59,875,059</u>	\$ <u>-0-</u>	\$ <u>316,435</u>	\$ <u>59,558,624</u>	\$ <u>453,432</u>	\$ <u>59,105,192</u>

The General Fund of the City of Fairmont entered into a lease agreement on July 25, 2007 for the acquisition of a Pierce Aerial Platform Fire 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 its inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2015:

Fiscal Year Ending June 30,

2016	\$ 99,364
2017	<u>99,364</u>
	198,728
Less: Amount representing interest	<u>12,997</u>
Present value of future minimum lease payments	\$ <u>185,731</u>

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

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

The General Fund of the City of Fairmont entered into a lease agreement on February 5, 2013 for the acquisition of a Pierce Responder Pumper for the fire department. 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. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2015:

<u>Fiscal Year Ending June 30,</u>			
	2016	\$	56,705
	2017		<u>56,705</u>
			113,410
	Less: Amount representing interest		<u>2,109</u>
	Present value of future minimum lease payments	\$	<u>111,301</u>

The following is a schedule of all future minimum lease payments together with the present value of net minimum lease payments as of June 30, 2015:

<u>Fiscal Year Ending June 30,</u>			
	2016	\$	156,069
	2017		<u>156,069</u>
			312,138
	Less: Amount representing interest		<u>15,106</u>
	Present value of future minimum lease payments		297,032
	Less: Current portion		<u>145,997</u>
	Non-current portion	\$	<u>151,035</u>

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

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

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

Business-Type Activities	<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>
Bonds and Notes payable:						
1999 Water Revenue Bonds	\$ 3,000,000	\$ -0-	\$ -0-	\$ 3,000,000	\$ -0-	\$ 3,000,000
2008A Water Revenue Bonds	2,244,829	-0-	21,920	2,222,909	91,668	2,131,241
West Virginia Housing Development Fund	63,046	-0-	4,788	58,258	7,608	50,650
Chase Bank	170,144	-0-	59,480	110,664	62,182	48,482
2010A Water Revenue Bonds	4,076,978	-0-	148,256	3,928,722	148,256	3,780,466
2010C Water Revenue Bonds	1,876,006	-0-	66,685	1,809,321	70,019	1,739,302
2010D Water Revenue Bonds	1,138,059	-0-	32,900	1,105,159	32,900	1,072,259
Page Valley Bank	177,030	-0-	92,734	84,296	84,296	-0-
Municipal Building Lease Revenue Bonds, Series 2013A	921,094	-0-	36,321	884,773	37,660	847,113
Municipal Building Lease Revenue Bonds, Series 2013B	2,483,173	-0-	97,917	2,385,256	101,528	2,283,728
Water Revenue Bonds Series 2013A	3,023,083	756,917	135,038	3,644,962	180,840	3,464,122
Water Revenue Bonds Series 2013B	429,255	298,558	18,398	709,415	24,962	684,453
Water Refunding Revenue Bonds Series 2012D	24,645,000	-0-	1,400,000	23,245,000	1,425,000	21,820,000
Wesbanco Bank, Inc.	326,538	-0-	68,508	258,030	70,768	187,262
Total bonds and notes payable	<u>44,574,235</u>	<u>1,055,475</u>	<u>2,182,945</u>	<u>43,446,765</u>	<u>2,337,687</u>	<u>41,109,078</u>
Other Long-term Debt:						
Customer advances	-0-	6,569	-0-	6,569	-0-	6,569
Net pension obligation	998,489	-0-	567,234	431,255	-0-	431,255
Accrued compensated absences	287,800	4,617	-0-	292,417	292,417	-0-
Total other long-term debt	<u>1,286,289</u>	<u>11,186</u>	<u>567,234</u>	<u>730,241</u>	<u>292,417</u>	<u>437,824</u>
Total long-term debt – primary government	<u>\$ 45,860,524</u>	<u>\$ 1,066,661</u>	<u>\$ 2,750,179</u>	<u>\$ 44,177,006</u>	<u>\$ 2,630,104</u>	<u>\$ 41,546,902</u>

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
Component Unit						
Bonds and notes payable:						
2003 Sewerage Bonds	\$ 327,726	\$ -0-	\$ 16,184	\$ 311,542	\$ 16,188	\$ 295,354
2007 Sewerage Bonds	<u>4,321,696</u>	<u>-0-</u>	<u>254,529</u>	<u>4,067,167</u>	<u>259,658</u>	<u>3,807,509</u>
Total bonds and notes payable	<u>4,649,422</u>	<u>-0-</u>	<u>270,713</u>	<u>4,378,709</u>	<u>275,846</u>	<u>4,102,863</u>
Other Long-term Debt						
Customer advances	101,057	-0-	-0-	101,057	-0-	101,057
Net pension obligation	775,662	-0-	440,648	335,014	-0-	335,014
Accrued compensated absences	<u>186,057</u>	<u>34,618</u>	<u>-0-</u>	<u>220,675</u>	<u>49,193</u>	<u>171,482</u>
Total other long-term debt	<u>1,062,776</u>	<u>34,618</u>	<u>440,648</u>	<u>656,746</u>	<u>49,193</u>	<u>607,553</u>
Total long-term debt – component unit	\$ <u>5,712,198</u>	\$ <u>34,618</u>	\$ <u>711,361</u>	\$ <u>5,035,455</u>	\$ <u>325,039</u>	\$ <u>4,710,416</u>

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

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

a. 1999 Series - Water Revenue Bonds

Series 1999 Water Revenue Bonds in the amount of \$19,945,000 were issued pursuant to an ordinance enacted by the City of Fairmont on November 10, 1998 and sold as of December 30, 1998. The bonds mature serially through 2029 and bear interest from 4.50% to 5.25% per the following schedule.

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2029	\$ <u>3,000,000</u>	5.25%

The 1999 bonds were issued by the City in order to: (1) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing water system of the City, including capitalized interest on the Bonds; (2) to fund a reserve account in each of the sinking funds; and (3) to pay certain costs of issuance of the Bonds and related costs.

The 1999 bonds are secured by a lien on and pledge of the net revenues derived from the operation of the System. These bonds are insured by the Ambac Financial Group, Inc. unconditionally guaranteeing the timely payment of principal and interest on the 1999 Series Bonds.

The Series 1999 bonds shall be redeemable prior to their stated dates of maturity at the option of the Issuer, as a whole at any time, or in part on any interest payment date, in inverse order of their maturities and by lot within a maturity, at the respective redemption prices as set forth in the bond ordinance.

As required by the 1999 Revenue 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. Monthly payments are required to be made into the sinking fund of amounts equaling 1/6th of the amount of interest due on the next semiannual interest date plus 1/12th of the amount of principal due on the next principal payment date. The sinking fund account balance at June 30, 2015 was \$379,059.

