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**CITY OF WEIRTON
BROOKE AND HANCOCK COUNTIES
Single Audit
For the Year Ended June 30, 2015**

RFP #15-286

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Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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**CITY OF WEIRTON
BROOKE COUNTY**

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**CITY OF WEIRTON
BROOKE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

July 15, 2016

City of Weirton
Brooke County
200 Municipal Plaza
Weirton, WV 26062

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **City of Weirton**, Brooke County, West Virginia (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Qualified
Coal Severance Fund	Unmodified
Water Board Fund	Qualified
Sanitary Board Fund	Qualified
Board of Park Commissioners Fund	Qualified
Internal Service	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinions

Management has not adopted the provisions of Governmental Accounting Standards Board Statement Number 45, "Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions (OPEB)" and has not recorded obligations for OPEB. Accounting principles generally accepted in the United States of America require adequate OPEB obligations be recorded. We cannot reasonably determine the amount by which this departure would affect the liabilities, expenses and net position of the governmental activities.

Qualified Opinions

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinions* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, general, water board, sanitary board, board of park commissioners and aggregate remaining fund information of the City of Weirton, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the coal severance fund and internal service fund of the City of Weirton, Brooke County, West Virginia as of June 30, 2015, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during the year ended June 30, 2015, the City adopted Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

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 Governmental Accounting Standards Board (GASB) who consider it to be an essential part of 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 this presentation to include the schedule of defined benefit pension trusts, schedules of net pension liabilities and pension contributions, and required budgetary comparison schedules, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information.

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

The combining statements, individual nonmajor fund financial statements and schedule of expenditures of state awards present additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The statements and schedules are the responsibility of management and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the statements and schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

City of Weirton, West Virginia
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,603,835	\$ 1,406,326	\$ 6,010,161
Investments	539,598	469,979	1,009,577
Receivables, net:			
Taxes	1,701,505	-	1,701,505
Charges for services	555,972	1,520,660	2,076,632
Intergovernmental	27,873	-	27,873
Other fees and proceeds	20,904	-	20,904
Bond proceeds receivable	-	190,712	190,712
Interest receivable	-	51	51
Internal balances	(1,946)	1,946	-
Inventories	-	98,609	98,609
Other assets	32,660	-	32,660
Restricted assets:			
Cash and cash equivalents	-	1,925,491	1,925,491
Capital assets:			
Land and construction in progress	913,146	549,944	1,463,090
Other capital assets, net of depreciation	15,505,147	27,137,514	42,642,661
Total assets	23,898,694	33,301,232	57,199,926
Deferred Outflows			
Changes in employer proportion and differences between contributions and proportionate share of contributions	32,918	104,855	137,773
Changes in assumptions	1,150,275	-	1,150,275
Differences between expected and actual experience with regard to economic or demographic factors	498,599	-	498,599
Differences between projected and actual investment earnings on pensions	237,143	-	237,143
Employer contributions to pension plan subsequent to the measurement date	311,205	288,747	599,952
Total deferred outflows of resources	2,230,140	393,602	2,623,742

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Net Position (Continued)
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	494,903	323,778	818,681
Wages and benefits payable	288,180	178,078	466,258
Note payable, current	-	20,636	20,636
Capital lease obligations payable, current	165,557	-	165,557
Compensated absences	493,251	148,981	642,232
Unearned revenues	249,260	-	249,260
Security deposit	25,000	-	25,000
Grant advances	754	-	754
Liabilities payable from restricted assets:			
Bonds payable, current	-	1,192,615	1,192,615
Accrued interest payable	-	38,227	38,227
Note payable, non-current	-	12,212	12,212
Capital lease obligations payable, non-current	78,614	-	78,614
Bonds payable, non-current	-	12,361,914	12,361,914
Net pension liability	33,454,841	546,041	34,000,882
	<u>35,250,360</u>	<u>14,822,482</u>	<u>50,072,842</u>
Total liabilities			
Deferred Inflows			
Differences between expected and actual experience with regard to economic or demographic factors	44,808	-	44,808
Differences between projected and actual investment earnings on pensions	632,846	577,636	1,210,482
	<u>677,654</u>	<u>577,636</u>	<u>1,255,290</u>
Total deferred inflows of resources			
Net Position			
Net investment in capital assets	16,020,178	14,100,081	30,120,259
Restricted for:			
Capital projects	1,226,848	-	1,226,848
Debt service	-	1,570,045	1,570,045
Other purposes	1,340,145	355,446	1,695,591
Unrestricted (Deficit)	(28,386,351)	2,269,144	(26,117,207)
	<u>\$ (9,799,180)</u>	<u>\$ 18,294,716</u>	<u>\$ 8,495,536</u>
Total net position			

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Activities
For the Year Ended June 30, 2015

Functions					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Program Revenue		Primary Government		
			Operating and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 3,562,261	\$ 572,197	\$ 638,607	\$ -	\$ (2,351,457)	\$ -	\$ (2,351,457)
Public safety	7,256,334	2,341,912	548,052	104,421	(4,261,949)	-	(4,261,949)
Highway and streets	2,573,639	831,133	95,013	-	(1,647,493)	-	(1,647,493)
Health and sanitation	994,128	1,319,455	-	-	325,327	-	325,327
Culture and recreation	1,002,587	9,634	246,477	-	(746,476)	-	(746,476)
Social services	71,601	-	397,412	-	325,811	-	325,811
Interest	7,412	-	-	-	(7,412)	-	(7,412)
Total governmental activities	<u>15,467,962</u>	<u>5,074,331</u>	<u>1,925,561</u>	<u>104,421</u>	<u>(8,363,649)</u>	<u>-</u>	<u>(8,363,649)</u>
Business-type activities:							
Water board	3,540,257	3,912,670	-	9,800	-	382,213	382,213
Sanitary board	2,735,069	3,061,396	24,735	1,750	-	352,812	352,812
Board of park commissions	1,233,809	444,917	-	7,497	-	(781,395)	(781,395)
Total business-type activities	<u>7,509,135</u>	<u>7,418,983</u>	<u>24,735</u>	<u>19,047</u>	<u>-</u>	<u>(46,370)</u>	<u>(46,370)</u>
Total primary government	<u>\$ 22,977,097</u>	<u>\$ 12,493,314</u>	<u>\$ 1,950,296</u>	<u>\$ 123,468</u>	<u>\$ (8,363,649)</u>	<u>\$ (46,370)</u>	<u>\$ (8,410,019)</u>
General revenues:							
Taxes:							
Property taxes					\$ 2,973,479	\$ -	\$ 2,973,479
B & O taxes					4,867,518	-	4,867,518
Excise tax on utilities					1,153,426	-	1,153,426
Other taxes					696,209	-	696,209
Video lottery and table gaming					596,468	-	596,468
Unrestricted investment earnings					29,724	6,075	35,799
Other					58,011	48,850	106,861
Gain (loss) on sale of assets					-	(82,408)	(82,408)
Transfers					(521,500)	521,500	-
Total general revenues and transfers					<u>9,853,335</u>	<u>494,017</u>	<u>10,347,352</u>
Changes in net position					1,489,686	447,647	1,937,333
Net position- beginning (as restated) - See Note 20					(11,288,866)	17,847,069	6,558,203
Net position- ending					<u>\$ (9,799,180)</u>	<u>\$ 18,294,716</u>	<u>\$ 8,495,536</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia

**Balance Sheet
Governmental Funds
June 30, 2015**

	General Fund	Coal Severance	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,506,616	\$ 39,968	\$ 1,751,271	\$ 4,297,855
Investments	-	-	539,598	539,598
Receivables, net				
Taxes	1,636,064	19,145	46,296	1,701,505
Charges for services	529,066	-	-	529,066
Intergovernmental	11,937	-	15,936	27,873
Other fees and proceeds	20,904	-	-	20,904
Due from other funds	215,335	-	368	215,703
Prepaid expenses	30,241	-	3,320	33,561
Total assets	<u>\$ 4,950,163</u>	<u>\$ 59,113</u>	<u>\$ 2,356,789</u>	<u>\$ 7,366,065</u>
Liabilities, Deferred Inflows and Fund Balance				
Liabilities				
Accounts payable	\$ 458,216	\$ -	\$ 36,316	\$ 494,532
Wages and benefits payable	279,718	-	8,462	288,180
Compensated absences	94,955	-	25,992	120,947
Due to other funds	205,467	27,904	5,800	239,171
Security deposit	-	-	25,000	25,000
Unearned revenue	-	-	249,260	249,260
Grant Advances	-	-	754	754
Total liabilities	<u>1,038,356</u>	<u>27,904</u>	<u>351,584</u>	<u>1,417,844</u>
Deferred Inflows of Resources				
Unavailable revenue-taxes	<u>103,599</u>	<u>-</u>	<u>-</u>	<u>103,599</u>
Fund balances				
Non-spendable for:				
Prepaid expenses	30,241	-	3,320	33,561
Restricted for:				
Capital projects	-	-	1,226,848	1,226,848
Culture and recreation	1,340,145	-	-	1,340,145
Committed for:				
Capital projects	469,626	-	-	469,626
Workers' compensation	166,261	-	-	166,261
General expenditures	64,174	-	-	64,174
Assigned for:				
General expenditures	6,720	31,209	775,037	812,966
Unassigned for:				
Unassigned	<u>1,731,041</u>	<u>-</u>	<u>-</u>	<u>1,731,041</u>
Total fund balances	<u>3,808,208</u>	<u>31,209</u>	<u>2,005,205</u>	<u>5,844,622</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,950,163</u>	<u>\$ 59,113</u>	<u>\$ 2,356,789</u>	<u>\$ 7,366,065</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2015

Total fund balance, governmental funds	\$ 5,844,622
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets of \$38,355,414 net of accumulated depreciation of \$21,937,121, used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	16,418,293
Certain other long-term assets are not available to pay current period expenditures and, therefore, are unearned in the funds. These consist entirely of unearned property taxes.	103,599
The net position of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	353,143
The portion of compensated absences that are not due and payable in the current period and are not reported in the funds, but are included in the governmental activities of the Statement of Net Position.	(372,311)
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 outflows - Differences between expected and actual experience with regard to economic or demographic factors	498,599
Deferred outflows - Changes in assumptions	1,150,275
Deferred outflows - Differences between projected and actual investment earnings on pensions	237,143
Deferred outflows - Changes in employer proportion and differences between contributions and proportionate share of contributions	32,918
Deferred outflows - Employer contributions to pension plan subsequent to measurement date	311,205
Deferred inflows - Differences between expected and actual experience with regard to economic or demographic factors	(44,808)
Deferred inflows - Differences between projected and actual investment earnings on pensions	(632,846)
	1,552,486
Long-term net pension liabilities are not due and payable in the current period and not reported in the funds.	(33,454,841)
Capital lease obligations do not require the use of current financial resources and therefore are reported only in the Statement of Net Position.	(244,171)
Net position of governmental activities in the Statement of Net Position	\$ (9,799,180)

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Coal Severance	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,595,949	\$ -	\$ 350,822	\$ 2,946,771
B&O taxes	4,852,236	-	-	4,852,236
Excise tax on utilities	1,153,426	-	-	1,153,426
Other taxes	629,933	81,752	-	711,685
Fines and forfeitures	133,957	-	9,634	143,591
Licenses, permits, and fees	249,751	-	-	249,751
Intergovernmental	1,355,164	-	408,475	1,763,639
Charges for services	4,492,500	-	-	4,492,500
Video lottery and table gaming	596,468	-	-	596,468
Investment income	7,701	69	21,955	29,725
Contributions	-	-	266,344	266,344
Other	54,730	-	3,281	58,011
Total revenues	16,121,815	81,821	1,060,511	17,264,147
Expenditures				
Current:				
General government	2,716,487	-	197,323	2,913,810
Public safety	6,211,446	-	44,000	6,255,446
Highways and streets	3,223,129	-	135,039	3,358,168
Health and sanitation	963,458	-	-	963,458
Culture and recreation	232,058	-	830,148	1,062,206
Social services	1,872	-	69,729	71,601
Debt Service:				
Capital leases - principal	217,543	50,160	-	267,703
Capital leases - interest	6,731	678	-	7,409
Total expenditures	13,572,724	50,838	1,276,239	14,899,801
Excess (deficiency) of revenues over expenditures	2,549,091	30,983	(215,728)	2,364,346

