

# **City of Weirton, West Virginia**

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## **Financial Statements and Independent Auditor's Report**

**For the Fiscal Year Ended June 30, 2016**

**Brooke and Hancock Counties**

**RFP#16-284**

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF FUNDS INCLUDED IN REPORT**  
**For the Fiscal Year Ended June 30, 2016**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax

**NONMAJOR FUNDS**

Youth Job Program  
TIF  
Public Safety  
Library  
CDBG

**PROPRIETARY FUND TYPES**

**MAJOR FUNDS**

Water  
Sewerage  
Board of Park Commissions

**NONMAJOR FUNDS**

Parking  
Internal Service Fund-Gasoline

**FIDUCIARY FUNDS**

Agency  
Policemen's Pension  
Firemen's Pension

**CITY OF WEIRTON, WEST VIRGINIA**  
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## **Introductory Section**

**CITY OF WEIRTON, WEST VIRGINIA**  
**CITY OFFICIALS**  
**For the Fiscal Year Ended June 30, 2016**

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OFFICE	NAME	TERM ENDS
<b><u>Elected</u></b>		
Mayor:	Harold Miller	June 2019
Council Members:		
Ward 1:	Tim Connell	June 2019
Ward 2:	Matthew Provenzano	June 2019
Ward 3:	Fred Marsh	June 2019
Ward 4:	George Ash	June 2019
Ward 5:	Douglas Jackson	June 2019
Ward 6:	Enzo Fracasso	June 2019
Ward 7:	Terry Weigel	June 2019
<b><u>Appointed</u></b>		
City Manager:	Travis Blosser	
Chief Code Official:	Ken Fletcher	
City Attorney:	Vincent Gurrera	
City Clerk:	Kathy Mrvos	
City Judge:	Dean Makricostas	
Finance Director:	Diana Smoljanovich	
Fire Chief:	Jerry Shumate	
Library Director:	Richard Rekowski	
Planning and Development Director:	Mark Miller	
Police Chief:	Rob Alexander	
Public Works Director:	Rod Rosnick	
Utilities Director:	A.D. Butch Mastrandoni	

## **Financial Section**

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## Independent Auditor's Report

Honorable Mayor and City Council  
City of Weirton  
200 Municipal Plaza  
Weirton, West Virginia 26062

### 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, West Virginia (the City), as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## Basis for Qualified Opinion

The City has not adopted the provisions of Government Accounting Standards Board (GASB) Number 45, *Accounting and Financial Reporting by 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. The amount by which this departure would increase liabilities and expenses and decrease net position of the governmental activities is not reasonably determinable.

## Qualified Opinion

In our opinion, except for the effects of recording OPEB obligations as described in the preceding 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, each major fund, and the aggregate remaining fund information of the City of Weirton, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

The City 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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, GASB 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 is presented for purposes of additional analysis in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the basic financial statements.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

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.

The introductory section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia**  
**April 27, 2017**

**CITY OF WEIRTON, WEST VIRGINIA**

**STATEMENT OF NET POSITION**

June 30, 2016

	Primary Government			Total
	Governmental Activities		Business-type Activities	
	Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents	\$ 6,586,235	\$ 1,702,760		\$ 8,288,995
Investments	484,867		407,560	892,427
Receivables, net:				
Taxes	1,543,259		-	1,543,259
Charges for services	645,592		1,766,901	2,412,493
Intergovernmental	34,196		-	34,196
Other fees and proceeds	16,976		-	16,976
Internal balances	(76,215)		76,215	-
Inventories	-		114,415	114,415
Other assets	28,390		-	28,390
Restricted assets:				
Cash and cash equivalents	-		4,050,253	4,050,253
Capital assets:				
Land and construction in progress	913,146		763,083	1,676,229
Other capital assets, net of depreciation	<u>15,885,889</u>		<u>26,831,113</u>	<u>42,717,002</u>
Total assets	<u>26,062,335</u>		<u>35,712,300</u>	<u>61,774,635</u>
<b>Deferred Outflows</b>				
Net changes in employer proportion and differences between contributions and proportionate share of contributions	2,288		102,267	104,555
Changes in assumptions	9,088,200		-	9,088,200
Differences between expected and actual experience	854,128		174,882	1,029,010
Net differences between projected and actual investment earnings on pensions	944,702		-	944,702
Employer contributions to pension plan subsequent to the measurement date	<u>281,193</u>		<u>270,321</u>	<u>551,514</u>
Total deferred outflows of resources	<u>11,170,511</u>		<u>547,470</u>	<u>11,717,981</u>
<b>Total assets and deferred outflows</b>	<b><u>\$ 37,232,846</u></b>		<b><u>\$ 36,259,770</u></b>	<b><u>\$ 73,492,616</u></b>