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

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

No additional payments are required to be made into the sinking fund when the aggregate amount in the sinking fund, including the reserve account, is equal to the aggregate principal amount of bonds outstanding plus the amount of interest due or thereafter to become due on the bonds outstanding.

b. Water Revenue Bonds Series 2008A

The Series 2008A bonds were issued by the City in order to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of the City of Fairmont, (ii) to fully fund the Series 2008A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs.

The 2008A bonds are secured by a lien on and pledge of the net revenues derived from the operations of the System. These bonds are insured by the Municipal Bond Insurance Association unconditionally guaranteeing the timely payment of principal and interest on the 2008A Series Bonds.

The Series 2008A bonds shall be redeemable prior to their stated dates of maturity upon written consent of the West Virginia Water Development Authority and the West Virginia Bureau for Public Health and upon payment of the redemption premium.

As required by the 2008A Revenue 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. Monthly payments are required to be made into the sinking fund of amounts equaling $1/6^{\text{th}}$ of the amount of interest due on the next semiannual interest date plus $1/12^{\text{th}}$ of the amount of principal due on the next principal payment date. The sinking fund account balance at June 30, 2015 was \$100,479.

No additional payments are required to be made into the sinking fund when the aggregate amount in the sinking fund, including the reserve, is equal to the aggregate principal amount of bonds outstanding plus the amount of interest due or thereafter to become due on the bonds outstanding.

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 91,668	\$ -0-	\$ 91,668
2017	91,668	-0-	91,668
2018	91,668	-0-	91,668
2019	91,668	-0-	91,668
2020	91,668	-0-	91,668
2021 – 2025	458,340	-0-	458,340
2026 – 2030	458,340	-0-	458,340
2031 – 2035	458,340	-0-	458,340
2036 – 2039	<u>389,549</u>	<u>-0-</u>	<u>389,549</u>
Total	\$ <u>2,222,909</u>	\$ <u>-0-</u>	\$ <u>2,222,909</u>

c. West Virginia Housing Development Fund

On February 24, 2004 the Municipal Building Commission entered into a loan and pledge agreement and signed a promissory note with the West Virginia Housing Development Fund (Fund) to participate in its demolition loan program. The Municipal Building Commission received \$100,000 in loan proceeds to be repaid on or before April 1, 2009 with interest on a sliding scale 0% to 5% per annum. On April 27, 2009 the Fund agreed to modify the terms of the note and extend the due date to September 1, 2013 with interest continuing to accrue at 5.0%. These funds were made available to businesses and individuals for their demolition needs. The Municipal Building Commission held three notes totaling \$96,006.58 with an additional amount of capitalized interest of \$13,109.16 for a total of \$109,115.74 outstanding. The notes were due the sooner of the sale or transfer of the property or March 1, 2014. On April 29, 2013 a second loan modification was executed by the Fund whereby all accrued and future interest was forgiven on the loan and an immediate payment of \$32,025.97, which represented the cash balance in the demolition loan program, was made, reducing the loan balance to \$67,974.03. In addition, the Municipal Building Commission modified the terms on the three notes it held, forgiving the paid and future interest and setting monthly payments of principal to mirror payments due the Fund. Principal payments are due as follows:

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,608	\$ -0-	\$ 7,608
2017	8,421	-0-	8,421
2018	10,860	-0-	10,860
2019	10,860	-0-	10,860
2020	10,860	-0-	10,860
2021	<u>9,649</u>	<u>-0-</u>	<u>9,649</u>
Total	\$ <u>58,258</u>	\$ <u>-0-</u>	\$ <u>58,258</u>

d. Chase Bank Note Payable

On March 30, 2007, the Water Fund of the City of Fairmont purchased a water filtration system with loan proceeds from Chase Bank. The loan bears interest at a rate of 4.45% and is payable in monthly installments of \$5,487. The loan is secured by equipment.

Future debt retirement based on current financing arrangements at June 30, 2015 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 62,182	\$ 3,666	\$ 65,848
2017	<u>48,482</u>	<u>904</u>	<u>49,386</u>
Total	\$ <u>110,664</u>	\$ <u>4,570</u>	\$ <u>115,234</u>

e. Water Revenue Bonds Series 2010A – West Virginia DWTRF Program

Water Revenue Bonds Series 2010A – West Virginia DWTRF Program Bonds in the amount of \$4,447,618 were issued pursuant to an ordinance enacted by the City of Fairmont on December 15, 2009 and supplemented by a resolution adopted on January 15, 2010. The bonds were sold to the West Virginia Water Development Authority and mature serially through December 1, 2041 and bear interest at 0%.

The Series 2010A bonds were issued by the City in order to (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer; and (ii) to pay certain costs of issuance of the Bonds and related costs.

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

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

The 2010A bonds were secured by a lien on and pledge of the net revenues derived from the operation of the system. The bond is issued on a parity with respect to the liens, pledges and source of and security for payment of prior issued Water Revenue Bonds of the City of Fairmont.

The bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the West Virginia Water Development Authority and the West Virginia Bureau for Public Health and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health, dated January 21, 2010.

As required by the 2010 Revenue 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 purpose of paying principal of and interest on the bonds. The sinking fund account balance at June 30, 2015 was \$160,637.

The following is a schedule of future debt retirement based on current financing arrangement.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 148,256	\$ -0-
2017	148,256	-0-
2018	148,256	-0-
2019	148,256	-0-
2020	148,256	-0-
2021 – 2025	741,280	-0-
2026 – 2030	741,280	-0-
2031 – 2035	741,280	-0-
2036 – 2040	741,280	-0-
2041	<u>222,322</u>	<u>-0-</u>
Total	\$ <u>3,928,722</u>	\$ <u>-0-</u>

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

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

- f. Water Revenue Bonds Series 2010C – West Virginia Development Authority**
Water Revenue Bonds Series 2010C – West Virginia Water Development Authority
Bonds in the amount of \$2,000,000 were issued pursuant to an ordinance enacted by the City of Fairmont on December 15, 2009 and supplemented by a resolution adopted on January 15, 2010. The bonds were sold to the West Virginia Water Development Authority and mature serially through October 1, 2031 and bear interest at 5%.

The Series 2010C bonds were issued by the City in order to (i) pay prior notes; (ii) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer; (iii) pay interest on the Series 2010C bonds during the construction of the project and for not more than 6 months thereafter; and (iv) pay certain costs of issuance hereof and related costs.

The 2010C bonds were secured by a lien on and pledge of the net revenues derived from the operation of the system. The bond is issued on parity with respect to the liens, pledges and source of and security for payment of prior issued Water Revenue Bonds of the City of Fairmont.

The bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the West Virginia Water Development Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the agreement between the City of Fairmont and the West Virginia Water Development Authority dated January 21, 2010.