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Coal Severance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)				
Proceeds from capital leases	105,646	-	-	105,646
Transfers from other funds	-	-	349,118	349,118
Transfers to other funds	(870,618)	-	-	(870,618)
	<u>(764,972)</u>	<u>-</u>	<u>349,118</u>	<u>(415,854)</u>
Net other financing sources (uses)				
	(764,972)	-	349,118	(415,854)
Net changes in fund balances	1,784,119	30,983	133,390	1,948,492
Fund balances - beginning	2,024,089	226	1,871,815	3,896,130
Fund balances - ending	<u>\$ 3,808,208</u>	<u>\$ 31,209</u>	<u>\$ 2,005,205</u>	<u>\$ 5,844,622</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds:	\$	1,948,492
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlays as expense. The outlays are allocated over their estimated useful lives and reported as depreciation expense for the period. This is the amount by which capital outlays of \$1,271,683 exceeded depreciation expense of \$1,210,307 in the current period.		61,376
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This consists of increases in property taxes.		41,991
Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which capital lease payments of \$267,703 exceeded new capital lease of \$105,646.		162,057
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68:		
Amount of pension expenditures at fund modified accrual level	1,583,566	
Amount of pension expenses recognized at government - wide level	<u>(2,431,744)</u>	(848,178)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. These result in a net decrease in compensated absences of \$72,765.		72,765
An internal service fund is used by management to charge the cost of gasoline to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		51,183
Change in net position of governmental activities	<u>\$</u>	<u>1,489,686</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds					Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	
Assets						
Current assets						
Cash and cash equivalents	\$ 355,555	\$ 832,066	\$ 217,720	\$ 985	\$ 1,406,326	\$ 305,982
Investments	-	-	469,979	-	469,979	-
Accounts receivable, net	838,336	678,253	4,071	-	1,520,660	25,640
Bonds proceeds receivable	-	190,712	-	-	190,712	-
Due from other funds	-	200,337	-	-	200,337	21,521
Interest receivable	-	-	51	-	51	-
Inventories	98,609	-	-	-	98,609	-
Total current assets	<u>1,292,500</u>	<u>1,901,368</u>	<u>691,821</u>	<u>985</u>	<u>3,886,674</u>	<u>353,143</u>
Restricted assets						
Cash and cash equivalents	<u>1,371,429</u>	<u>554,062</u>	<u>-</u>	<u>-</u>	<u>1,925,491</u>	<u>-</u>
Total restricted assets	<u>1,371,429</u>	<u>554,062</u>	<u>-</u>	<u>-</u>	<u>1,925,491</u>	<u>-</u>
Non-current assets						
Capital assets						
Land and construction in progress	128,577	107,651	9,135	304,581	549,944	-
Other capital assets, net of accumulated depreciation	<u>12,329,980</u>	<u>13,404,969</u>	<u>1,402,564</u>	<u>-</u>	<u>27,137,513</u>	<u>-</u>
Total non-current assets	<u>12,458,557</u>	<u>13,512,620</u>	<u>1,411,699</u>	<u>304,581</u>	<u>27,687,457</u>	<u>-</u>
Total assets	<u>15,122,486</u>	<u>15,968,050</u>	<u>2,103,520</u>	<u>305,566</u>	<u>33,499,622</u>	<u>353,143</u>
Deferred outflows						
Changes in employer proportion and differences between contributions and proportionate share of contributions	52,278	46,393	6,184	-	104,855	-
Employer contributions to pension plan subsequent to measurement date	<u>141,231</u>	<u>108,229</u>	<u>39,287</u>	<u>-</u>	<u>288,747</u>	<u>-</u>
Total deferred outflows of resources	<u>193,509</u>	<u>154,622</u>	<u>45,471</u>	<u>-</u>	<u>393,602</u>	<u>-</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund-Gasoline
Liabilities						
Current liabilities						
Accounts payable	287,840	18,066	17,872	-	323,778	-
Wages and benefits payable	81,131	68,143	28,804	-	178,078	-
Due to other funds	113,056	73,771	11,563	-	198,390	-
Compensated absences	63,747	70,296	14,938	-	148,981	-
Notes payable, current	20,636	-	-	-	20,636	-
Total current liabilities	566,410	230,276	73,177	-	869,863	-
Liabilities payable from restricted assets						
Bond interest payable, current	23,609	14,618	-	-	38,227	-
Bonds payable, current	750,559	442,056	-	-	1,192,615	-
Total liabilities payable from restricted assets	774,168	456,674	-	-	1,230,842	-
Non-current liabilities						
Net pension liability	246,213	225,947	73,881	-	546,041	-
Note payable, non-current	12,212	-	-	-	12,212	-
Bonds payable, non-current	4,456,980	7,904,934	-	-	12,361,914	-
Total non-current liabilities	4,715,405	8,130,881	73,881	-	12,920,167	-
Total liabilities	6,055,983	8,817,831	147,058	-	15,020,872	-
Deferred inflows						
Differences between projected and actual investment earnings on pensions	260,459	239,021	78,156	-	577,636	-
Total deferred inflows of resources	260,459	239,021	78,156	-	577,636	-
Net Position						
Net investment in capital assets	7,218,169	5,165,632	1,411,699	304,581	14,100,081	-
Restricted for:						
Debt service	1,210,608	359,437	-	-	1,570,045	-
Other purposes	160,822	194,624	-	-	355,446	-
Unrestricted	409,954	1,346,127	512,078	985	2,269,144	353,143
Total net position	\$ 8,999,553	\$ 7,065,820	\$ 1,923,777	\$ 305,566	\$ 18,294,716	\$ 353,143

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	Internal Service Funds -Gasoline
Operating Revenues						
Charges for services:						
Fees for services	\$ 3,912,670	\$ 3,061,396	\$ 370,859	\$ -	\$ 7,344,925	\$ -
Concessions, merchandise sales and commissions	-	-	74,058	-	74,058	-
Internal service charges	-	-	-	-	-	549,976
Total charges for services	<u>3,912,670</u>	<u>3,061,396</u>	<u>444,917</u>	<u>-</u>	<u>7,418,983</u>	<u>549,976</u>
Operating grants and contributions	-	24,735	-	-	24,735	-
Total operating revenues	<u>3,912,670</u>	<u>3,086,131</u>	<u>444,917</u>	<u>-</u>	<u>7,443,718</u>	<u>549,976</u>
Operating Expenses						
Personal services	1,543,026	1,375,161	598,585	-	3,516,772	-
Operations, maintenance, and contractual services	1,197,448	715,329	377,868	-	2,290,645	-
Materials and supplies	148,986	129,085	50,841	-	328,912	498,793
Depreciation	485,814	446,198	206,515	-	1,138,527	-
Total operating expenses	<u>3,375,274</u>	<u>2,665,773</u>	<u>1,233,809</u>	<u>-</u>	<u>7,274,856</u>	<u>498,793</u>
Operating income (loss)	<u>537,396</u>	<u>420,358</u>	<u>(788,892)</u>	<u>-</u>	<u>168,862</u>	<u>51,183</u>
Non-Operating Revenues (Expenses)						
Investment income	1,999	2,408	1,665	3	6,075	-
Interest on bonds and note obligations	(164,983)	(69,296)	-	-	(234,279)	-
Gain (losses) on disposal of capital assets	(7,392)	(75,431)	415	-	(82,408)	-
Other revenue	17,467	2,541	28,842	-	48,850	-
Total non-operating revenue (expenses)	<u>(152,909)</u>	<u>(139,778)</u>	<u>30,922</u>	<u>3</u>	<u>(261,762)</u>	<u>-</u>
Income (loss) before contributions and transfers	384,487	280,580	(757,970)	3	(92,900)	51,183
Capital grants and contributions	9,800	1,750	7,497	-	19,047	-
Transfers from other funds	<u>-</u>	<u>-</u>	<u>521,500</u>	<u>-</u>	<u>521,500</u>	<u>-</u>
Change in net position	394,287	282,330	(228,973)	3	447,647	51,183
Total net position, beginning (as restated)	<u>8,605,266</u>	<u>6,783,490</u>	<u>2,152,750</u>	<u>305,563</u>	<u>17,847,069</u>	<u>301,960</u>
Total net position, ending	<u>\$ 8,999,553</u>	<u>\$ 7,065,820</u>	<u>\$ 1,923,777</u>	<u>\$ 305,566</u>	<u>\$ 18,294,716</u>	<u>\$ 353,143</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund - Parking	Total Enterprise Funds	Internal Service Fund - Gasoline
Cash Flows from Operating Activities						
Cash received from customers	\$ 3,943,279	\$ 2,887,402	\$ 444,917	\$ -	\$ 7,275,598	\$ 215,127
Cash received for internal services	-	-	-	-	-	369,884
Cash payments to suppliers for goods and services	(1,449,435)	(1,301,731)	(437,879)	-	(3,189,045)	(498,793)
Cash payments to employees and professional contractors for services	(1,627,871)	(1,432,968)	(625,217)	-	(3,686,056)	-
Payments for internal services	(3,499)	(3,119)	41	-	(6,577)	-
Other operating revenues	-	24,735	-	-	24,735	-
Net cash provided (used) by operating activities	862,474	174,319	(618,138)	-	418,655	86,218
Cash Flows from Non-Operating Activities						
Other non-operating revenues	17,461	2,540	28,842	-	48,843	-
Net cash provided (used) by non-operating activities	17,461	2,540	28,842	-	48,843	-
Cash Flows from Non-Capital Financing Activities						
Transfers from other funds	-	-	521,500	-	521,500	-
Net cash provided (used) by non-capital financing activities	-	-	521,500	-	521,500	-
Cash Flows from Capital and Related Financing Activities						
Acquisition and construction of capital assets	(4,301)	(1,284,517)	(76,285)	-	(1,365,103)	-
Disposition of capital assets	-	-	415	-	415	-
Proceeds from issue of bonds and notes	-	1,658,184	-	-	1,658,184	-
Principal paid on bonds and notes	(734,753)	(195,491)	-	-	(930,244)	-
Interest paid on bonds and notes	(172,808)	(59,784)	-	-	(232,592)	-
Capital contributions and grants received	9,800	1,750	7,497	-	19,047	-
Net cash provided (used) by capital and related financing activities	(902,062)	120,142	(68,373)	-	(850,293)	-
Cash Flows from Investing Activities						
Proceeds from sale of investments	-	-	24,728	-	-	-
Investment income	1,999	2,408	1,665	3	6,075	-
Net cash provided (used) by investing activities	1,999	2,408	26,393	3	30,803	-
Net increase (decrease) in cash and cash equivalents	(20,128)	299,409	(109,776)	3	169,508	86,218
Cash and cash equivalents, beginning	1,747,112	1,086,719	327,496	982	3,162,309	219,764
Cash and cash equivalents, ending	<u>\$ 1,726,984</u>	<u>\$ 1,386,128</u>	<u>\$ 217,720</u>	<u>\$ 985</u>	<u>\$ 3,331,817</u>	<u>\$ 305,982</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund - Parking	Total Enterprise Funds	Internal Service Fund - Gasoline
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 537,396	\$ 420,358	\$ (788,892)	\$ -	\$ 168,862	\$ 51,183
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	485,814	446,198	206,515	-	1,138,527	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	30,609	(77,793)	-	-	(47,184)	2,905
(Increase) decrease in due from other funds	-	(96,202)	-	-	(96,202)	32,130
(Increase) decrease in inventories	32,164	-	-	-	32,164	-
(Increase) decrease in changes in employer proportion and differences between contributions and proportionate share of contributions	(52,278)	(46,393)	(6,184)	-	(104,855)	-
(Increase) decrease in employer contributions to pension plan subsequent to measurement date	(141,231)	(108,229)	(39,287)	-	(288,747)	-
Increase (decrease) in accounts payable	(134,535)	(474,886)	(11,121)	-	(620,542)	-
Increase (decrease) in wages and benefits payable	9,964	11,770	1,225	-	22,959	-
Increase (decrease) in due to other funds	(4,129)	14,451	1,992	-	12,314	-
Increase (decrease) in compensated absences	2,399	(1,264)	1,123	-	2,258	-
Increase (decrease) in net pension liability	(164,158)	(152,712)	(61,665)	-	-	-
Increase (decrease) in differences between projected and actual investment earnings on pensions	260,459	239,021	78,156	-	577,636	-
Net cash provided (used) by operating activities:	<u>\$ 862,474</u>	<u>\$ 174,319</u>	<u>\$ (618,138)</u>	<u>\$ -</u>	<u>\$ 418,655</u>	<u>\$ 86,218</u>
Reconciliation of Cash and Cash Equivalents						
Cash and cash equivalents	\$ 355,555	\$ 832,066	\$ 217,720	\$ 985	\$ 1,406,326	\$ 305,982
Restricted cash and cash equivalents	1,371,429	554,062	-	-	1,925,491	-
Total cash and cash equivalents	<u>\$ 1,726,984</u>	<u>\$ 1,386,128</u>	<u>\$ 217,720</u>	<u>\$ 985</u>	<u>\$ 3,331,817</u>	<u>\$ 305,982</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 88,363	\$ 36,864
Due from general fund	19,418	-
Investments, at fair value:		
Money markets	170,749	-
Government agency obligations	324,676	-
Municipal obligations	205,900	-
Corporate obligations	2,547,679	-
Mutual funds	2,210,995	-
Common stock	8,101,948	-
	<u>13,561,947</u>	<u>-</u>
Total investments	<u>13,561,947</u>	<u>-</u>
	<u>13,669,728</u>	<u>36,864</u>
Liabilities		
Accounts payable	-	36,864
Withholdings payable	20,757	-
	<u>20,757</u>	<u>36,864</u>
Total liabilities	<u>20,757</u>	<u>36,864</u>
Net Position		
Net position held in trust	<u><u>\$ 13,648,971</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 732,910
Plan members	251,038
Insurance premium tax allocation	539,450
	<u>1,523,398</u>
Total contributions	
	<u>1,523,398</u>
Investment income	
Interest and dividends	313,266
Net realized and unrealized gains (losses)	272,953
Less: investment expense	(46,944)
	<u>539,275</u>
Net investment income	
	<u>539,275</u>
Other additions:	
Miscellaneous	468,418
	<u>468,418</u>
Total additions	
	<u>2,531,090</u>
Deductions	
Benefits	2,071,455
Administrative	5,536
	<u>2,076,991</u>
Total deductions	
	<u>2,076,991</u>
Change in net position	454,099
Net position held in trust for pension benefits	
Beginning of year	13,194,872
	<u>13,194,872</u>
End of year	<u>\$ 13,648,971</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies

The accounting and reporting framework and the more significant accounting principles and practices of the City of Weirton, West Virginia (the City) are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2015.