**CITY OF WEIRTON, WEST VIRGINIA**

**STATEMENT OF NET POSITION**

June 30, 2016

	Primary Government			Total
	Governmental Activities		Business-type Activities	
	Activities	Activities		
<b>Liabilities</b>				
Accounts payable	\$ 424,832	\$ 344,610	\$ 769,442	
Wages and benefits payable	405,418	178,381	583,799	
Note payable	-	12,170	12,170	
Capital lease obligations payable, current	179,985	-	179,985	
Compensated absences	516,277	151,577	667,854	
Unearned revenues	196,763	-	196,763	
Security deposit	25,000	-	25,000	
Grant advances	1,279	-	1,279	
Liabilities payable from restricted assets:				
Bonds payable, current	-	1,333,081	1,333,081	
Accrued interest payable	-	37,561	37,561	
Capital lease obligations payable, non-current	152,086	-	152,086	
Bonds payable, non-current	-	14,340,190	14,340,190	
Net pension liability	<u>46,928,410</u>	<u>855,080</u>	<u>47,783,490</u>	
Total liabilities	<u>48,830,050</u>	<u>17,252,650</u>	<u>66,082,700</u>	
<b>Deferred Inflows</b>				
Differences between expected and actual experience	31,585	-	31,585	
Net differences between projected and actual investment earnings on pensions	194,049	187,501	381,550	
Deferred difference in assumptions	<u>106,449</u>	<u>102,851</u>	<u>209,300</u>	
Total deferred inflows of resources	<u>332,083</u>	<u>290,352</u>	<u>622,435</u>	
<b>Net Position</b>				
Net investment in capital assets	16,466,964	11,908,754	28,375,718	
Restricted for:				
Capital projects	1,600,126	-	1,600,126	
Debt service	-	3,811,372	3,811,372	
Other purposes	1,505,889	238,882	1,744,771	
Unrestricted	<u>(31,502,266)</u>	<u>2,757,760</u>	<u>(28,744,506)</u>	
Total net position	<u>(11,929,287)</u>	<u>18,716,768</u>	<u>6,787,481</u>	
<b>Total liabilities, deferred inflows, and net position</b>	<b><u>\$ 37,232,846</u></b>	<b><u>\$ 36,259,770</u></b>	<b><u>\$ 73,492,616</u></b>	

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenues and Changes in Net Position</b>			
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>			
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 2,861,798	\$ 479,028	\$ 432,865	\$ -	\$ (1,949,905)	\$ -	\$ (1,949,905)	
Public safety	10,978,582	2,416,683	582,893	93,971	(7,885,035)	-	(7,885,035)	
Highway and streets	3,250,186	899,358	229,526	-	(2,121,302)	-	(2,121,302)	
Health and sanitation	1,030,170	1,312,872	-	-	282,702	-	282,702	
Culture and recreation	941,083	11,940	215,821	-	(713,322)	-	(713,322)	
Social services	45,364	-	32,259	-	(13,105)	-	(13,105)	
Interest	7,797	-	-	-	(7,797)	-	(7,797)	
Total governmental activities	<u>19,114,980</u>	<u>5,119,881</u>	<u>1,493,364</u>	<u>93,971</u>	<u>(12,407,764)</u>	<u>-</u>	<u>(12,407,764)</u>	
Business-type activities:								
Water board	3,780,392	4,030,541	-	23,247	-	273,396	273,396	
Sanitary board	3,041,396	3,278,743	23,381	1,000	-	261,728	261,728	
Board of park commissions	1,167,048	482,905	-	10,707	-	(673,436)	(673,436)	
Total business-type activities	<u>7,988,836</u>	<u>7,792,189</u>	<u>23,381</u>	<u>34,954</u>	<u>-</u>	<u>(138,312)</u>	<u>(138,312)</u>	
Total primary government	<u>\$ 27,103,816</u>	<u>\$ 12,912,070</u>	<u>\$ 1,516,745</u>	<u>\$ 128,925</u>	<u>(12,407,764)</u>	<u>(138,312)</u>	<u>(12,546,076)</u>	
General revenues:								
Taxes:								
Property taxes				3,318,270	-	3,318,270		
B & O taxes				5,102,815	-	5,102,815		
Excise tax on utilities				1,165,734	-	1,165,734		
Other taxes				587,022	-	587,022		
Video lottery and table gaming				504,155	-	504,155		
Unrestricted investment earnings				4,130	10,284	14,414		
Miscellaneous				109,531	65,558	175,089		
Gain (loss) on sale of assets				-	(29,478)	(29,478)		
Transfers				(514,000)	514,000	-		
Total general revenues and transfers				<u>10,277,657</u>	<u>560,364</u>	<u>10,838,021</u>		
Changes in net position				(2,130,107)	422,052	(1,708,055)		
Net position- beginning				<u>(9,799,180)</u>	<u>18,294,716</u>	<u>8,495,536</u>		
Net position- ending				<u>\$ (11,929,287)</u>	<u>\$ 18,716,768</u>	<u>\$ 6,787,481</u>		