As required by the 2010 Revenue 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 purpose of paying principal of and interest on the bonds. The sinking fund account balance at June 30, 2015 was \$244,785.

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

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

The following is a schedule of future debt retirement based on current financing arrangement.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 70,019	\$ 93,716
2017	73,520	85,128
2018	77,196	81,360
2019	81,056	77,403
2020	85,109	73,249
2021	89,364	68,887
2022	93,832	64,307
2023	98,524	59,499
2024	103,450	54,449
2025	108,623	49,147
2026	114,054	43,580
2027	119,757	37,734
2028	125,744	31,597
2029	132,032	25,153
2030	138,633	18,386
2031	145,565	11,281
2032	<u>152,843</u>	<u>3,821</u>
Total	\$ <u>1,809,321</u>	\$ <u>878,697</u>

- g. Water Revenue Bonds Series 2010D – West Virginia Infrastructure Fund**
Water Revenue Bonds Series 2010D – West Virginia Infrastructure Fund Bonds in the amount of \$1,250,104 were issued pursuant to an ordinance enacted by the City of Fairmont on December 15, 2009 and supplemented by a resolution adopted on January 15, 2010. The bonds were sold to the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure Fund and mature serially through December 1, 2049 and bear interest at 0%.

The Series 2010D bonds were issued by the City in order to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the City; and (ii) to pay certain costs of issuance hereof and related costs.

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

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

The 2010D bonds were secured by a lien on and pledge of the net revenues derived from the operation of the system. The bond is issued on parity with respect to the liens, pledges and source of and security for payment of prior issued Water Revenue Bonds of the City of Fairmont.

The bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the West Virginia Development Authority and the West Virginia Infrastructure and Jobs Development Council and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the City of Fairmont and the West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council dated January 21, 2010.

As required by the 2010 Revenue 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 purpose of paying principal of and interest on the bonds. The sinking fund account balance at June 30, 2015 was \$14,540.

The following is a schedule of future debt retirement based on current financing arrangement.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 32,900	\$ -0-
2017	32,900	-0-
2018	32,900	-0-
2019	32,900	-0-
2020	32,900	-0-
2021 – 2025	164,500	-0-
2026 – 2030	164,500	-0-
2031 – 2035	164,500	-0-
2036 – 2040	164,500	-0-
2041 – 2045	164,500	-0-
2046 – 2049	<u>118,159</u>	<u>-0-</u>
Total	\$ <u>1,105,159</u>	\$ <u>-0-</u>

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

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

h. Page Valley Bank

On September 9, 2009, the Water Fund of the City of Fairmont borrowed funds from Page Valley Bank through Comvest to finance the 2009 train #5 expansion. The loan bears interest at a rate of 4.60% and is payable in monthly installments of \$8,245.

Future debt retirement based on current financing arrangements at June 30, 2015 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ <u>84,296</u>	\$ <u>1,851</u>	\$ <u>86,147</u>

i. Municipal Building Commission Lease Revenue Bonds, Series 2013A

On March 4, 2013 the Municipal Building Commission issued Municipal Building Lease Revenue Bonds, Series 2013A in the amount of \$965,435 with MVB Bank, Inc. as the holder. The bonds are subject to mandatory redemption of the fourth day of each month until and including March 4, 2033 and pay interest of 3.2%. This bond is payable solely from the rent payable by the City pursuant to a lease agreement between the City and the Building Commission dated January 18, 2005. Upon expiration of the lease, the City has the option to purchase the property from the Commission for \$1. The bonds have a principal balance of \$884,773 as of the date of these financial statements and mature as follows.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 37,660	\$ 27,764	\$ 65,424
2017	38,883	26,541	65,424
2018	40,146	25,278	65,424
2019	41,450	23,974	65,424
2020	42,796	22,628	65,424
2021 – 2025	235,749	91,371	327,120
2026 – 2030	276,596	50,524	327,120
2031 – 2033	<u>171,493</u>	<u>7,860</u>	<u>179,353</u>
Total	\$ <u>884,773</u>	\$ <u>275,940</u>	\$ <u>1,160,713</u>

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

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

j. Municipal Building Commission Lease Revenue Bonds, Series 2013B

On March 4, 2015 the Municipal Building Commission issued Municipal Building Lease Revenue Bonds, Series 2013B in the amount of \$2,602,708 with MVB Bank, Inc. as the holder. The bonds carry an interest rate of 3.20% per annum with principal and interest payable monthly for a term of 20 years. The proceeds of this financing were used to pay off the USDA Rural Development Bonds. At June 30, 2015 there is a principal balance of \$2,385,256 payable as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 101,528	\$ 74,848	\$ 176,376
2017	104,825	71,551	176,376
2018	108,229	68,147	176,376
2019	111,744	64,632	176,376
2020	115,373	61,003	176,376
2021 – 2025	635,555	246,325	881,880
2026 – 2030	745,672	136,208	881,880
2031 – 2033	<u>462,330</u>	<u>21,192</u>	<u>483,522</u>
Total	\$ <u>2,385,256</u>	\$ <u>743,906</u>	\$ <u>3,129,162</u>

k. Water Revenue Bonds Series 2013A – West Virginia DWTRF Program

Water Revenue Bonds Series 2013A – West Virginia DWTRF Program Bonds in the amount of \$3,780,000 were issued pursuant to an ordinance enacted by the City of Fairmont on February 1, 2013. The bonds were sold to the West Virginia Water Development Authority and mature serially through September 1, 2034 and bear interest at .5%.

The Series 2013A bonds were issued by the City in order to (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer; and (ii) to pay certain costs of issuance of the Bonds and related costs.

The 2013A bonds were secured by a lien on and pledge of the net revenues derived from the operation of the system. The bond is issued on a parity with respect to the liens, pledges and source of and security for payment of prior issued Water Revenue Bonds of the City of Fairmont.

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

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

The bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the West Virginia Water Development Authority and the West Virginia Bureau for Public Health and upon the terms and conditions prescribed by, and otherwise in compliance with, the Assistance Agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health.

As required by the 2013 Revenue 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 purpose of paying principal of and interest on the bonds. The sinking fund account balance at June 30, 2015 was \$34,388.

The following is a schedule of future debt retirement based on current financing arrangement.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 180,840	\$ 17,886	\$ 198,726
2017	181,745	17,430	199,175
2018	182,655	16,070	198,725
2019	183,571	15,384	198,955
2020	184,490	14,235	198,725
2021 – 2025	936,408	53,805	990,213
2026 – 2030	960,098	33,530	993,628
2031 – 2034	<u>835,155</u>	<u>9,426</u>	<u>844,581</u>
Total	\$ <u>3,644,962</u>	\$ <u>177,766</u>	\$ <u>3,822,728</u>

1. **Water Revenue Bonds Series 2013B – West Virginia Infrastructure Fund**
Water Revenue Bonds Series 2013B – West Virginia Infrastructure Fund Bonds in the amount of \$1,000,000 were issued pursuant to an ordinance enacted by the City of Fairmont on February 1, 2013. The bonds were sold to the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure Fund and mature serially through September 1, 2044 and bear interest at 2%.