Reporting Entity

The City is a charter city in which citizens elect the mayor at large and seven council members by wards. The accompanying financial statements present the City's primary government. There are no component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Related Organizations

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Financial statements are available from the respective organizations. Related organizations are described as follows:

City of Weirton Housing Authority

Administers federal funding and/or other financing for improvement of housing conditions in the City. The five citizens who serve as the governing board are approved by the City Council. The City has no significant influence over the management, budget, or policies of the Housing Authority. The Authority reports independently.

City of Weirton Transit Authority

Administers federal funding and/or other financing for operating a bus transportation system in the City. The eleven citizens who serve as the governing board are approved by the City Council. The City has no significant influence over the management, budget, or policies of the Transit Authority. The Authority reports independently.

City of Weirton Redevelopment Authority

Administers federal funding and/or other financing for the redevelopment of real estate within the City. The six citizens who serve as the governing board are approved by the City Council. The City has no significant influence over the management, budget, or policies of the Redevelopment Authority. The Authority reports independently.

Description of government – wide 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. All fiduciary activities are reported only in the fund financials. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business- type activities, which rely, to a significant extent on fees and charges to external customers for support.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Description of government – wide financial statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Basis of presentation – government – wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service fund, while the business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

The accounts of the City are organized on the basis of funds or group of accounts, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds in a single column.

The City reports the following major governmental funds:

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

Coal Severance Fund - This special revenue fund accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements (Continued)

The City reports the following major enterprise funds:

Water Board Fund - This fund accounts for the revenues and expenses generated by water services provided to the residents of the City as well as other entities.

Sanitary Board Fund - This fund accounts for the revenues and expenses generated by sewage services provided to the residents of the City as well as other entities.

Board of Park Commissions Fund - This fund accounts for the revenues and expenses generated by recreational facilities and services provided to the residents of the City.

Additionally, the government reports the following fund types:

Internal Service Fund - The internal service fund is used to account for operations that provide, on a user charge basis, services to other departments. The City's only internal service fund is the Gasoline Fund. As a general rule, the effect of internal service activity has been eliminated from the governmental-wide financial statements. However, it is reported as a proprietary fund in the fund financial statements.

Special Revenue Fund - Special revenue funds are used to account for the specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. As previously mentioned, the coal severance is considered a major governmental fund of the City. The nonmajor special revenue funds of the City are the Youth Job Program, TIF, Public Safety, Library, and Community Development Block Grant (CDBG), the detail of which is shown within the supplementary information.

Pension Trust Funds - Report fiduciary resources held in trust and the receipt, investment, and distribution of retirement benefits. The City's pension trust funds are limited to uniformed employees (policemen and firemen).

Agency Fund - Accounts for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. The City's agency fund is used to account for various deposits, bail bonds, performance bonds, and escrow monies. Agency funds are accounted for using the accrual basis of accounting and do not present results of operation or have a measurement focus.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements.

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

1. Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Adoption of accounting pronouncement

Effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of these statements is to improve decision – usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision – usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

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 pending litigation are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting (Continued)

Property taxes, business and occupation taxes, utility excise taxes, hotel/motel taxes, wine/liquor sales taxes, other miscellaneous tax revenue, video lottery proceeds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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. All other revenue items are considered to be measurable and available only when the government receives cash.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Assets, deferred outflows, liabilities, deferred inflows and net position/ fund balance

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents in governmental funds includes cash on hand, deposits with financial institutions or fiscal agents, and money market deposits with trust departments.

Investments

The securities included in investments are stated at market value as determined primarily by quoted market prices and matrix pricing of similar debt securities. The investment policy for the City, including the Pension funds, follows the guidelines established under Section 8-22-22a of the West Virginia State Code. State statutes authorize the City to invest in the Municipal Bond Commission, obligations of the United States or any agency thereof, obligations of the state, and high graded debt of private corporations. In addition to the above, the Pension funds can also invest in equities and mutual funds. The City does not have a policy for concentration of credit, interest, and credit risk in addition to the state's governing statutes.

Restricted Assets

Certain proceeds of the proprietary funds revenue bonds, as well as certain resources set aside for their bond repayment, maintenance and construction, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants and/or public service commission requirements.

Total restricted assets, which consist of interest bearing checking accounts and deposits with the West Virginia Municipal Bond Commission, amounted to \$1,925,491.

Inventories

All funds, except the Water Board, consider inventories as expenditures at the time of purchase; therefore, they do not appear on the City's financial statements. Inventory for the Water Board is stated at cost.

Deferred outflows of resources

Deferred outflows of resources represent a consumption of net position and or fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Assets, deferred outflows, liabilities, deferred inflows and net position/ fund balance (Continued)

Capital Assets

The City's property, plant, equipment, and proprietary fund infrastructure and governmental fund infrastructure purchased or constructed after June 30, 1980 with useful lives of more than one year are stated at historical cost, or estimated historical cost, if actual cost is unavailable, and are comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as acquisition and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Infrastructure recorded by the City includes roads/streets, alleys, bridges, trails, and trail bridges.

Estimated useful lives, in years, for depreciable assets are as follows:

Land improvements	5-70
Building and improvements	5-70
Infrastructure	10-50
General plant	20-50
Furniture, machinery, and equipment	4-45

Compensated Absences

Full-time, permanent employees are granted vacation, other paid time off and comp time benefits in varying amounts to specified maximums depending on tenure with the City. Employees are entitled to their accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. The current portion of this debt is estimated based on historical trends. Governmental funds report only the compensated absences liability payable from expendable, available financial resources in the fund financial statements.

Long – Term Debt

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts and premiums are amortized over the terms of the respective bonds using the straight line method. Debt discounts and premiums are netted against the respective portions of current and non-current bonds payable on the government-wide statement of net position. Gain or loss upon refunding of debt is reported as deferred inflows or deferred outflows and amortized over the term of the related debt. Bond issuance costs are expensed as incurred.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Deferred inflows of resources

Deferred inflows of resources represents an acquisition of net position and or fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Assets, deferred outflows, liabilities, deferred inflows and net position/ fund balance (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when limitations are imposed through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted sources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The City's fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted – A fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action. The City's highest level of decision-making authority is City Council. The formal action that is required to be taken to establish, modify or rescind a fund balance commitment is through an ordinance.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts are intended uses established by City Council or a City official delegated with that authority.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

The City applies restricted resources first when expenditures are incurred for the purposes for which either restricted, committed, assigned, or unassigned amounts are available. Similarly, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these fund balance classifications could be used.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Assets, deferred outflows, liabilities, deferred inflows and net position/ fund balance (Continued)

Pension

For purposes of measuring the net pension asset and liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employee Retirement System (PERS) and additions to/deductions from the plan's 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.

Revenue and expenditures/expenses

Program revenues

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 operating and non – operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitary Board, Water Board, Board of Park Commissions Fund, and Internal Service Fund are charges to customers for sales and services. Operating expenses for the enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Transfers

Transfers and payments within the reporting entity are primarily for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

Substantial operating subsidies are provided by the General Fund to the Board of Park Commissions. Such payments are reported as transfers in the accompanying financial statements. These payments are detailed in the schedule below.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

The following schedule reports transfers and payments within the primary government reporting entity for the year ended June 30, 2015:

	<u>Major governmental funds</u>
	<u>General fund</u>
Business – type activities	
Major enterprise funds	
Board of park commissions	\$ 521,500
Total transfers	<u>\$ 521,500</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

3. Property Taxes

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

The sheriff of each county, as ex officio county treasurer, collects all taxes levied in that particular county. Each month the sheriff is required to pay all monies collected for any municipal corporation into the respective treasury of that municipality, payment to be made on or before the tenth day of each month for all monies collected during the preceding month. After the sheriff has collected eighty-five percent of the combined total of all taxes assessed on real and personal property, the sheriff is allowed a commission of two and one-half percent, not to exceed \$15,000, on the remainder of the taxes actually collected, exclusive of interest and charges thereon. The commission so allowed is charged against the various funds for which the taxes are collected.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: Class I property, twelve and five-tenths cents (12.5 cents); on Class II property, twenty-five cents (25.0 cents); and on class IV property, fifty cents (50.0 cents). In addition, counties may provide for an election to lay an excess levy, the rates not to exceed statutory limitations, provide that at least sixty percent of the votes cast ballots in favor of the excess levy.

The levy rates of the City for the fiscal year ended June 30, 2015 were assessed as follows:

<u>Assessed class of property</u>	<u>Assessed valuation for tax purposes</u>	<u>Current expense</u>
Class I	\$ -	12.5 cents
Class II	251,263,030	25.0 cents
Class IV	414,064,130	50.0 cents

4. Budgetary Information

The General Fund and Coal Severance Tax Fund appropriated budgets are prepared on a detailed line item basis. This detail is then submitted to the West Virginia State Auditor's Office, Chief Inspector Division, for approval. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions require approval by the City Council. Revisions that change a "departmental total" must also have approval of the West Virginia State Auditor, Chief Inspector. Revisions to the budget were made throughout the year.

The budgets for the General Fund and Coal Severance Tax Fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

5. Stabilization Fund

City Council has established, through ordinance, a stabilization fund to set aside amounts to be used in emergency situations or for short-term cash flow purposes. The City maintains the stabilization fund within the general fund. June 30, 2015, the balance of the stabilization fund is \$563,672.

6. Deposits and Investments

Custodial Credit Risk

Deposits – The City has \$6,663,478 in deposits with financial institutions collateralized by securities held by pledging financial institutions or their agents in the City's name as of June 30, 2015.

Custodial Credit Risk (Continued)

Investments – As of June 30, 2015, the City held the following investments:

	Governmental	Fiduciary	Business – type activities	Total
Money markets	\$ 30	\$ 170,749	\$	\$ 170,779
Certificate of deposits			469,979	469,979
Government agency obligations		324,676		324,676
Corporate obligations		2,547,679		2,547,679
Municipal obligations		205,900		205,900
Mutual funds	216,435	2,210,995		2,427,430
Common stock	323,133	8,101,948		8,425,081
Municipal bond commission			1,570,045	1,570,045
Total Investments	\$ 539,598	\$ 13,561,947	\$ 2,040,024	\$ 16,141,569

Concentration of credit, interest rate, and credit risks

Governmental and Proprietary Funds - On the Statement of Net Position and Balance Sheet, the governmental and proprietary money market funds, certificates of deposit, and mutual funds are included in investments and the Municipal Bond Commission is included in restricted cash and cash equivalents. All of the governmental and proprietary investments are insured or registered securities held by the City or its agent in the City's name. The governmental and proprietary investments are rated using Standard & Poor's and Moody's Investment Services. The interest rate and credit risk ratings of these investments is as follows:

	Interest Rate and Credit Risk Ratings	
	Maturity Range	Credit Quality Rating Range
Money markets and certificates of deposit	Less than 1 year	N/A
Bond mutual funds	Not available	Not rated
Municipal bond commission pool	Less than 1 year	Not rated

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

6. Deposits and Investments (Continued)

Concentration of credit, interest rate, and credit risks (Continued)

Fiduciary Funds – On the Statement of Fiduciary Net Position, the fiduciary money market funds, government agency obligations, municipal obligations, corporate obligations, mutual funds, and common stock are included in investments. All of the fiduciary funds' investments are insured or registered securities held by the City or its agent in the City's name. The fiduciary investments are rated using Moody's Investment Services. The credit risk ratings of these investments is as follows:

At year end, the City Policemen's Pension Fund had the following investments:

	Fair Value	Credit Risk Rating
Wesbanco Bank Inc. Premium Yield	\$ 21,852	
U.S. Government Agency Obligations	125,064	Aaa
Municipal Obligations	102,950	Aaa
Corporate Obligations –		
Johnson & Johnson	52,211	Aaa
Wal – Mart Stores	53,952	Aa2
Colgate – Palmolive	104,300	Aa3
IBM Corp	50,719	Aa3
ConocoPhillips	55,170	A1
GE Capital Corp Series Mtn	51,153	A1
Oracle Corp	50,743	A1
Anheuser – Busch	59,348	A2
Boeing Capital	52,122	A2
Merk & Co.	75,046	A2
Occidental Petroleum	50,453	A2
El Du Pont De Nemours	59,473	A3
Goldman Sachs	81,296	A3
McDonald's	54,815	A3
AT & T	101,670	Baa1
Bank of America	112,706	Baa1
Total Corporate Obligations	1,065,175	
Total Mutual Funds	465,759	
Total Equities	2,633,182	
Total Investments	\$ 4,413,982	

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

6. Deposits and Investments (Continued)

Concentration of credit, interest rate, and credit risks (Continued)

At year end, the City Firemen's Pension Fund had the following investments:

	Fair Value	Credit Risk Rating
Federated U.S. Treasury Cash Reserves 632	\$ 148,897	
U.S. Government Agency Obligations	199,612	
Municipal Obligations	102,950	
Corporate Obligations –		
Wal – Mart Stores	80,927	Aa2
Colgate – Palmolive	104,300	Aa3
IBM Corp	76,078	Aa3
ConocoPhillips	82,755	A1
GE Capital Corp Series Mtn	76,730	A1
Oracle Corp	81,189	A1
Anheuser – Busch	89,021	A2
Boeing Capital	182,425	A2
Bristol – Myers Squibb	101,889	A2
John Deere Capital	75,712	A2
Emerson Electric	70,112	A2
Occidental Petroleum	100,906	A2
Goldman Sachs	101,620	A3
McDonald's	82,222	A3
AT & T	101,670	Baa1
Eaton Corp	47,949	Baa1
Total Corporate Obligations	1,482,504	
Total Mutual Funds	1,745,236	
Total Equities	5,468,766	
Total Investments	\$ 9,147,965	