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

**CITY OF WEIRTON, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2016**

	Coal		Nonmajor		Total
	General	Severance Tax	Governmental Funds	Governmental Funds	Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,992,212	\$ 56,312	\$ 2,171,999	\$ 6,220,523	
Investments	-	-	484,867	484,867	
Receivables, net					
Taxes	1,530,668	11,704	887	1,543,259	
Charges for services	623,635	-	-	623,635	
Intergovernmental	4,439	-	29,757	34,196	
Other fees and proceeds	16,976	-	-	16,976	
Due from other funds	198,547	-	-	198,547	
Prepaid expenses	25,070	-	3,320	28,390	
Total assets	<u>\$ 6,391,547</u>	<u>\$ 68,016</u>	<u>\$ 2,690,830</u>	<u>\$ 9,150,393</u>	
<b>Liabilities, Deferred Inflows and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 352,248	\$ -	\$ 44,201	\$ 396,449	
Wages and benefits payable	395,106	-	10,312	405,418	
Compensated absences	85,175	-	26,894	112,069	
Due to other funds	284,827	-	32,403	317,230	
Security deposit	-	-	25,000	25,000	
Unearned revenue	-	-	197,045	197,045	
Grant Advances	-	-	1,279	1,279	
Total liabilities	<u>1,117,356</u>	<u>-</u>	<u>337,134</u>	<u>1,454,490</u>	
<b>Deferred Inflows</b>					
Unavailable revenue-taxes	<u>60,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,705</u>
<b>Fund balances</b>					
Non-spendable for:					
Prepaid expenses	25,070	-	3,320	28,390	
Restricted for:					
Capital projects	-	-	1,600,126	1,600,126	
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	68,016	750,250	824,986	
Unassigned for:					
Unassigned	<u>3,141,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,141,490</u>
Total fund balances	<u>5,213,486</u>	<u>68,016</u>	<u>2,353,696</u>	<u>7,635,198</u>	
Total liabilities, deferred inflows, and fund balances	<u>\$ 6,391,547</u>	<u>\$ 68,016</u>	<u>\$ 2,690,830</u>	<u>\$ 9,150,393</u>	

**CITY OF WEIRTON, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2016**

Total fund balance, governmental funds	\$ 7,635,198
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets of \$39,808,608 net of accumulated depreciation of \$23,009,573, 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. 16,799,035

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. 60,705

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. 402,158

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. (404,330)

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 - Net changes in employer proportion and differences between contributions and proportionate share of contributions	2,288
Deferred outflows - Changes in assumptions	9,088,200
Deferred outflows - Differences between expected and actual experience	854,128
Deferred outflows - Net differences between projected and actual investment earnings on pensions	944,702
Deferred outflows - Employer contributions to pension plan subsequent to measurement date	281,193
Deferred inflows - Differences between expected and actual experience	(31,585)
Deferred inflows - Net differences between projected and actual investment earnings on pensions	(194,049)
Deferred inflows - Deferred differences in assumptions	<u>(106,449)</u> 10,838,428