The Series 2013B bonds were issued by the City in order to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the City; and (ii) to pay certain costs of issuance hereof and related costs.

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

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

The 2013B bonds were secured by a lien on and pledge of the net revenues derived from the operation of the system. The bond is issued on parity with respect to the liens, pledges and source of and security for payment of prior issued Water Revenue Bonds of the City of Fairmont.

The bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the West Virginia Development Authority and the West Virginia Infrastructure and Jobs Development Council and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the City of Fairmont and the West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council dated February 1, 2013.

As required by the 2013 Revenue 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 purpose of paying principal of and interest on the bonds. The sinking fund account balance at June 30, 2015 was \$13,814.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 24,962	\$ 19,446	\$ 44,408
2017	25,465	18,943	44,408
2018	25,978	18,430	44,408
2019	26,502	17,906	44,408
2020	27,037	17,371	44,408
2021 – 2025	143,577	78,463	222,040
2026 – 2030	158,635	63,405	222,040
2031 – 2035	175,278	46,762	222,040
2036 – 2037	<u>101,981</u>	<u>16,604</u>	<u>118,585</u>
Total	\$ <u>709,415</u>	\$ <u>297,330</u>	\$ <u>1,006,745</u>

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

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

m. Water Refunding Revenue Bonds, Series 2012D

Water Refunding Revenue Bonds Series 2012D in the amount of \$30,000,000 were issued pursuant to an ordinance enacted by the City of Fairmont on March 27, 2012 and supplemented by a resolution adopted on September 12, 2012. The bonds mature serially through July 1, 2029 and bear interest from 2.00% - 4.00%.

The Series 2012D bonds were issued by the City in order to refinance the Series 1997A bonds, Series 1998A bonds and a portion of the Series 1999 bonds and to finance the cost of issuance.

The 2012D bonds were secured by a lien on and pledge of the net revenues derived from the operation of the system. The bond is issued on a parity with respect to the liens, pledges and source of and security for payment of prior Water Revenue Bonds of the City of Fairmont.

The Series 2012D bonds are subject to optional redemption prior to their stated maturity on or after July 1, 2019, at the option of the City at par plus accrued interest thereon to the date set for redemption.

The Series 2012D bonds maturing on July 1, 2029, are subject to annual mandatory redemption prior to maturity by random selection on July 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each bond so called for redemption plus interest accrued to the date fixed for redemption:

<u>Bonds maturing 2029</u>	<u>Principal Amount</u>
<u>Year (July 1)</u>	
2028	\$ 2,100,000
2029	\$ 2,170,000

If less than all the Series 2012D bonds are redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates.

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

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

As required by the 2012D Revenue 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 purpose of paying principal of and interest on the bonds. The sinking fund account balance at June 30, 2015 was \$3,998,601.

The following is a schedule of future debt retirement based on current financing arrangement.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest Rate</u>
2016	1,425,000	2.00%
2017	1,455,000	2.00%
2018	1,485,000	2.00%
2019	1,510,000	3.00%
2020	1,560,000	2.00%
2021	690,000	2.25%
2022	655,000	2.50%
2023	620,000	2.70%
2024	1,795,000	2.75%
2025	1,845,000	4.00%
2026	1,920,000	3.00%
2027	1,975,000	3.10%
2028	2,040,000	3.15%
2029	<u>4,270,000</u>	3.20%
	<u>\$ 23,245,000</u>	

n. Sewer Revenue Bonds Series 2003A

Series 2003A Sewer Revenue Bonds in the amount of \$600,000 are being issued pursuant to an ordinance enacted by the City of Fairmont on May 13, 2003. The bonds mature serially through September 1, 2034 and bear interest at 0%.

The 2003A bonds were issued by the City of Fairmont in order to: (1) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the City; (2) to fund a reserve account in the sinking fund; and (3) to pay certain costs of issuance of the Bonds and related costs.

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

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

The 2003A bonds are secured by a lien on and pledge of the net revenues derived from the operation of the System.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 16,188	\$ -0-	\$ 16,188
2017	16,188	-0-	16,188
2018	16,188	-0-	16,188
2019	16,188	-0-	16,188
2020	16,188	-0-	16,188
2021 – 2025	80,920	-0-	80,920
2026 – 2030	80,920	-0-	80,920
2031 – 2035	<u>68,762</u>	<u>-0-</u>	<u>68,762</u>
Total	\$ <u>311,542</u>	\$ <u>-0-</u>	\$ <u>311,542</u>

o. Sewer Revenue Bonds Series 2007

Series 2007 Sewer Revenue Bonds in the amount of \$5,577,760 are being issued pursuant to an ordinance enacted by the City of Fairmont. The bonds mature serially through March 1, 2029 and bear interest at 2%.

The 2007 bonds were issued by the City of Fairmont in order to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the City.

The 2007 bonds are secured by a lien on and pledge of the net revenues derived from the operation of the System.

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 259,658	\$ 79,404	\$ 339,062
2017	264,890	74,172	339,062
2018	270,227	68,835	339,062
2019	275,672	63,390	339,062
2020	281,228	57,834	339,062
2021 – 2025	1,481,306	214,004	1,695,310
2026 – 2029	<u>1,234,186</u>	<u>115,270</u>	<u>1,349,456</u>
Total	\$ <u>4,067,167</u>	\$ <u>672,909</u>	\$ <u>4,740,076</u>

p. Note Payable – Wesbanco Bank, Inc.

On December 31, 2013 the Commission purchased property at 109 Merchant Street, formerly known as the WestBanco East Side facility by issuing a Promissory Note to WesBanco Bank, Inc. in the amount of \$360,000.00. The note is payable solely from the rent payable by the City pursuant to a lease agreement between the City and the Commission dated December 31, 2013. Upon expiration of the lease, the City has the option to purchase the property from the Commission for \$1. In addition, the Commission leased a portion of the facility back to WesBanco Bank, Inc. as a secure location for its drive-through customers. The terms of the leaseback include two years without lease payments in lieu of construction of an additional drive-through for the Commission. Lease rent is payable by WesBanco Bank, Inc. in year three in amount of \$12,000, beginning January 1, 2016 with monthly payments of \$1,000.00 due on the first day of each month. The lease shall terminate on December 31, 2016 unless otherwise renewed by options for three additional three year terms with escalators. The note is payable in sixty monthly installments with an interest rate of 3.25% per annum. The note has a principal balance of \$258,030 as of the date of these financial statements.