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

7. Receivables and Uncollectible Accounts

Governmental Funds

Taxes receivable include business and occupation taxes, property taxes, utility excise taxes, wine and liquor taxes, and hotel and motel taxes. Charges for services include amounts due from customers for police and fire service fees and sanitation services. These receivables are due within one year. Certain funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. Related amounts are shown in the following table:

<u>Receivable Type</u>	<u>General Fund</u>	<u>Coal Severance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Taxes	\$ 1,728,299	\$ 19,145	\$ 46,296	\$ 1,793,740
Charges for services	1,594,421	-	-	1,594,421
Fees and other receivables	20,904	-	-	20,904
Intergovernmental	11,937	-	15,936	27,873
Less: Allowance for uncollectible accounts	(1,157,590)	-	-	(1,157,590)
Net accounts receivable	<u>\$ 2,197,971</u>	<u>\$ 19,145</u>	<u>\$ 62,232</u>	<u>\$ 2,279,348</u>
Uncollectible amounts netted with revenues	<u>\$ 152,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,001</u>

Proprietary Funds

Receivables include amounts due from customers primarily for water and sewer services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 90 days. Related amounts are shown in the following table:

	<u>Water Board</u>	<u>Sanitary Board</u>	<u>Board of Park Commissions</u>	<u>Total</u>
Accounts receivable	\$ 920,734	\$ 1,099,900	\$ 4,071	\$ 2,024,705
Intergovernmental	-	190,712	-	190,712
Less: Allowance for uncollectible accounts	(82,398)	(421,647)	-	(504,045)
Net accounts receivable	<u>\$ 838,336</u>	<u>\$ 868,965</u>	<u>\$ 4,071</u>	<u>\$ 1,711,372</u>
Uncollectible amounts netted with revenues	<u>\$ 30,557</u>	<u>\$ 36,277</u>	<u>\$ -</u>	<u>\$ 66,834</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

8. Minimum Lease Obligation

At June 30, 2015, the City has nine outstanding lease agreements which were made for the purchase of nine police vehicles, two sanitation trucks, and four street trucks. The cost and accumulated depreciation for assets under capital lease at June 30, 2015 were \$943,794 and \$194,168, respectively. The total lease payments less interest costs are as follows:

	<u>Year Ending June 30</u>	
	2016	\$ 168,818
	2017	76,591
	2018	2,917
Total capital leases payable		<u>248,326</u>
Less: Interest costs		<u>(4,155)</u>
Present value of future minimum lease payments		244,171
Less: Current portion		<u>(165,557)</u>
Capital leases, non current		<u>\$ 78,614</u>

9. Capital Assets

Construction in progress

Active construction in progress is composed of the following:

	<u>Expended at June 30, 2015</u>	<u>Remaining Commitment</u>
Primary Government		
<i>Business – Type Activities</i>		
Water Fund		
Valve Replacement	<u>\$ 10,701</u>	<u>\$ -</u>
Sewer Fund		
Infrastructure	<u>\$ 17,571</u>	<u>\$ -</u>
Plant Improvements	<u>\$ 40,605</u>	<u>\$ 757,894</u>
Board of Park Commissions		
Building Improvements	<u>\$ 3,133</u>	<u>\$ -</u>

Business-type activities include construction funded with user charges, capital contributions, and bond proceeds.

Depreciation

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

Governmental activities		Business – type activities	
General Government	\$ 567,910	Water Board	\$ 485,814
Public Safety	129,189	Sanitary Board	446,198
Highways and Streets	315,293	Board of Park Commissions	206,515
Health and Sanitation	66,407		<u>\$ 1,138,527</u>
Culture and Recreation	131,508		
	<u>\$ 1,210,307</u>		

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

9 Capital Assets (Continued)

A summary of changes in fixed assets for the fiscal year ended June 30, 2015 is as follows:

Governmental Activities	Balance 07/01/2014	Additions	Deductions	Balance 06/30/2015	Accumulated Depreciation Prior Years	Depreciation Expense Current Year	Deductions	Net Balance 6/30/2015
Non-Depreciable capital assets								
Land	\$ 913,146	\$ -	\$ -	\$ 913,146	\$ -	\$ -	\$ -	\$ 913,146
Depreciable capital assets								
Land improvements	1,873,098	-	-	1,873,098	1,859,617	3,311	-	10,170
Infrastructure	13,935,741	910,991	-	14,846,732	4,132,923	341,630	-	10,372,179
Buildings and improvements	8,321,648	121,529	(4,251)	8,438,926	5,853,453	165,605	(4,249)	2,424,117
Vehicle and equipment	12,107,709	239,163	(63,360)	12,283,512	8,948,430	699,761	(63,360)	2,698,681
Total Governmental	\$ 37,151,342	\$ 1,271,683	\$ (67,611)	\$ 38,355,414	\$ 20,794,423	\$ 1,210,307	\$ (67,609)	\$ 16,418,293
Business- Type Activities								
Non-Depreciable capital assets								
Land	\$ 477,934	\$ -	\$ -	\$ 477,934	\$ -	\$ -	\$ -	\$ 477,934
Construction in progress	13,834	58,176	-	72,010	-	-	-	72,010
Depreciable capital assets								
Land improvements	169,131	-	-	169,131	136,898	14,069	-	18,164
Infrastructure	46,132,373	11,919	-	46,144,292	28,459,327	576,202	-	17,108,763
Buildings and improvements	8,760,068	1,203,870	(164,549)	9,799,389	4,944,713	250,386	(90,502)	4,694,792
Vehicle and equipment	3,254,705	71,675	(104,963)	3,221,417	2,349,004	179,156	(97,570)	790,827
General plant facilities	5,876,453	20,062	(8,624)	5,887,891	1,250,850	118,714	(6,640)	4,524,967
Total Business- Type	\$ 64,684,498	\$ 1,365,702	\$ (278,136)	\$ 65,772,064	\$ 37,140,792	\$ 1,138,527	\$ (194,712)	\$ 27,687,457

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

10. Long Term Debt

Revenue Bonds

Revenue bonds outstanding as of June 30, 2015 consist of debt issued by the City for its water and sewer treatment facilities. The debt is payable solely from and secured by a pledge of the gross revenues to be derived from the operation of the treatment facilities.

Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The general bond indentures and their supplements for the bonds require the use of revenue, depreciation, operations and maintenance, reserve, construction, renewal and replacement, rebate and sinking fund accounts.

The annual debt service requirements to maturity for bond debt as of June 30, 2015 are as follows:

Year Ending June 30	Water Board		Sanitary Board	
	Principal	Interest	Principal	Interest
2016	\$ 750,559	\$ 150,253	\$ 442,056	\$ 172,111
2017	789,048	111,767	450,965	163,203
2018	369,582	70,598	460,051	154,116
2019	377,028	63,151	469,322	144,846
2020	250,499	56,556	478,779	135,388
2021-2025	1,330,269	204,998	2,401,346	431,465
2026-2030	1,153,691	70,949	2,082,065	176,386
2031-2035	186,863	2,812	1,562,407	42,445
Total	<u>\$ 5,207,539</u>	<u>\$ 731,084</u>	<u>\$ 8,346,990</u>	<u>\$ 1,419,960</u>

Additional Debt Disclosure

	Amount of Original Issue	Ranges of Final Maturity Date	Ranges of Interest Rates
Water Board	\$ 11,917,410	2017-2031	0% - 8.1% plus 1% administration fee
Sanitary Board	10,103,404	2017-2035	2% plus 1% administration fee
Total	<u>\$ 22,020,814</u>		

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

10. Long Term Debt (Continued)

Notes Payable

The City's Water Board obtained a note with a local financial institution for an addition to the main water treatment plant. The note has an interest rate of 2.36%. At June 30, 2015, the principal and interest payments due from the City are as follows:

Year Ending June 30	Principal	Interest
2016	\$ 20,636	\$ 605
2017	12,212	126
Total	<u>\$ 32,848</u>	<u>\$ 731</u>

The following is a summary of changes in long – term debt for the year ended June 30, 2015.

	Payable at June 30, 2014	Additions	Deductions	Payable at June 30, 2015
Governmental Activities				
Capital leases payable	\$ 406,228	\$ 105,646	\$ (267,703)	\$ 244,171
Net pension liability	31,368,924	4,239,567	(2,153,650)	33,454,841
Total Governmental Activities	<u>\$ 31,775,152</u>	<u>\$ 4,345,213</u>	<u>\$ (2,421,353)</u>	<u>\$ 33,699,012</u>

	Payable at June 30, 2014	Additions	Deductions	Payable at June 30, 2015
Business – Type Activities				
<i>Notes Payable</i>				
Water Board	\$ 53,040	\$ -	\$ (20,192)	\$ 32,848
Total Notes Payable	<u>\$ 53,040</u>	<u>\$ -</u>	<u>\$ (20,192)</u>	<u>\$ 32,848</u>
<i>Revenue Bonds</i>				
Water Board	\$ 5,922,101	\$ -	\$ (714,562)	\$ 5,207,539
Sanitary Board	6,693,585	1,848,896	(195,491)	8,346,990
Total Revenue Bonds	<u>\$ 12,615,686</u>	<u>\$ 1,848,896</u>	<u>\$ (910,053)</u>	<u>\$ 13,554,529</u>
Net pension liability	\$ 1,211,856	\$ -	\$ (665,815)	\$ 546,041
Total Business – Type Activities	<u>\$ 13,880,582</u>	<u>\$ 1,848,896</u>	<u>\$ (1,596,060)</u>	<u>\$ 14,133,418</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

11. Risk Management

The City is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In order to manage its risk of loss, the City purchases commercial insurance for liability, property and casualty losses as well as for employee health and basic life coverage. In addition, the City participates in the West Virginia Workers' Compensation Fund for coverage against injuries to employees. The West Virginia Workers' Compensation Fund risk pool retains the risk of loss under the program.

12. Interfund Receivables and Payables

Generally, outstanding balances between funds reported as "due to/from other funds" are related to purposes described in Note 1 as well as for other miscellaneous receivables/payables between funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The following schedule reports receivables and payables within the Primary Government reporting entity at fiscal year-end:

	Governmental Activities		Business – Type Activities		
	General Fund	Other Government Funds	Internal Service Fund	Sanitary Board	Total Due From
Governmental Activities					
Major Governmental Funds					
General	\$ -	\$ 368	\$ 15,527	\$ 189,572	\$ 205,467
Coal Severance	27,904	-	-	-	27,904
Non – major Governmental Funds					
CDBG	5,800	-	-	-	5,800
Business – Type Activities					
Major Enterprise Funds					
Water Board	96,896	-	5,395	10,765	113,056
Sanitary Board	73,771	-	-	-	73,771
Board of Park Commissions	10,964	-	599	-	11,563
Total Due To	<u>\$ 215,335</u>	<u>\$ 368</u>	<u>\$ 21,521</u>	<u>\$ 200,337</u>	<u>\$ 437,561</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

13. Revenues and Expenditures- Benefits Funded by the State of West Virginia

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

City of Weirton Policemen's Pension and Relief Fund	\$ 339,332
City of Weirton Firemen's Pension and Relief Fund	200,118
Total	<u>\$ 539,450</u>

State contributions are funded by allocations of the state's insurance premium tax. The City is not legally responsible for these contributions.

14. Retirement Plans

The City reporting entity participates in two single-employer, defined benefit, public employee retirement plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans.

The City also participates in a state-wide cost sharing, multi-employer defined benefit public employee retirement system which covers employees of the State of West Virginia and its participating political subdivisions. This system is administered by the State of West Virginia and is funded by contributions from participants, employers, and state appropriations, as necessary.

Aggregate Defined Benefit Pension Expense and Expenditures

The City recognized government-wide pension expense of \$2,353,550 and governmental expenditures of \$1,272,361 for the year ended June 30, 2015 related to its defined benefit plans.

Actuarially Determined Contribution

Actuarial assumptions and other information used to determine the actuarially determined contribution for the two single-employer plans are located in the Required Supplementary Information section of the report.

Defined Benefit Plans

Policemen's Pension and Relief Fund

Plan Description

Unless otherwise indicated, The Policemen's Pension and Relief Fund information in this Note is provided as of the latest actuarial valuation, July 01, 2014 and GASB Statement No. 67 Plan Reporting and Accounting Schedules at measurement date of June 30, 2015.

All permanent full-time police department personnel are covered by this plan which is being funded in accordance with Chapter 8, Article 22 of the West Virginia Code.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Members are eligible for normal retirement at the earlier of age 50 with 20 years of credited service or age 65. Annual retirement pension benefits commence upon retirement or upon the member attaining age fifty, whichever is later, payable in twelve monthly installments. The annual retirement benefit equals 60% of average annual compensation, not less than \$6,000, plus an additional percentage of average annual compensation for service over 20 years equal to 2% for each year of service between 20 and 25 years and 1% for each year of service between 25 and 30 years. Employees serving in the military are eligible for an additional 1% of average annual compensation for each year of military service up to 4 years. The maximum benefit is limited to 75% of average annual compensation. Benefits continue for life.