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 70,768	\$ 7,338	\$ 78,106
2017	73,102	5,004	78,106
2018	75,514	2,592	78,106
2019	<u>38,646</u>	<u>367</u>	<u>39,013</u>
Total	\$ <u>258,030</u>	\$ <u>15,301</u>	\$ <u>273,331</u>

G. Restricted Assets

The balances of the restricted asset accounts for the business-type activities are as follows:

Business-Type Activities

Construction and maintenance accounts	\$ 2,736,515
Other post employment benefits	1,169,607
Revenue bond accounts	4,946,323
Security deposit accounts	<u>165,031</u>
Total restricted assets	\$ <u>9,017,476</u>

Component Unit

Construction and maintenance accounts	\$ 2,174,728
Other post employment benefits	529,170
Revenue bond accounts	327,606
Security deposit accounts	<u>-0-</u>
Total restricted assets	\$ <u>3,031,504</u>

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

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

H. Benefits Funded by the State of West Virginia

For the year ended June 30, 2015, the State of West Virginia contributed estimated payments on behalf of the governments public safety employees as follows:

<u>Plan</u>	<u>Amount</u>
Policemen's Pension and Relief Fund	\$ 326,196
Firemen's Pension and Relief Fund	<u>416,791</u>
Total	\$ <u>742,987</u>

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

I. Prior Period Adjustment

The following net position required restatement as of the beginning of the year as follows:

Water Fund

Net position as previously stated	\$ 18,009,673
Understatement of net pension liability – adoption of GASB 68	(756,342)
Understatement of OPEB trust income	<u>76,764</u>
Net position as restated	\$ <u>17,330,095</u>

Parking Fund

Net position as previously stated	\$ 221,405
Understatement of net pension liability – adoption of GASB 68	(<u>15,258</u>)
Net position as restated	\$ <u>206,147</u>

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

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

Component Unit – Sanitary Sewer Board	
Net position as previously stated	\$ 17,259,648
Understatement of net pension liability – adoption of GASB 68	(<u>599,407</u>)
Net position as restated	\$ <u>16,660,241</u>
Governmental Activities	
Net position as previously stated	\$ 552,373
Understatement of net pension liability – adoption of GASB 68	(<u>40,832,720</u>)
Net position as restated	\$ <u>(40,280,347)</u>

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 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.

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

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

V. Employee Retirement System and Plans

Plan Descriptions, Contribution Information, and Funding Policies

The City of Fairmont, 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 City police department. The City 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, 2015.

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 City fire department. The City 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, 2015.

Actuarial valuations are required to be performed once every three years per state statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF 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	59	103
Inactive, nonretired members	1	-0-	1
Retirees and beneficiaries currently receiving benefits	<u>34</u>	<u>40</u>	<u>74</u>
	<u>79</u>	<u>99</u>	<u>178</u>

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

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

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 City 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 City 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

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

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

Actuarial Assumptions and Rate of Return

The total pension liability was determined by an actuarial valuation as of June 30, 2015 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, 2014, through June 30, 2015. 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	3.00%	3.00%
Salary increases	3.0 percent on average	2.0 percent on average
Investment rate of return	5.00%	5.00%

Mortality rates were based on the 1994 Group Annuity Mortality for Males or Females, 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 or 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 City'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	\$ 26,785,506	\$ 37,228,522
Plan fiduciary net position	<u>4,851,501</u>	<u>1,683,829</u>
Net pension liability	\$ <u>21,934,005</u>	\$ <u>35,544,693</u>
Plan fiduciary net position as a percentage of the total pension liability	18.11%	4.52%

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

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

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 3.80% 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	\$ 26,027,454	\$ 21,934,005	\$ 18,637,199
FPRF's net pension liability	\$ 41,085,934	\$ 35,544,693	\$ 31,057,852

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	\$ 52,896	\$ 60,987	\$ 113,883
Investments	4,794,236	1,618,991	6,413,227
Receivables:			
Other	3,099	3,099	6,198
Interest	<u>1,271</u>	<u>752</u>	<u>2,023</u>
Total assets	<u>4,851,502</u>	<u>1,683,829</u>	<u>6,535,331</u>
Liabilities			
Accounts payable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Position			
Held in trust for pension benefits	\$ <u>4,851,502</u>	\$ <u>1,683,829</u>	\$ <u>6,535,331</u>

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

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

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>	<u>Total (Memorandum Only)</u>
Additions			
Contributions:			
Employer	\$ 669,371	\$ 907,479	\$ 1,576,850
Employee	130,842	164,249	295,091
Insurance premium tax allocation	<u>326,196</u>	<u>416,791</u>	<u>742,987</u>
Net contributions	<u>1,126,409</u>	<u>1,488,519</u>	<u>2,614,928</u>
Investment income:			
Net appreciation in fair value of investments	(103,852)	(67,200)	(171,052)
Interest income and dividends	107,127	38,451	145,578
Capital gains (losses)	<u>85,172</u>	<u>80,781</u>	<u>165,953</u>
Net investment income	<u>88,447</u>	<u>52,032</u>	<u>140,479</u>
Miscellaneous	<u>-0-</u>	<u>41</u>	<u>41</u>
Total additions	<u>1,214,856</u>	<u>1,540,592</u>	<u>2,755,448</u>
Deductions			
General and administrative	1,198	1,189	2,387
Benefit payments	<u>1,176,326</u>	<u>1,595,187</u>	<u>2,771,513</u>
Total deductions	<u>1,177,524</u>	<u>1,596,376</u>	<u>2,773,900</u>
Net increase	37,332	(55,784)	(18,452)
Net position – beginning of year	<u>4,814,170</u>	<u>1,739,613</u>	<u>6,553,783</u>
Net position – end of year	\$ <u>4,851,502</u>	\$ <u>1,683,829</u>	\$ <u>6,535,331</u>

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

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

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

Public Employees Retirement system (PERS)

The City of Fairmont, West Virginia participates in a state-wide, cost sharing, multiply-employer defined benefit plan on behalf of general City 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 City full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
City's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

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

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

V.B.2 Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2015	\$ 647,204	100%
2014	\$ 643,435	100%
2013	\$ 579,756	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 City of Fairmont, West Virginia elected to become a participating employer under the West Virginia Employees Retirement System (PERS plan).

General Information About the Plan

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

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

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

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

Employees covered by benefit terms are all active employees.

Contribution rates for the PERS Plan are subject to Chapter 5, Article 10 of the West Virginia State Code. For the year ended June 30, 2014, active members contributed 4.5 percent of their salary, and employers contributed 14.5 percent of the member's compensation into the plan. For the year ended June 30, 2015, active members contributed 4.5 percent of their salary, and employers contributed 14.0 percent of the member's compensation into the plan.

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

At June 30, 2015 the City reported a liability of \$1,218,249 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 using the actuarial assumption and methods described in the appropriate section of the notes. The City's portion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating public employers actuarially determined.

At June 30, 2014, the City reported the following proportions and increases/decreases from its proportion measured as of June 30, 2013:

Amount for proportionate share of net pension liability	\$ 1,218,249
Percentage for proportionate share of net pension liability	0.33001%
Increase (decrease) % from prior proportion measured	-0.02061%

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

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

For the year ended June 30, 2015, the City recognized pension expense of \$67,866 on its government wide financial statements. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions		
Net difference between projected and actual earnings on pension plan investments	\$ -0-	\$ 1,566,293
Changes in proportion and differences between government contributions and proportionate share of contributions		
	102,739	-0-
Government contributions subsequent to the measurement date		
	<u>471,266</u>	<u>-0-</u>
	\$ <u>574,005</u>	\$ <u>1,566,293</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, 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	\$ (219,006)
2017	(219,006)
2018	(219,006)
2019	(219,006)
2020	<u>(219,003)</u>
	\$ <u>(1,095,027)</u>

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

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

Actuarial Assumptions

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

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

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

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

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

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

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

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

Discount Rate

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

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

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

	<u>(6.50%)</u>	<u>Rate (7.50%)</u>	<u>(8.50%)</u>
City's proportionate share of the net pension liability	\$ 3,441,466	\$ 1,218,249	\$ (676,894)

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 City 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.

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

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

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.

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>
2015	\$ 292,481	0%
2014	\$ 129,094	0%
2013	\$ 101,637	0%

VII. Subsequent Events

The City has considered all subsequent events through January 21, 2016, the date the financial statements were made available.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Fiscal Year Ended June 30, 2015</u>
City's proportion of the net pension liability (asset)	0.33%
City's proportionate share of the net pension liability (asset)	\$ 1,218,249
City's covered – employee payroll	\$ 4,622,885
City's proportionate share of the net pension liability (asset) as a percentage of its covered – employee payroll	26.36%
Plan fiduciary net position as a percentage of the total pension liability	93.98%

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

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

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

	<u>Fiscal Year Ended June 30, 2015</u>
Contractually required contribution	\$ 647,204
Contributions in relation to the contractually required contribution	<u>647,204</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>
City's covered – employee payroll	\$ 4,622,885
Contributions as a percentage of covered – employee payroll	14.00%

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

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

CITY OF FAIRMONT, 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, 2015

Fiscal year ending June 30,	2015	2014
Total Pension Liability		
Service cost	\$ 812,884	\$ 767,965
Interest on the total pension liability	1,625,068	1,693,559
Benefit changes	-0-	-0-
Difference between expected and actual experience	(1,337,486)	-0-
Assumption changes	593,316	1,099,407
Benefit payments	(1,534,428)	(1,557,909)
Refunds	(60,759)	(5,581)
Net change in total pension liability	98,595	1,997,441
Total pension liability – beginning	<u>37,129,927</u>	<u>35,132,486</u>
Total pension liability – ending (a)	<u>37,228,522</u>	<u>37,129,927</u>
Plan Fiduciary Net Position		
Employer contributions	1,324,270	1,209,650
Employee contributions	164,249	162,770
Pension plan net investment income	51,321	258,994
Benefit payments	(1,534,428)	(1,557,909)
Refunds	(60,759)	(5,581)
Pension plan administrative expense	(1,189)	(1,752)
Other	<u>752</u>	<u>54,076</u>
Net change in plan fiduciary net position	(55,784)	120,248
Plan fiduciary net position – beginning	<u>1,739,613</u>	<u>1,619,365</u>
Plan fiduciary net position – ending (b)	<u>1,683,829</u>	<u>1,739,613</u>
Net pension liability – ending (a) – (b)	\$ <u>35,544,693</u>	\$ <u>35,390,314</u>
Plan fiduciary net position as a percentage of total pension liability	4.52%	4.69%
Covered employee payroll	\$ <u>1,841,996</u>	\$ <u>1,825,201</u>
Net pension liability as a percentage of covered employee payroll	1,929.68%	1,938.98%

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

CITY OF FAIRMONT, 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, 2015

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 37,129,927	\$ 1,739,613	\$ 35,390,314	4.69%	\$ 1,825,201	1,938.98%
2015	\$ 37,228,522	\$ 1,683,829	\$ 35,544,693	4.52%	\$ 1,841,996	1,929.68%

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

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

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u> (a)	<u>Employer Contribution</u> (b)	<u>State Contribution</u> (c)	<u>Percentage Contributed</u> [(b)+(c)]/(a)	<u>Covered Payroll</u> (f)	<u>Actual Contribution as a % of Covered Payroll</u> [(b)+(c)]/(f)
06/30/2013	\$ 1,875,854	\$ 753,076	\$ 432,491	63%	\$ 1,781,502	67%
06/30/2014	\$ 1,952,499	\$ 805,791	\$ 403,859	62%	\$ 1,825,201	66%
06/30/2015	\$ 1,974,513	\$ 907,479	\$ 416,791	67%	\$ 1,841,996	72%

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

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

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

<i>Measurement Date</i>	June 30, 2015, measurement date based on actuarial liabilities as of July 1, 2014
<i>Actuarial Cost Method</i>	Entry Age Normal, Level-Percentage-of-Pay
<i>Actuarial Value of Assets</i>	Market value used for GASB Nos. 67 and 68 reporting
<i>Contribution Policy and Amortization Method</i>	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings are <i>not expected to fully fund the projected actuarial liability for current plan members, and assets for the closed plan are projected to be depleted by 2024.</i>
<i>Actuarial Assumptions:</i>	
<i>Investment Rate of Return</i>	5.000% per year
<i>GASB 67/68 Discount Rate</i>	4.468% per year at June 30, 2015, and 4.590% at June 30, 2014
<i>Projected Salary Increases</i>	9.000% with one year of service, 4.500% with two years of service, 2.000% with three to four years of service and 1.000% after
<i>Cost of Living Increases</i>	3.000% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years