Members are eligible for disability retirement after earning five years of service. No service requirement if disability is service related. The monthly disability benefit equals the greater of 60% of monthly salary at disability or \$500. Employees serving in the military are eligible for an additional benefit of 1% of monthly salary at disability for each year of military service up to four years. Disability benefits, when aggregated with monthly state workers compensation benefits, shall not exceed 100% of the member's monthly compensation at the time of disability. Benefits continue for life or until recovery.

Members are eligible for death benefits after earning five years of service. No service requirement if disability is service related. Retirees and terminated vested participants are also eligible. The benefit is equal to 60% of the participant's benefit, but not less than \$300 per month, payable to the spouse until death or remarriage. Other dependents (children, parents, brothers and sisters) are also eligible for death benefits. To each child, twenty percent of the participant's benefit until the child attains eighteen or marries; to each dependent orphaned child, twenty-five percent of the participant's benefit until the child attains eighteen or marries; to each dependent parent, ten percent of the participant's benefit for life, and to each dependent brother or sister, the sum of fifty dollars per month (but a total not to exceed \$100 per month) until such individual attains the age of eighteen or marries. In no case shall the payments to the surviving spouse and children be reduced below sixty-five percent of the total amount paid to all dependents.

All retirees, surviving beneficiaries and disability pensioners are eligible for automatic cost-of-living benefits commencing on the first day of July following two years of retirement. The benefit equals the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees), and multiplied by the sum of the allowable amount which is the first \$15,000 of the total annual benefits paid and the accumulated supplemental pension amounts for prior years.

Any member who terminates employment prior to retirement will be entitled to a refund of contributions without interest.

As of July 01, 2014 membership of the plan is as follows:

Retirees and Beneficiaries	47
Inactive, Non retired Members	1
Active Members	33
Total	<u>81</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Funding Policies

Eligible policemen hired prior to January 1, 2010 contribute 9% of their monthly salary. Eligible policemen hired after January 1, 2010 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2015 was \$1,670,962. The total employee contribution was \$166,071.

The City does not contribute to the Policemen's Plan based upon the latest actuarial study. The City's contributions are based upon a fifteen year solvency plan which stipulates the minimum contribution the City may make to this plan. This contribution method has been approved by the West Virginia legislature and projects the Policemen's Pension and Relief Fund to be solvent under this method for the next consecutive fifteen-year period. This solvency plan must be actuarially updated on an annual basis.

The minimum required contribution of the City and State, according to the July 01, 2014 actuarial report, was \$1,639,294. Actual contributions were \$841,146 for the year ended June 30, 2015.

Net Pension Liability

The components of net pension liability for the Policemen's Pension and Relief Fund at June 30, 2015 are as follows:

Total pension liability	\$ 34,486,917
Less – Plan fiduciary net position	<u>4,465,807</u>
Plan net pension liability	<u><u>\$ 30,021,110</u></u>
Plan fiduciary net position as a percentage of total pension liability	12.95%
Single discount rate	4.125%

Single Discount Rate - A single discount rate of 4.125% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 5.000%, and the municipal bond rate of 3.800%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, until plan year end 2024. Therefore, the single discount rate of 4.125% was applied to all periods of projected benefit payments to determine the total pension liability.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 4.125%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 3.125%	Discount Rate Assumption 4.125%	1% Increase 5.125%
<u> </u>	<u> </u>	<u> </u>
\$ 35,321,248	\$ 30,021,110	\$ 25,756,356

Changes in Net Pension Liability

At fiscal year-end, the government reported the following net pension liability related to the Policemen's Pension and Relief Fund. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2014 and rolled forward to June 30, 2015 using the actuarial assumptions and methods described in the appropriate section of this note.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a – b)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2014	\$ 31,500,434	\$ 4,521,738	\$ 26,978,696
Service costs	774,528		774,528
Interest on total pension liability	1,423,372		1,423,372
Difference between expected and actual experience	678,004		678,004
Changes of assumptions	1,564,166		1,564,166
Employer contributions		501,814	(501,814)
State contributions		339,332	(339,332)
Employee contributions		166,071	(166,071)
Net investment income		192,027	(192,027)
Benefit payments, including employee refunds	(1,453,587)	(1,456,339)	2,752
Administrative expense		(3,140)	3,140
Other		204,305	(204,305)
Balances at June 30, 2015	<u>\$ 34,486,917</u>	<u>\$ 4,465,808</u>	<u>\$ 30,021,109</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

For the fiscal year ended June 30, 2015, the City recognized government-wide pension expense related to the Policemen's Pension and Relief Fund of \$2,212,585. The City also recognized contribution revenue of \$339,332 during the year for support provided to the plan by the State of West Virginia.

The government reported deferred outflows of resources related to the Policemen's Pension and Relief Fund from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience in the measurement of the total pension liability	\$ 498,599
Changes in assumptions	1,150,275
Net difference between projected and actual earnings on pension plan investments	23,045
	<u>\$ 1,671,919</u>

Amounts reported as deferred outflows of resources related to the Policemen's Pension and Relief Fund will be recognized in pension expense as follows:

Year Ended June 30	
2016	\$ 599,058
2017	599,058
2018	468,042
2019	5,761
2020	-
Thereafter	-
Total	<u>\$ 1,671,919</u>

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	42.00%	6.00%
Common Stocks – Mid Cap	3.00%	7.00%
Common Stocks – Small Cap	6.50%	7.00%
International Equity	8.50%	7.00%
Fixed Income	40.0%	3.50%

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Actuarial Methods and Assumptions

The net pension liability is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. According to the most recent actuarial report as of July 01, 2014, the average annual salary for benefits was \$50,635. There were 48 pensioners as of June 30, 2015 receiving an average of \$30,340 in pension benefits with expected cost-of-living increases up to 3%.

The actuarial assumptions and other information used to determine the net pension liability are as follows:

Investment rate of return:				
July 01, 2014	5.0%			
July 01, 2013	5.0%			
General inflation rate:	3.0%			
Expected salary increase:	4.0% general and wage inflation adjustment plus service - based increase of 9.0% for one year of service, 4.5% for two years of service, 2.0% for three and four years of service, and 1.0% thereafter			
Post – retirement COLA:	3.0% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior year			
Increase in state insurance premium tax allocation:	2.0% for year 1 and 3.0% on and after year 2			
Cost method:	Entry Age Normal, Level-Percentage-of-Pay The sponsor finances benefits using the Alternative policy as defined by state statute. This policy does not directly amortize the unfunded actuarial liability. The policy is projected to result in a depletion of plan assets for the closed plan by 2024. 30-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 26 years remaining as of July 01, 2014.			
Asset method:	Market Value			
Turnover:	Sample Rates:			
	Age 25 - 10%	Age 35 - 4%	Age 45 - 2%	Age 50 - 0%
Retirement:	Sample Rates:			
	Age 50-51 - 45%	Age 52-54 - 30%	Age 55 - 45%	Age 56 - 35%
	Age 57 - 55%	Age 58 - 100%		

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Mortality: Active: 85 percent of 1994 Group Annuity Mortality
Post – Retirement: 1994 Group Annuity Mortality
Disabled: 1994 Group Annuity Mortality set forward 4 years

Disability: Sample Rates:
Age 30 - 0.27% Age 40 - 0.57% Age 50 - 0.87%
Rates assuming 40% duty related and 60% non – duty related.

Percent married: 90%

Spouse age: Females 3 years younger than males

Discount Rate Funded Ratio as of Valuation Date		The following table outlines the factors used to determine the discount rate:		
(1)	Liquidity Ratio (2)	Equity Exposure (3)	Projected Funded Ratio after 15 years	Proposed Discount Rate
60% or more	10	50% or more	70% or more	7.0%
40% or more	8	40% or more	60% or more	6.5%
30% or more	6	30% or more	50% or more	6.0%
15% or more	5	N/A	40% or more	5.5%
Less than 15%	N/A	N/A	Less than 40%	5.0%

(1) Funded ratios based on a 6.5% investment return assumption for plans using an actuarially sound policy (standard or optional) and a 6.0% investment return assumption for other plans (alternative or conservation).

(2) Liquidity ratio equals assets as of the valuation date divided by expected benefits for the year.

(3) Based on investment policy.

Discount Rate 4.125%

As of June 30, 2014*	
Assets	\$4,521,738
Liabilities using a 6.0% discount rate	\$26,502,831
Funded Ratio	17.1%
Expected Benefit Payments	\$1,411,012
Liquidity Ratio	3.20
Equity Exposure	58%
Projected Funded Ratio after 15 years	1%

*Based on funding valuation results as of June 30, 2014

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Money Weighted Rate of Return

The Policemen's Pension and Relief Fund's money weighted rate of return for the twelve months period ending June 30, 2015 is 4.1%.

Payables to the Pension Plan

As of June 30, 2015, the City reported a payable of \$12,745 for the outstanding amount of employee contributions to the Policemen's Pension and Relief Fund required for the year ended June 30, 2015. The amount was due and payable as of that date.

Firemen's Pension and Relief Fund

Plan Description

Unless otherwise indicated, The Firemen's Pension and Relief Fund information in this Note is provided as of the latest actuarial valuation, July 01, 2014 and GASB Statement No. 67 Plan Reporting and Accounting Schedules at measurement date of June 30, 2015.

All permanent full-time fire department personnel are covered by this plan which is being funded in accordance with Chapter 8, Article 22 of the West Virginia Code.

Members are eligible for normal retirement at the earlier of age 50 with 20 years of credited service or age 65. Annual retirement pension benefits commence upon retirement or upon the member attaining age fifty, whichever is later, payable in twelve monthly installments. The annual retirement benefit equals 60% of average annual compensation, not less than \$6,000, plus an additional percentage of average annual compensation for service over 20 years equal to 2% for each year of service between 20 and 25 years and 1% for each year of service between 25 and 30 years. Employees serving in the military are eligible for an additional 1% of average annual compensation for each year of military service up to 4 years. The maximum benefit is limited to 75% of average annual compensation. Benefits continue for life.

Members are eligible for disability retirement after earning five years of service. No service requirement if disability is service related. The monthly disability benefit equals the greater of 60% of monthly salary at disability or \$500. Employees serving in the military are eligible for additional benefit of 1% of monthly salary at disability for each year of military service up to four years. Disability benefits, when aggregated with monthly state workers compensation benefits, shall not exceed 100% of the member's monthly compensation at the time of disability. Benefits continue for life or until recovery.

Members are eligible for death benefits after earning five years of service. No service requirement if disability is service related. Retirees and terminated vested participants are also eligible. The benefit is equal to 60% of the participant's benefit, but not less than \$300 per month, payable to the spouse until death or remarriage. Other dependents (children, parents, brothers and sisters) are also eligible for death benefits. To each child, twenty percent of the participant's benefit until the child attains eighteen or marries; to each dependent orphaned child, twenty-five percent of the participant's benefit until the child attains eighteen or marries; to each dependent parent, ten percent of the participant's benefit for life, and to each dependent brother or sister, the sum of fifty dollars per month (but a total not to exceed \$100 per month) until such individual attains the age of eighteen or marries. In no case shall the payments to the surviving spouse and children be reduced below sixty-five percent of the total amount paid to all dependents.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

All retirees, surviving beneficiaries and disability pensioners are eligible for automatic cost-of-living benefits commencing on the first day of July following two years of retirement. The benefit equals the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees), and multiplied by the sum of the allowable amount which is the first \$15,000 of the total annual benefits paid and the accumulated supplemental pension amounts for prior years.

Any member who terminates employment prior to retirement will be entitled to a refund of contributions without interest.

As of July 01, 2014 membership of the plan is as follows:

Retirees and Beneficiaries	19
Inactive, Non retired Members	-
Active Members	21
Total	<u>40</u>

Funding Policies

Eligible firemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible firemen hired after January 1, 2010 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2015 was \$958,555. The total employee contribution was \$84,967.

The City does not contribute to the Firemen's Plan based upon the latest actuarial study. The City's contributions are based upon a fifteen year solvency plan which stipulates the minimum contribution the City may make to this plan. This contribution method has been approved by the West Virginia legislature and projects the Firemen's Pension and Relief Fund to be solvent under this method for the next consecutive fifteen-year period. This solvency plan must be actuarially updated on an annual basis.

The minimum required contribution of the City and State, according to the July 01, 2014 actuarial report, was \$354,731. Actual contributions were \$431,214 for the year ended June 30, 2015.

Net Pension Liability

The components of net pension liability for the Firemen's Pension and Relief Fund at June 30, 2015 are as follows:

Total pension liability	\$ 12,017,720
Less – Plan fiduciary net position	<u>9,183,164</u>
Plan net pension liability	<u>\$ 2,834,556</u>
 Plan fiduciary net position as a percentage of total pension liability	 76.41%
 Single discount rate	 7.000%

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

Single Discount Rate - A single discount rate of 7.000% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.000%, and the municipal bond rate of 3.800%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, for all future plan years. Therefore, the single discount rate of 7.000% was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.000%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.000%	Discount Rate Assumption 7.000%	1% Increase 8.000%
<u>\$ 4,277,088</u>	<u>\$ 2,834,556</u>	<u>\$ 1,634,616</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

Changes in Net Pension Liability

At fiscal year-end, the government reported the following net pension liability related to the Policemen's Pension and Relief Fund. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2014 and rolled forward to June 30, 2015 using the actuarial assumptions and methods described in the appropriate section of this note.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a – b)
Balances at June 30, 2014	\$ 11,628,649	\$ 8,673,134	\$ 2,955,515
Service costs	262,275		262,275
Interest on total pension liability	797,673		797,673
Difference between expected and actual experience	(58,032)		(58,032)
Changes of assumptions	-	-	-
Employer contributions		231,096	(231,096)
State contributions		200,118	(200,118)
Employee contributions		84,967	(84,967)
Net investment income		347,248	(347,248)
Benefit payments, including employee refunds	(612,845)	(615,116)	2,271
Administrative expense		(2,396)	2,396
Other		264,114	(264,114)
Balances at June 30, 2015	<u>\$ 12,017,720</u>	<u>\$ 9,183,164</u>	<u>\$ 2,834,556</u>

For the fiscal year ended June 30, 2015, the City recognized government-wide pension expense related to the Firemen's Pension and Relief Fund of \$140,965. The City also recognized contribution revenue of \$200,118 during the year for support provided to the plan by the State of West Virginia.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

The government reported deferred outflows of resources and deferred inflows of resources related to the Firemen's Pension and Relief Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the measurement of the total pension liability	\$ 214,098	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(44,808)
	<u>\$ 214,098</u>	<u>\$ (44,808)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Firemen's Pension and Relief Fund will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 53,524	\$ (13,224)
2017	53,524	(13,224)
2018	53,254	(13,224)
2019	53,526	(5,136)
Total	<u>\$ 214,098</u>	<u>\$ (44,808)</u>

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	42.00%	6.00%
Common Stocks – Mid Cap	3.00%	7.00%
Common Stocks – Small Cap	6.50%	7.00%
International Equity	8.50%	7.00%
Fixed Income	40.0%	3.50%

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

Actuarial Methods and Assumptions

The net pension liability is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. According to the most recent actuarial report as of July 1, 2014, the average annual salary for benefits was \$45,645. There were 19 pensioners as of June 30, 2015 receiving an average of \$32,375 in pension benefits with expected cost-of-living increases up to 3%.

The actuarial assumptions and other information used to determine the net pension liability are as follows:

Investment rate of return:							
July 01, 2014	7.0%						
July 01, 2013	7.0%						
General inflation rate:	3.0%						
Expected salary increase:	4.0% general and wage inflation adjustment plus service-based increase of 9.0% for one year of service, 4.5% for two years of service, 2.0% for three and four years of service, and 1.0% thereafter						
Post – retirement COLA:	3.0% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior year						
Increase in state insurance premium tax allocation:	2.0% for year 1 and 3.0% on and after year 2						
Cost method:	Entry Age Normal, Level-Percentage-of-Pay The sponsor finances benefits using the Alternative policy as defined by state statute. This policy does not directly amortize the unfunded actuarial liability. The policy is projected to fully finance the closed group actuarial liability by 2031. 30-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 26 years remaining as of July 01, 2014.						
Asset method:	Market Value						
Turnover:	Sample Rates: Age 25 - 10% Age 35 - 4% Age 45 - 2% Age 50 - 0%						
Retirement:	Sample Rates: Age 50-51 - 45% Age 52-54 - 30% Age 55 - 45% Age 56 - 35% Age 57 - 55% Age 58 - 100%						

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

Mortality: Active: 85 percent of 1994 Group Annuity Mortality
Post – Retirement: 1994 Group Annuity Mortality
Disabled: 1994 Group Annuity Mortality set forward 4 years

Disability: Sample Rates:
Age 30 - 0.27% Age 40 - 0.57% Age 50 - 0.87%
Rates assuming 40% duty related and 60% non – duty related.

Percent married: 90%

Spouse age: Females 3 years younger than males

Discount Rate The following table outlines the factors used to determine the discount rate:

Funded Ratio as of Valuation Date (1)	Liquidity Ratio (2)	Equity Exposure (3)	Projected Funded Ratio after 15 years	Proposed Discount Rate
60% or more	10	50% or more	70% or more	7.0%
40% or more	8	40% or more	60% or more	6.5%
30% or more	6	30% or more	50% or more	6.0%
15% or more	5	N/A	40% or more	5.5%
Less than 15%	N/A	N/A	Less than 40%	5.0%

(1) Funded ratios based on a 6.5% investment return assumption for plans using an actuarially sound policy (standard or optional) and a 6.0% investment return assumption for other plans (alternative or conservation).

(2) Liquidity ratio equals assets as of the valuation date divided by expected benefits for the year.

(3) Based on investment policy.

Discount Rate 7.000%

As of June 30, 2014*

Assets	\$8,673,134
Liabilities using a 6.0% discount rate	\$12,977,195
Funded Ratio	66.8%
Expected Benefit Payments	\$639,758
Liquidity Ratio	13.56
Equity Exposure	59%
Projected Funded Ratio after 15 years	83%

*Based off funding valuations as of June 30, 2014

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

Money Weighted Rate of Return

The Firemen's Pension and Relief Fund's money weighted rate of return for the twelve months period ending June 30, 2015 is 4.0%.

Payables to the Pension Plan

As of June 30, 2015, the City reported a payable of \$6,673 for the outstanding amount of employee contributions to the Firemen's Pension and Relief Fund required for the year ended June 30, 2015. The amount was due and payable as of that date.

Investment Details

The following represents the investment details for the Policemen's and Firemen's Pension and Relief Funds:

Investment Policy – The investment policy covering the allocation of invested assets for the City is established by the Board of Trustees and is subject to the limitations defined in West Virginia Code 8-22-22 and 8-22-22a.

Concentration of Credit Risk – No individual investments in any one issuer represent more than 5% of the total investments for the pension funds. Additionally, no individual investment in any one issue represents more than 5% of the total investment for the funds.

Credit Risk – The City's investment policy does not specify that investments must be rated at a specified level. As of June 30, 2015, the City's investments were rated using Moody's Investor Services, when available.

Interest Rate Risk– The City's pension plans follows West Virginia State Code 8-22-22. The City does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

West Virginia Public Employees Retirement System (PERS)

Plan Description, Contribution Information, and Funding Policies

The City participates in the Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan, on behalf of 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 cost-sharing multiple employer plan is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contributions methods and benefit provisions:

Eligibility to participate	All City of Weirton full-time employees, except those covered by other pension plans.
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Authority establishing contribution obligations and benefit provisions	State Statute
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	<u>2015</u>	<u>2014</u>	<u>2013</u>
Plan member's contribution rate	4.50%	4.50%	4.50%
City of Weirton's contribution rate	14.00%	14.50%	14.00%

Effective July 1, 2015, the Plan member contribution increases to 6.0% for new hires.

Period required to vest	Five years
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Benefits and eligibility for distribution	A member who has attained age 60 and had 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.
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Deferred retirement portion	No
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Provisions for:	
Cost of living	No
Death benefits	Yes

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

West Virginia Public Employees Retirement System (PERS) (Continued)

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2015	\$ 599,952	100%
2014	\$ 602,018	100%
2013	\$ 543,987	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 West Virginia Consolidated Retirement Board, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

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

At fiscal year-end, the City reported the following liability 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 01, 2013 and rolled forward to June 30, 2014 using the actual assumptions and methods described in the appropriate section of this note. The City's proportion 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 governments, actuarially determined. At June 30, 2014, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2013:

Amount for proportionate share of net pension liability	\$ 1,144,273
Percentage for proportionate share of net pension liability	.3100%
Increase / (decrease) % from prior proportion measured	.1430%

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

	Government Activities	Business- Type Activities
Government – wide pension expense	\$ 78,185	\$ 94,276

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

West Virginia Public Employees Retirement System (PERS) (Continued)

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

	Governmental activities		Business-type activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
<u>Changes in assumptions</u>				
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (632,846)	\$ -	\$ (577,636)
Changes in proportion and differences between the City's contributions and proportionate share of contributions	32,918	-	104,855	-
City's contributions subsequent to the measurement date	311,205	-	288,747	-
	<u>\$ 344,123</u>	<u>\$ (632,846)</u>	<u>\$ 393,602</u>	<u>\$ (577,636)</u>

The amount reported as deferred outflows of resources related to the pension plan 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 the pension plan will be recognized in pension expense as follows:

	Governmental activities		Business-type activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
	Pension expense	Pension expense	Pension expense	Pension expense
<u>Year ended June 30,</u>				
2016	\$ 10,067	\$ (158,212)	\$ 32,066	\$ (144,409)
2017	10,067	(158,212)	32,066	(144,409)
2018	10,067	(158,212)	32,066	(144,409)
2019	2,717	(158,210)	8,659	(144,409)
Total	<u>\$ 32,918</u>	<u>\$ (632,846)</u>	<u>\$ 104,855</u>	<u>\$ (577,636)</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

West Virginia Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 01, 2013 and rolled forward to June 30, 2014 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	2.20%
Salary increases	4.25% - 6.0%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense
Mortality rates	Healthy males – 1983 GAM Health females – 1971 GAM Disabled males – 1971 GAM Disabled females – Revenue ruling 96-7

The actuarial assumptions used in the July 01, 2013 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2009.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (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 or return by the target asset allocation percentage and by adding the expected inflation.

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

<u>Investment</u>	<u>Long – term Expected Real Rate of Return</u>	<u>PERS Target Asset Allocation</u>
US Equity (Russell 3000)	7.6%	27.5%
International Equity (ACWI ex US)	8.5%	27.5%
Fixed Income	2.9%	15.0%
High Yield	4.8%	0.0%
TPS	2.9%	0.0%
Real Estate	6.8%	10.0%
Private Equity	9.9%	10.0%
Hedge Funds	5.0%	10.0%
Inflation (CPI)	2.2%	0.0%
		<u>100%</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

14. Retirement Plans (Continued)

West Virginia Public Employees Retirement System (PERS) (Continued)

Discount rate

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

The following table 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:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of PERS's net pension liability	\$ 3,233,326	\$ 1,144,273	\$ (635,791)

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.

15. Other Post Employment Benefits

Because the City participates in the PERS, retirees have the option of choosing to participate in the WV Public Employees Insurance Agency (PEIA). The plan provides medical and prescription drug coverage and retiree group insurance coverage to participants. The retiree's insurance premium is dependent on the number of years worked. Since the City is not a participant in PEIA, a fee is charged to the City for each of the retirees who choose this option. The fee charged to the City is determined by PEIA. The expense for the year ended June 30, 2015 totaled \$218,889.

Further benefit, trend, and other information regarding this plan is presented in the Retirement Health Benefit Trust (RHBT) annual financial report, which may be obtained by writing to the WV Public Employees Insurance Agency, 601 57th Street, South East, Charleston, WV 25304.

GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB) was required to be implemented by the City. However, the City did not have an actuarial valuation performed to determine the annually required contribution (ARC) in accordance with the GASB requirements. As a result, the OPEB liability and related expense have not been recorded within the governmental activities of the statement of net position and activities, respectively, and the required disclosures have not been made. The amount by which this departure would increase the liabilities and expenses and decrease net position of the governmental activities is not reasonably determinable.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

16. Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet 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 and or balance sheet will sometimes report a separate section for 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.

17. Contingencies

Litigation

The City is a defendant in a number of lawsuits arising principally in the normal course of operations. All claims are protected by insurance, up to a certain amount, and would not likely have a material effect on the municipality's financial statements. The city attorney aggressively defends each case filed against the City.

Federal and State Grants

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

18. Concentration of Credit Risk

The General Fund bills Weirton residents and businesses a police and fire service fee and a refuse fee. The Water and Sanitary Boards are suppliers of water and sewer services to the residents and businesses of Weirton, West Virginia. The Board of Park Commissions offers memberships to its recreational facilities to the residents of the Weirton, West Virginia area. The Gasoline Fund supplies gas and oil to various entities in addition to other funds of the City. These services, memberships and goods are provided on a credit basis without requiring collateral or any other security. At June 30, 2015, the City's accounts receivable on the statement of net position pertaining to these services were \$2,250,015.

19. Risks and Uncertainties

The City's Pension Trust Funds invest in various investment securities and mutual funds. Investment securities and mutual funds are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of fiduciary net position.