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

**CITY OF FAIRMONT, 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, 2015**

Fiscal year ending June 30,	2015	2014
Total Pension Liability		
Service cost	\$ 606,861	\$ 606,293
Interest on the total pension liability	1,289,059	1,281,433
Benefit changes	-0-	-0-
Difference between expected and actual experience	(303,310)	-0-
Assumption changes	-0-	-0-
Benefit payments	(1,092,158)	(1,047,535)
Refunds	(84,168)	(34,223)
Net change in total pension liability	416,284	805,968
Total pension liability – beginning	<u>26,369,222</u>	<u>25,563,254</u>
Total pension liability – ending (a)	<u>26,785,506</u>	<u>26,369,222</u>
Plan Fiduciary Net Position		
Employer contributions	995,568	906,968
Employee contributions	130,842	130,476
Pension plan net investment income	87,174	592,817
Benefit payments	(1,092,158)	(1,047,535)
Refunds	(84,168)	(34,223)
Pension plan administrative expense	(1,198)	(1,305)
Other	<u>1,271</u>	<u>51,320</u>
Net change in plan fiduciary net position	37,331	598,518
Plan fiduciary net position – beginning	<u>4,814,170</u>	<u>4,215,651</u>
Plan fiduciary net position – ending (b)	<u>4,851,501</u>	<u>4,814,169</u>
Net pension liability – ending (a) – (b)	\$ <u>21,934,005</u>	\$ <u>21,555,053</u>
Plan fiduciary net position as a percentage of total pension liability	18.11%	18.26%
Covered employee payroll	\$ <u>1,674,166</u>	\$ <u>1,639,169</u>
Net pension liability as a percentage of covered employee payroll	1,310.15%	1,315.00%

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

CITY OF FAIRMONT, WEST VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF 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, 2015

<u>FY Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 26,369,222	\$ 4,814,169	\$ 21,555,053	18.26%	\$ 1,639,169	1,315.00%
2015	\$ 26,785,506	\$ 4,851,501	\$ 21,934,005	18.11%	\$ 1,674,166	1,310.15%

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

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

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u> (a)	<u>Employer Contribution</u> (b)	<u>State Contribution</u> (c)	<u>Percentage Contributed</u> [(b)+(c)]/(a)	<u>Covered Payroll</u> (f)	<u>Actual Contribution as a % of Covered Payroll</u> [(b)+(c)]/(f)
06/30/2013	\$ 1,282,078	\$ 545,104	\$ 342,568	69%	\$ 1,469,669	60%
06/30/2014	\$ 1,383,346	\$ 583,261	\$ 323,707	66%	\$ 1,639,169	55%
06/30/2015	\$ 1,401,173	\$ 669,372	\$ 326,196	71%	\$ 1,674,166	59%

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

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

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

<i>Measurement Date</i>	June 30, 2015, measurement date based on actuarial liabilities as of July 1, 2014
<i>Actuarial Cost Method</i>	Entry Age Normal, Level-Percentage-of-Pay
<i>Actuarial Value of Assets</i>	Market value used for GASB Nos. 67 and 68 reporting
<i>Contribution Policy and Amortization Method</i>	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. 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 2044.
<i>Actuarial Assumptions:</i>	
<i>Investment Rate of Return</i>	5.000% per year
<i>GASB 67/68 Discount Rate</i>	5.000% per year at June 30, 2015, and 5.000% at June 30, 2014
<i>Projected Salary Increases</i>	9.000% with one year of service, 4.500% with two years of service, 2.000% with three to four years of service and 1.000% after
<i>Cost of Living Increases</i>	3.000% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years

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

SUPPLEMENTARY INFORMATION

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

	<u>Boards and Commissions Fund</u>	<u>Workers Compensation Fund</u>	<u>Urban Renewal Authority</u>	<u>Economic Development Grant Fund</u>	<u>Total</u>
ASSETS					
Cash	\$ 6,531	\$ 202,141	\$ 3,157	\$ 3,086	\$ 214,915
Investments	5,522	1,658,431	-0-	-0-	1,663,953
Receivables:					
Grant	-0-	-0-	-0-	109,017	109,017
Interest	-0-	865	-0-	-0-	865
Due from (to):					
Other funds	<u>1,690</u>	<u>-0-</u>	<u>-0-</u>	<u>(78,890)</u>	<u>(77,200)</u>
TOTAL ASSETS	\$ <u>13,743</u>	\$ <u>1,861,437</u>	\$ <u>3,157</u>	\$ <u>33,213</u>	\$ <u>1,911,550</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -0-	\$ 9,934	\$ 2,200	\$ 30,347	\$ 42,481
Claims payable	<u>-0-</u>	<u>187,525</u>	<u>-0-</u>	<u>-0-</u>	<u>187,525</u>
Total liabilities	<u>-0-</u>	<u>197,459</u>	<u>2,200</u>	<u>30,347</u>	<u>230,006</u>
Fund Balances					
Restricted	-0-	-0-	-0-	2,866	2,866
Assigned	<u>13,743</u>	<u>1,663,978</u>	<u>957</u>	<u>-0-</u>	<u>1,678,678</u>
Total fund balances	<u>13,743</u>	<u>1,663,978</u>	<u>957</u>	<u>2,866</u>	<u>1,681,544</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>13,743</u>	\$ <u>1,861,437</u>	\$ <u>3,157</u>	\$ <u>33,213</u>	\$ <u>1,911,550</u>

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

CITY OF FAIRMONT, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Boards and</u> <u>Commissions</u> <u>Fund</u>	<u>Workers</u> <u>Compensation</u> <u>Fund</u>	<u>Urban</u> <u>Renewal</u> <u>Authority</u>	<u>Economic</u> <u>Development</u> <u>Grant</u> <u>Fund</u>	<u>Total</u>
Revenues					
Intergovernmental:					
Federal	\$ -0-	\$ -0-	\$ -0-	\$ 153,891	\$ 153,891
State	-0-	-0-	-0-	47,999	47,999
Contributions:					
From employer	-0-	165,895	-0-	-0-	165,895
Donations	4,000	-0-	5,000	10,962	19,962
Investment income	187	57,666	1	-0-	57,854
Gain (loss) on investments	(56)	(12,017)	-0-	-0-	(12,073)
Total revenues	<u>4,131</u>	<u>211,544</u>	<u>5,001</u>	<u>212,852</u>	<u>433,528</u>
Expenditures					
General government	-0-	185,066	-0-	-0-	185,066
Public safety	-0-	-0-	-0-	49,955	49,955
Culture and recreation	928	-0-	-0-	10,962	11,890
Community development	2,490	-0-	21,000	118,157	141,647
Benefit payments	<u>-0-</u>	<u>58,514</u>	<u>-0-</u>	<u>-0-</u>	<u>58,514</u>
Total expenditures	<u>3,418</u>	<u>243,580</u>	<u>21,000</u>	<u>179,074</u>	<u>447,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>713</u>	<u>(32,036)</u>	<u>(15,999)</u>	<u>33,778</u>	<u>(13,544)</u>
Other Financing Sources (Uses)					
Operating transfers in	-0-	-0-	16,000	-0-	16,000
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(36,600)</u>	<u>(36,600)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>16,000</u>	<u>(36,600)</u>	<u>(20,600)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	713	(32,036)	1	(2,822)	(34,144)
Fund balance beginning of year	<u>13,030</u>	<u>1,696,014</u>	<u>956</u>	<u>5,688</u>	<u>1,715,688</u>
Fund balance end of year	\$ <u>13,743</u>	\$ <u>1,663,978</u>	\$ <u>957</u>	\$ <u>2,866</u>	\$ <u>1,681,544</u>