The actuarial present values of pension benefit obligations in Note 14 are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2015

20. Prior Period Restatement

The following restatement was performed to net position at the beginning of the year due to the adoption of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*:

	Net position, as previously stated at July 1, 2014	Change in net position	Net position, as restated at July 1, 2014
Governmental activities	\$ 6,139,572	\$ (17,428,438)	\$ (11,288,866)
Business-type activities	\$ 18,771,644	\$ (924,575)	\$ 17,847,069
Water Board	\$ 9,015,637	\$ (410,371)	\$ 8,605,266
Sanitary Board	\$ 7,162,149	\$ (378,659)	\$ 6,783,490
Board of Park Commissions	\$ 2,288,295	\$ (135,545)	\$ 2,152,750

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

**Employer Defined Benefit Plans
Policemen's Pension and Relief Fund**

I. Schedules of Changes in the Net Pension Liability and Related Ratios - Multiyear

Fiscal year end June 30	2015	2014
Total Pension Liability		
Service cost	\$ 774,528	\$ 692,087
Interest on the total pension liability	1,423,372	1,409,584
Difference between expected and actual experience	678,004	-
Assumption changes	1,564,166	1,226,117
Benefit payments	(1,453,587)	(1,368,711)
Refunds	-	-
Net change in total pension liability	2,986,483	1,959,077
Total Pension Liability- beginning	31,500,434	29,541,357
Total Pension Liability- ending (a)	<u>\$ 34,486,917</u>	<u>\$ 31,500,434</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 841,146	\$ 876,690
Employee contributions	166,071	158,156
Pension plan net investment income	192,027	641,466
Benefit payments	(1,456,339)	(1,368,711)
Pension plan administrative expense	(3,140)	(2,764)
Other	204,304	-
Net change in plan fiduciary net position	(55,931)	304,837
Plan fiduciary net position- beginning	4,521,738	4,216,901
Plan fiduciary net position- ending (b)	<u>\$ 4,465,807</u>	<u>\$ 4,521,738</u>
Net pension liability (a) - (b)	<u>\$ 30,021,110</u>	<u>\$ 26,978,696</u>
Plan fiduciary net position as a percentage of total pension liability	12.95%	14.35%
Covered employee payroll	1,607,962	1,622,175
Net pension liability as a percentage of covered employee payroll	1867.03%	1663.12%

II. Schedule of Net Pension Liability - Multiyear

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2015	\$ 34,486,917	\$ 4,465,807	\$ 30,021,110	12.95%	\$ 1,607,962	1867.03%
2014	\$ 31,500,434	\$ 4,521,738	\$ 26,978,696	14.35%	\$ 1,622,175	1633.12%

See accompanying notes to the required supplementary information - defined benefit pension trusts.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

**Employer Defined Benefit Plans
Policemen's Pension and Relief Fund**

III. Schedule of Contributions - Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,639,294	\$ 1,536,682	\$ 1,477,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City contributions in relation to the actuarially determined contribution	(501,814)	(514,687)	(546,064)	-	-	-	-	-	-	-
State contributions in relation to the actuarially determined contribution	(339,332)	(362,002)	(363,021)	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ <u>798,148</u>	\$ <u>659,993</u>	\$ <u>567,966</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Government's covered-employee payroll	\$ 1,670,962	\$ 1,622,175	\$ 1,593,506	\$	\$	\$	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	30.03%	31.73%	34.27%							
City and state contributions as a percentage of covered-employee payroll	50.34%	54.04%	57.05%							

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to the required supplementary information - defined benefit pension trusts.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

Employer Defined Benefit Plans

Firemen's Pension and Relief Fund

I. Schedules of Changes in the Net Pension Liability and Related Ratios - Multiyear

Fiscal year end June 30	2015	2014
Total Pension Liability		
Service cost	\$ 262,275	\$ 275,216
Interest on the total pension liability	797,673	780,380
Difference between expected and actual experience	(58,032)	-
Assumption changes	-	-
Benefit payments	(612,845)	(600,032)
Refunds	-	-
Net change in total pension liability	389,071	455,564
Total Pension Liability- beginning	11,628,649	11,173,085
Total Pension Liability- ending (a)	<u>\$ 12,017,720</u>	<u>\$ 11,628,649</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 431,213	\$ 563,823
Employee contributions	84,967	80,120
Pension plan net investment income	347,248	1,162,109
Benefit payments	(615,116)	(600,032)
Pension plan administrative expense	(2,396)	(8,950)
Other	264,114	-
Net change in plan fiduciary net position	510,030	1,197,070
Plan fiduciary net position- beginning	8,673,134	7,476,064
Plan fiduciary net position- ending (b)	<u>\$ 9,183,164</u>	<u>\$ 8,673,134</u>
Net pension liability (a) - (b)	<u>\$ 2,834,556</u>	<u>\$ 2,955,515</u>
Plan fiduciary net position as a percentage of total pension liability	76.41%	74.58%
Covered employee payroll	958,555	983,476
Net pension liability as a percentage of covered employee payroll	295.71%	300.52%

II. Schedule of Net Pension Liability - Multiyear

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2015	\$ 12,017,720	\$ 9,183,164	\$ 2,834,556	76.41%	\$ 958,555	295.71%
2014	\$ 11,628,649	\$ 8,673,134	\$ 2,955,515	74.58%	\$ 983,476	300.52%

See accompanying notes to the required supplementary information - defined benefit pension trusts.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

**Employer Defined Benefit Plans
Firemen's Pension and Relief Fund**

III. Schedule of Contributions - Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 354,731	\$ 396,427	\$ 518,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City contributions in relation to the actuarially determined contribution	(231,096)	(215,978)	(201,850)	-	-	-	-	-	-	-
State contributions in relation to the actuarially determined contribution	(200,118)	(347,845)	(206,660)	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ <u>(76,483)</u>	\$ <u>(167,396)</u>	\$ <u>110,313</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Government's covered-employee payroll	\$ 958,555	\$ 983,476	\$ 918,877	\$	\$	\$	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	24.11%	21.96%	21.97%							
City and state contributions as a percentage of covered-employee payroll	44.99%	57.33%	44.46%							

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

Employer Defined Benefit Plans

Policemen's and Firemen's Pension and Relief Fund

IV. Money-Weighted Rates of Return

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Policemen's Pension and Relief Fund	4.10%	15.80%								
Firemen's Pension and Relief Fund	4.00%	15.70%								

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to the required supplementary information - defined benefit pension trusts.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

Notes to the Required Supplementary Information- Defined Benefit Pension Trusts

Policemen's Pension and Relief Fund

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

Measurement date	June 30, 2015, measurement date based on actuarial liabilities as of July 1, 2014.
Actuarial cost method	Entry Age Normal, Level-Percentage-of-Pay
Actuarial value of assets	Market value used for GASB Nos. 67 and 68 reporting
Contribution policy and amortization method	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings, are not expected to fully fund the projected actuarial liability for current plan members, and assets for the closed plan are projected to be depleted by 2024.
Actuarial assumptions:	
Investment rate of return	5.000% per year
GASB 67/68 discount rate	4.125% per year at June 30, 2015, and 4.471% at June 30, 2014
Projected salary increases	9.0% with one year of service, 4.5% with two years of service, 2.0% with three to four years of service and 1.0% after
Cost of living increases	3.00% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

Notes to the Required Supplementary Information- Defined Benefit Pension Trusts (Continued)

Firemen's Pension and Relief Fund

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

Measurement date	June 30, 2015, measurement date based on actuarial liabilities as of July 1, 2014.
Actuarial cost method	Entry Age Normal, Level-Percentage-of-Pay
Actuarial value of assets	Market value used for GASB Nos. 67 and 68 reporting
Contribution policy and amortization method	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 2031.
Actuarial assumptions:	
Investment rate of return	7.000% per year
GASB 67/68 discount rate	7.000% per year at June 30, 2015, and 7.000% at June 30, 2014
Projected salary increases	9.0% with one year of service, 4.5% with two years of service, 2.0% with three to four years of service and 1.0% after
Cost of living increases	3.00% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.

**City of Weirton, West Virginia
Cost Sharing Multi - Employer Plan
Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

**Cost Sharing Multi - Employer Plan
West Virginia Public Employee Retirement System (PERS)**

I. Schedule of Government's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years *

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Government's proportion of the net pension liability (asset) (percentage)	0.3100%	0.2903%	-	-	-	-	-	-	-	-
Government's proportionate share of the net pension liability (asset)	1,144,273	2,646,569	-	-	-	-	-	-	-	-
Government's covered-employee payroll	\$ 4,157,848	\$ 3,885,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.70%	63.74%								
Plan fiduciary net position as a percentage of the total pension liability	93.98%	79.70%								

II. Schedule of Government Contributions - Last 10 Fiscal Years *

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution.	\$ 599,952	\$ 602,018	\$ 543,987	\$ 576,628	\$ 478,704	\$ 407,381	\$ 413,502	\$ 401,784	\$ 405,075	\$
Contributions in relation to the contractually required contribution	(599,952)	(602,018)	(543,987)	(576,628)	(478,704)	(407,381)	(413,502)	(401,784)	(405,075)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$
Government's covered-employee payroll	\$ 4,285,371	\$ 4,151,848	\$ 3,885,621	\$ 3,976,745	\$ 3,829,632	\$ 3,703,464	\$ 3,938,114	\$ 3,826,514	\$ 3,857,857	\$
Contributions as a percentage of covered-employee payroll	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%	10.50%	10.50%	

* - The amounts presented for each fiscal year were determined as of June 30th .

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to the required supplementary information - cost sharing multi-employer plan

City of Weirton, West Virginia
Cost Sharing Multi - Employer Plan
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

Notes to the Required Supplementary Information-Cost Sharing Multi - Employer Plan

West Virginia Public Employees Retirement System

Changes of benefit terms

Amounts reported reflect an increase in disability benefits to be equivalent to retirement benefits. Amounts reported in Government's proportionate share of the net pension liability (asset) reflect a modification to the benefit terms to incorporate a new definition of base compensation.

Changes of assumptions

Amounts reported in Government's proportionate share of the net pension liability (asset) reflect an adjustment of the expectation of life after disability to more closely reflect actual experience. For amounts reflected in Government's proportionate share of the net pension liability (asset) and later, the expectation of retired life mortality was based on RP-2000 Mortality Tables rather than on the 1983 Group Annuity Mortality Table, which was used to determine amounts reported prior to Government's proportionate share of the net pension liability (asset). Amounts reported in Government's proportionate share of the net pension liability (asset) reflect an adjustment of expected retirement ages to more closely reflect actual experience. Amounts reported in Government's proportionate share of the net pension liability (asset) reflect an adjustment of assumed life expectancies to more closely reflect actual experience.

City of Weirton, West Virginia
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
Required Supplementary Information
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
Revenues						
Taxes:						
Property taxes	\$ 2,593,509	\$ 2,599,109	\$ 2,595,949	\$ -	\$ 2,595,949	\$ 3,160
B&O	2,150,000	3,784,032	4,852,236	-	4,852,236	(1,068,204)
Excise tax on utilities	1,250,000	1,250,000	1,153,426	-	1,153,426	96,574
Other taxes	573,500	588,500	629,933	-	629,933	(41,433)
Total taxes:	6,567,009	8,221,641	9,231,544	-	9,231,544	(1,009,903)
Fines and forfeitures	112,500	127,500	133,957	-	133,957	(6,457)
Licenses, permits, and fees	230,000	253,000	249,751	-	249,751	3,249
Intergovernmental	1,010,644	1,029,144	1,355,164	-	1,355,164	(326,020)
Charges for services	4,519,691	4,653,551	4,492,500	-	4,492,500	161,051
Video lottery and table gaming proceeds	605,000	605,000	596,468	-	596,468	8,532
Charges to other funds	79,464	79,464	78,856	(78,856)	-	608
Investment income	7,500	7,500	7,701	-	7,701	(201)
Reimbursements	50,000	64,000	69,228	(69,228)	-	(5,228)
Other	100,000	119,696	54,730	-	54,730	64,966
Total revenues before prior year fund balance	13,281,808	15,160,496	16,269,899	(148,084)	16,121,815	(1,109,403)
Prior year fund balance (1)	1,236,941	1,483,608	-	-	-	1,483,608
Total revenues and prior year fund balance	14,518,749	16,644,104	16,269,899	(148,084)	16,121,815	374,205
Expenditures						
Current:						
General government	3,261,992	4,889,099	2,856,972	(140,485)	2,716,487	2,032,127
Public Safety	5,679,556	5,938,149	6,248,769	(37,323)	6,211,446	(310,620)
Highway and streets	2,565,406	2,688,862	3,305,843	(82,714)	3,223,129	(616,981)
Health and sanitation	1,191,177	1,194,099	1,075,295	(111,837)	963,458	118,804
Culture and recreation	1,073,118	1,080,618	1,102,676	(870,618)	232,058	(22,058)
Social Services	7,500	7,500	1,872	-	1,872	5,628
Debt Service:	840,000	945,777				
Principal	-	-	-	217,543	217,543	-
Interest and other charges	-	-	-	6,731	6,731	-
Total expenditures	14,618,749	16,744,104	14,591,427	(1,018,703)	13,572,724	2,152,677
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(100,000)	1,678,472	870,619	2,549,091	(1,778,472)

City of Weirton, West Virginia
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund (Continued)
Required Supplementary Information
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	105,646	105,646	-
Transfers in	100,000	100,000	-	-	-	100,000
Transfers out	-	-	-	(870,618)	(870,618)	-
Net other financing sources (uses)	100,000	100,000	-	(764,972)	(764,972)	100,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	1,678,472	105,647	1,784,119	
Fund balances - beginning	1,236,941	1,483,608	2,024,089	-	2,024,089	
Less prior year fund balance budgeted	(1,236,941)	(1,483,608)	-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,702,561</u>	<u>\$ 105,647</u>	<u>\$ 3,808,208</u>	

(1) Budget includes fund balance carried over from prior years. It is not revenue of the current period but is presented as revenue only for budgeting purposes. Beginning budgetary fund balance, as restated has been reduced for carryover to reflect the budgetary ending fund balance projected.