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

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

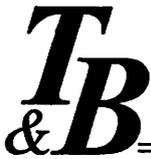
	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Total</u>
Assets			
Cash	\$ 52,896	\$ 60,987	\$ 113,883
Investments	4,794,236	1,618,991	6,413,227
Receivables:			
Other	3,099	3,099	6,198
Interest	<u>1,271</u>	<u>752</u>	<u>2,023</u>
Total assets	<u>4,851,502</u>	<u>1,683,829</u>	<u>6,535,331</u>
Liabilities			
Accounts payable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Position			
Held in trust for pension benefits	\$ <u>4,851,502</u>	\$ <u>1,683,829</u>	\$ <u>6,535,331</u>

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

**CITY OF FAIRMONT, WEST VIRGINIA
FIDUCIARY RESPONSIBILITIES
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 669,371	\$ 907,479	\$ 1,576,850
Employees	130,842	164,249	295,091
Insurance premium tax allocation	<u>326,196</u>	<u>416,791</u>	<u>742,987</u>
Net contributions	<u>1,126,409</u>	<u>1,488,519</u>	<u>2,614,928</u>
Investment income:			
Net appreciation in fair value of investments	(103,852)	(67,200)	(171,052)
Interest income and dividends	107,127	38,451	145,578
Capital gains (losses)	<u>85,172</u>	<u>80,781</u>	<u>165,953</u>
Net investment income	<u>88,447</u>	<u>52,032</u>	<u>140,479</u>
Miscellaneous	<u>-0-</u>	<u>41</u>	<u>41</u>
Total additions	<u>1,214,856</u>	<u>1,540,592</u>	<u>2,755,448</u>
Deductions:			
General and administrative	1,198	1,189	2,387
Benefit payments	<u>1,176,326</u>	<u>1,595,187</u>	<u>2,771,513</u>
Total deductions	<u>1,177,524</u>	<u>1,596,376</u>	<u>2,773,900</u>
Net increase	37,332	(55,784)	(18,452)
Net position – beginning of year	<u>4,814,170</u>	<u>1,739,613</u>	<u>6,553,783</u>
Net position – end of year	\$ <u>4,851,502</u>	\$ <u>1,683,829</u>	\$ <u>6,535,331</u>

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



**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***

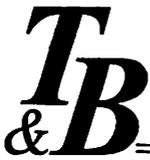
The Honorable Mayor and Council of
the City of Fairmont
Fairmont, West Virginia

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, aggregate blended component units, each major fund, and the aggregate remaining fund information of City of Fairmont, West Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Fairmont, West Virginia's basic financial statements, and have issued our report thereon date January 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fairmont, West Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fairmont, West Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Fairmont, 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.



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Fairmont, West Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Fairmont, West Virginia's major federal programs for the year ended June 30, 2015. The City of Fairmont, West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Fairmont, West Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Fairmont, 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 City of Fairmont, West Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Fairmont, West Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of City of Fairmont, 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 City of Fairmont, West Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Fairmont, West Virginia's internal control over compliance.

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

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

Honorable Mayor and Council of
the City of Fairmont

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

Detrick A. Bartlett, PHH

January 21, 2016

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

A. Summary of Audit Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified Opinion</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Deficiency(s) identified that are not considered to be material weaknesses?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified Opinion</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	<u>No</u>
Identification of major programs:	
United States Environmental Protection Agency/ Office of Water ARRA – Capitalization Grants for Drinking Water State Revolving Funds	CFDA #66.468
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee	___ yes <u>X</u> no

**CITY OF FAIRMONT, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

B. Findings – Financial Statement Audit

No Findings

C. Findings and Questioned Costs – Major Federal Award Programs Audit

*United States Environmental Protection Agency – Office of Water – ARRA –
Capitalization Grants for Drinking Water State Revolving Funds – CFDA Number
66.468 – Year Ended June 30, 2015.*

No Findings

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

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
United States Environmental Protection Agency/ Office of Solid Waste and Emergency Response	66.818	BF-97333401-1	\$ 3,000	\$ 3,000	\$ 3,000
<i>West Virginia University</i>					
ARRA – Brownfields Assessment and Cleanup Cooperative Agreements					
United States Environmental Protection Agency/ Office of Water State of West Virginia Environmental Protection and West Virginia Water Development Authority	66.468		3,780,000	<u>529,346</u>	<u>529,346</u>
AARA – Capitalization Grants for Drinking Water State Revolving Fund				<u>532,346</u>	<u>532,346</u>
Total United States Environmental Protection Agency				<u>13,050</u>	<u>13,050</u>
United States Department of Agriculture Rural Housing Service				<u>13,050</u>	<u>13,050</u>
Community Facilities Loans and Grants	10.766		13,050		
Total United States Department of Agriculture				<u>13,050</u>	<u>13,050</u>
United States Department of Housing and Urban Development/ Office of Community Planning and Development					
<i>State of West Virginia Office of Economic Opportunity</i>					
Emergency Shelter Grants Program	14.231	E-14-DC-54-0001	51,285	<u>51,285</u>	<u>51,285</u>
Total United States Department of Housing and Urban Development				<u>51,285</u>	<u>51,285</u>

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

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements/ Expenditures</u>
United States Department of the Interior/National Park Service					
<i>State of West Virginia Historic Preservation Office of the Division of Culture and History</i>					
ARRA – Save America's Treasures	15.929		\$ 53,653	\$ <u>53,653</u>	\$ <u>53,653</u>
Total United States Department of the Interior				<u>53,653</u>	<u>53,653</u>
United States Department of Homeland Security					
<i>State of West Virginia Department of Military Affairs & Public Safety Homeland Security State Administrative Agency</i>					
<u>Marion County Commission</u> Homeland Security Grant Program	97.067	13-LE-52	32,903	<u>32,903</u>	<u>32,903</u>
Total United States Department of Homeland Security				<u>32,903</u>	<u>32,903</u>
Total federal funding				\$ <u>683,237</u>	\$ <u>683,237</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Significant Accounting Policies

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial Audit

No prior audit findings.

Major Federal Award Programs Audit

*United States Environmental Protection Agency – Office of Water – ARRA –
Capitalization Grants for Drinking Water State Revolving Funds – CFDA
Number 66.468 – Year Ended June 30, 2014.*

No prior audit findings.

**CITY OF FAIRMONT, WEST VIRGINIA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

***United States Environmental Protection Agency – Office of Water – ARRA – Capitalization
Grants for Drinking Water State Revolving Funds – CFDA Number 66.468 – Year Ended
June 30, 2015.***

There were no audit findings therefore a corrective action plan is not required.