Adjustments to Generally Accepted Accounting Principles

The budget and actual presented is prepared on a budgetary basis which differs from generally accepted accounting principles as follows:

1) Contributions to the Board of Park Commissions and Library Funds, reported as expenditures as opposed to transfers to other funds.	870,618
2) Other reimbursements reported as reimbursements as opposed to netting with general government expenditures.	148,084
3) Capital leases not recognized in accordance with generally accepted accounting principles. Payments are not reported as debt service payments. Proceeds from new leases are also not recognized. The effect is as follows:	
Net increases in (reduced by debt payments while, being increased by expenses for new leases):	
Debt service - principal	217,543
Debt service - interest	6,731
Net decreases in (reduced by debt payments while, being increased by expenses for new leases):	
Health and Sanitation	(111,837)
Public Safety	(29,723)

City of Weirton, West Virginia
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Coal Severance Fund
Required Supplementary Information
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual	
	Original	Final	Budgetary Basis	Differences	GAAP Basis	Variance
Revenues						
Other taxes	\$ 76,000	\$ 76,000	\$ 81,752	\$ -	\$ 81,752	\$ 5,752
Investment income	300	300	69	-	69	(231)
Total revenues before prior year fund balance	76,300	76,300	81,821	-	81,821	5,521
Prior year fund balance (1)	500	31,174	-	-	-	(31,174)
Total revenues and prior year fund balance	76,800	107,474	81,821	-	81,821	(25,653)
Expenditures						
General government	18,769	49,443	-	-	-	49,443
Public safety	36,319	36,319	50,838	(50,838)	-	36,319
Social Services	21,712	21,712	-	-	-	21,712
Debt Service:						
Principal	-	-	-	50,160	50,160	(50,160)
Interest and other charges	-	-	-	678	678	(678)
Total expenditures	76,800	107,474	50,838	-	50,838	56,636
Excess (deficiency) of revenues over (under) expenditures	-	-	30,983	-	30,983	30,983
Other Financing Sources (Uses)						
Proceeds from capital leases	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	30,983	-	30,983	30,983
Fund balance, beginning	500	31,174	224	-	226	
Less prior year fund balance budgeted	(500)	(31,174)	-	-	-	
Fund balance, ending	\$ -	\$ -	\$ 31,207	\$ -	\$ 31,209	

(1) Budget includes fund balance carried over from prior years. It is not revenue of the current period but is presented as revenue only for budgetary purposes. Beginning budgetary fund balance has been reduced for carryover to reflect the budgetary ending fund balance projected.

Adjustments to Generally Accepted Accounting Principals

- 1) Capital leases not recognized in accordance with generally accepted accounting principles. Payments not reported as debt service payments. The effect is as follows:

Increases in:

Debt service - principal
Debt service - interest

Decrease in:

Public Safety

50,160
678

(50,838)

City of Weirton, West Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
Assets						
Cash and cash equivalents	\$ 300	\$ 1,226,848	\$ 239,003	\$ 284,366	\$ 754	\$ 1,751,271
Investments	-	-	-	539,598	-	539,598
Receivables, net						
Taxes	-	-	-	46,296	-	46,296
Due from other funds	-	-	-	368	-	368
Intergovernmental	-	-	-	-	15,936	15,936
Prepaid expenses	-	-	-	3,320	-	3,320
Total assets	<u>\$ 300</u>	<u>\$ 1,226,848</u>	<u>\$ 239,003</u>	<u>\$ 873,948</u>	<u>\$ 16,690</u>	<u>\$ 2,356,789</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 5,200	\$ 20,980	\$ 10,136	\$ 36,316
Security deposit	-	-	25,000	-	-	25,000
Due to other funds	-	-	-	-	5,800	5,800
Compensated absences	-	-	-	25,992	-	25,992
Unearned revenue	-	-	170,558	78,702	-	249,260
Other accrued expenses	-	-	-	8,462	-	8,462
Grant advances	-	-	-	-	754	754
Total liabilities	<u>-</u>	<u>-</u>	<u>200,758</u>	<u>134,136</u>	<u>16,690</u>	<u>351,584</u>
Fund Balances						
Non-spendable for:						
Prepaid expenses	-	-	-	3,320	-	3,320
Restricted for:						
Capital projects	-	1,226,848	-	-	-	1,226,848
Assigned for:						
General expenditures	<u>300</u>	<u>-</u>	<u>38,245</u>	<u>736,492</u>	<u>-</u>	<u>775,037</u>
Total fund balances	<u>300</u>	<u>1,226,848</u>	<u>38,245</u>	<u>739,812</u>	<u>-</u>	<u>2,005,205</u>
Total liabilities and fund balances	<u>\$ 300</u>	<u>\$ 1,226,848</u>	<u>\$ 239,003</u>	<u>\$ 873,948</u>	<u>\$ 16,690</u>	<u>\$ 2,356,789</u>

City of Weirton, West Virginia
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
Revenues						
Property taxes	\$ -	\$ 183,911	\$ -	\$ 166,911	\$ -	\$ 350,822
Fees and fines	-	-	-	9,634	-	9,634
Intergovernmental	-	-	25,000	-	383,475	408,475
Investment income	-	3,414	711	17,830	-	21,955
Contributions	-	-	23,367	242,977	-	266,344
Other	-	-	-	3,281	-	3,281
Total revenues	-	187,325	49,078	440,633	383,475	1,060,511
Expenditures						
Current:						
General government	-	-	29,716	-	167,607	197,323
Public safety	-	-	36,400	-	7,600	44,000
Highway and streets	-	-	-	-	135,039	135,039
Culture and recreation	-	-	-	826,648	3,500	830,148
Social services	-	-	-	-	69,729	69,729
Total expenditures	-	-	66,116	826,648	383,475	1,276,239
Excess (deficiency) of revenues over expenditures	-	187,325	(17,038)	(386,015)	-	(215,728)
Other Financing Sources (Uses)						
Transfers from other funds	-	-	-	349,118	-	349,118
Net other financing sources (uses)	-	-	-	349,118	-	349,118
Net changes in fund balances	-	187,325	(17,038)	(36,897)	-	133,390
Fund balances, beginning	300	1,039,523	55,283	776,709	-	1,871,815
Fund balances, ending	\$ 300	\$ 1,226,848	\$ 38,245	\$ 739,812	\$ -	\$ 2,005,205

City of Weirton, West Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Pension Trust Funds		
	Policemen's Funds	Firemen's Pension	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 48,243	\$ 40,120	\$ 88,363
Due from general fund	12,745	6,673	19,418
Investments, at fair value:			
Money markets	21,852	148,897	170,749
Government agency obligations	125,064	199,612	324,676
Municipal obligations	102,950	102,950	205,900
Corporate obligations	1,065,175	1,482,504	2,547,679
Mutual funds	465,759	1,745,236	2,210,995
Common stock	2,633,182	5,468,766	8,101,948
Total investments	4,413,982	9,147,965	13,561,947
Total assets	4,474,970	9,194,758	13,669,728
Liabilities			
Withholdings payable	9,163	11,594	20,757
Total liabilities	9,163	11,594	20,757
Net Position			
Net position held in trust for pension benefits	\$ 4,465,807	\$ 9,183,164	\$ 13,648,971

City of Weirton, West Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	Policemen's Pension	Firemen's Pension	Total Pension Trust
Additions			
Contributions			
Employer	\$ 501,814	\$ 231,096	\$ 732,910
Plan members	166,071	84,967	251,038
Insurance premium tax allocation	339,332	200,118	539,450
Total contributions	1,007,217	516,181	1,523,398
Investment income:			
Interest and dividends	107,328	205,938	313,266
Net realized and unrealized gains (losses)	103,701	169,252	272,953
Less: investment expense	(19,002)	(27,942)	(46,944)
Net investment income	192,027	347,248	539,275
Other additions:			
Miscellaneous	204,304	264,114	468,418
Total additions	1,403,548	1,127,542	2,531,090
Deductions			
Benefits	1,456,339	615,116	2,071,455
Administrative	3,140	2,396	5,536
Total deductions	1,459,479	617,512	2,076,991
Change in net position	(55,931)	510,030	454,099
Net position held in trust for pension benefits			
Beginning of year	4,521,738	8,673,134	13,194,872
End of year	\$ 4,465,807	\$ 9,183,164	\$ 13,648,971

City of Weirton, West Virginia
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2015

<u>State Grantor/Program Title</u>	<u>Identification Number</u>	<u>State Expenditures</u>
West Virginia Development Office		
Legislative Digest	13LEDA0406	\$ 1,000
Legislative Digest	14LEDA0073	15,493
Legislative Digest	13LEDA0366	8,791
<i>Total West Virginia Development Office</i>		<u>25,284</u>
Total Expenditures of State Awards		<u><u>\$ 25,284</u></u>

City of Weirton, West Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

<u>Federal Grantor/Pass Through Entity/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identification Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Community Development Block Grant	14.218	B-12-MC-54-0005	\$ 116,690
Community Development Block Grant	14.218	B-13-MC-54-0004	296,341
<i>Total U.S. Department of H.U.D.</i>			<u>\$ 413,031</u>
U.S. Department of Justice			
<i>Pass-Through Programs From:</i>			
<u>West Virginia Department of Military Affairs</u> <u>and Public Safety</u>			
Edward Byrne Memorial Formula Grant	16.579	14-JAG-25	\$ 15,556
Edward Byrne Memorial Formula Grant	16.579	14-JAG-27	22,500
<i>Total U.S. Department of Justice</i>			<u>\$ 38,056</u>
U.S. Department of Transportation			
<i>Direct Programs:</i>			
Federal Transit Formula Grant	20.507	WV-90-X199-00	\$ 9,021
Federal Transit Formula Grant	20.507	WV-90-X210-00	87,205
Federal Transit Formula Grant	20.507	WV-90-X234-00	166,147
<i>Total U.S. Department of Transportation</i>			<u>\$ 262,373</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 713,460</u></u>

See accompanying notes to schedule of expenditures of federal awards.

City of Weirton, West Virginia
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Weirton, West Virginia, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Sub-Recipients

The City of Weirton, acting as a pass-through agency, provided funding passed through from federal agencies to the following sub-recipient under the Federal Transit Formula grants:

Weirton Transit Corporation	\$ 262,373
-----------------------------	------------

3. Non-Cash Awards

City of Weirton, West Virginia received no non-cash federal awards during the fiscal year and had no federal loan or loan guarantees outstanding at year end.



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Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
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104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

July 15, 2016

City of Weirton
Brooke County
200 Municipal Plaza
Weirton, WV 26062

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **City of Weirton**, Brooke County, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 15, 2016 wherein we qualified our opinion because the City elected not to adopt GASB 45 OPEB liability and expense as of and for the year ended June 30, 2015, and wherein we noted the City adopted Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

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• Association of Certified Anti - Money Laundering Specialists •



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted a certain matter not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 15, 2016.

Entity's Response to Findings

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

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

July 15, 2016

City of Weirton
Brooke County
200 Municipal Plaza
Weirton, WV 26062

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the **City of Weirton's** (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Weirton's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the City's major federal program.

Management's Responsibility

The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

... "bringing more to the table"

Tax— Accounting — Audit — Review — Compilation — Agreed Upon Procedure — Consultation — Bookkeeping — Payroll

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• Association of Certified Anti - Money Laundering Specialists •

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2015-002. This finding did not require us to modify our compliance opinion on the major federal programs.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CITY OF WEIRTON
BROOKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA # 14.218 – Community Development Block Grant
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CITY OF WEIRTON
BROOKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2015**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING 2015-001

Material Weakness

Other Post-Employment Benefits Obligated

Governmental Accounting Standards Board (GASB) Statement Number 45 requires that state and local government employers report the costs and obligation associated with post-employment healthcare and other non-pension benefits known as other post-employment benefits. The requirements of this statement are effective in three phases based on a governments total annual revenues in the first fiscal year ending after June 15, 1999. Governments with annual revenues of \$100 million or more (Phase I governments) are required to implement in the periods beginning after December 15, 2006. Governments with annual revenues between \$10 million and \$100 million (Phase 2 governments) are required to implement in the periods after December 15, 2007. Governments with revenues less than \$10 million (Phase 3 governments) are required to implement in the periods after December 15, 2008. Component units are required to implement GASB 45 the same fiscal year as the primary government.

We noted during this audit that the City failed to record the Other Post-employment Benefits obligation payable in the City's financial statements in accordance with GASB Statement Number 45 and generally accepted accounting standards

Officials did not obtain the actuarial study to determine a correct calculation of the annual required contributions which were necessary to reflect this liability in the financial statements and failed to account for the Other Post-employment Benefits obligation.

The liabilities and expenditures are substantially understated which necessitates a qualification of opinion on the financial statements.

Official's Response – In future years the City anticipates completing the necessary actuarial study to determine the calculation to be used to reflect the OPEB liability.

**CITY OF WEIRTON
BROOKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2015**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2015-002
CFDA Title and Number	CFDA # 14.218 – Community Development Block Grant
Federal Award Number/Year	2015
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	None; Direct Funding

Noncompliance

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, Section .200(b) provides that a non-federal entity that expends \$500,000 or more in a year in federal awards shall have a single audit conducted as discussed in the Circular. Section .105 defines such entities as “auditees”. **Section .300(a)** states, an auditee shall “identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.

Federal programs and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity.”

Section .300(e) further states, an auditee shall “ensure that the audits required by this part are properly performed and submitted when due.” **Section .320(a)** provides that single audits shall be completed and a reporting package submitted to the federal clearinghouse designated by OMB, within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The City expended in excess of \$500,000 in federal awards during the fiscal year ended June 30, 2015; however, the City has not filed their report with the Federal Audit Clearinghouse as of the date of this report, which is past the March 31 filing deadline.

We recommend the City develop procedures for timely submission of its A-133 reporting package.

Official’s Response – See corrective action plan.

**CITY OF WEIRTON
BROOKE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
FOR THE YEAR ENDED JUNE 30, 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-002	In future years the City anticipates completing the annual financial report timely in order to ensure single audit requirements are met.	March 31, 2017	Tom Maher, Finance Director