Long-term net pension liabilities are not due and payable in the current period and not reported in the funds. (46,928,410)

Capital lease obligations do not require the use of current financial resources and therefore are reported only in the Statement of Net Position. (332,071)

Net position of governmental activities in the Statement of Net Position \$ (11,929,287)

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	General	Coal Severance Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 2,815,643	\$ -	\$ 533,843	\$ 3,349,486
B&O taxes	5,114,210	-	-	5,114,210
Excise tax on utilities	1,165,734	-	-	1,165,734
Other taxes	541,276	45,745	-	587,021
Fines and forfeitures	129,009	-	11,940	140,949
Licenses, permits, and fees	221,557	-	-	221,557
Intergovernmental	1,054,214	-	315,937	1,370,151
Charges for services	4,628,913	-	-	4,628,913
Video lottery and table gaming	504,155	-	-	504,155
Investment income	13,748	135	(9,754)	4,129
Contributions	-	-	217,184	217,184
Other	105,881	-	3,650	109,531
Total revenues	<u>16,294,340</u>	<u>45,880</u>	<u>1,072,800</u>	<u>17,413,020</u>
<b>Expenditures</b>				
Current:				
General government	3,033,994	-	170,802	3,204,796
Public safety	6,687,064	-	36,551	6,723,615
Highways and streets	3,034,662	-	106,417	3,141,079
Health and sanitation	1,175,550	-	-	1,175,550
Culture and recreation	165,744	-	732,399	898,143
Social services	18,105	-	27,259	45,364
Debt Service:				
Capital leases - principal	217,569	9,047	-	226,616
Capital leases - interest	<u>7,771</u>	<u>26</u>	<u>-</u>	<u>7,797</u>
Total expenditures	<u>14,340,459</u>	<u>9,073</u>	<u>1,073,428</u>	<u>15,422,960</u>
Excess (deficiency) of revenues over expenditures	<u>1,953,881</u>	<u>36,807</u>	<u>(628)</u>	<u>1,990,060</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital leases	314,516	-	-	314,516
Transfers from other funds	-	-	349,119	349,119
Transfers to other funds	<u>(863,119)</u>	<u>-</u>	<u>-</u>	<u>(863,119)</u>
Net other financing sources (uses)	<u>(548,603)</u>	<u>-</u>	<u>349,119</u>	<u>(199,484)</u>
Net changes in fund balances	1,405,278	36,807	348,491	1,790,576
Fund balances - beginning	<u>3,808,208</u>	<u>31,209</u>	<u>2,005,205</u>	<u>5,844,622</u>
Fund balances - ending	<u>\$ 5,213,486</u>	<u>\$ 68,016</u>	<u>\$ 2,353,696</u>	<u>\$ 7,635,198</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

Net change in fund balances - total governmental funds: \$ 1,790,576

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 \$1,542,684 exceeded depreciation expense of \$1,161,942 in the current period.

380,742

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.

(42,894)

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 new capital leases of \$314,516 exceeded capital lease payments of \$226,616.

(87,900)

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	1,693,244
Amount of pension expenses recognized at government - wide level	<u>(5,880,986)</u>
	(4,187,742)

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 increase in compensated absences of \$31,904.

(31,904)

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.

49,015

Change in net position of governmental activities \$ (2,130,107)

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2016**

	Enterprise Funds						Internal Service Fund-Gasoline	
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor	Total Enterprise Funds			
				Enterprise Fund Parking				
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 476,234	\$ 986,666	\$ 238,872	\$ 988	\$ 1,702,760	\$ 365,714		
Investments	-	-	407,560	-	407,560	-		
Accounts receivable, net	976,979	785,850	4,072	-	1,766,901	21,958		
Due from other funds	-	256,047	14,419	-	270,466	44,967		
Inventories	114,415	-	-	-	114,415	-		
<b>Total current assets</b>	<b>1,567,628</b>	<b>2,028,563</b>	<b>664,923</b>	<b>988</b>	<b>4,262,102</b>	<b>432,639</b>		
<b>Restricted assets</b>								
Cash and cash equivalents	3,584,984	465,269	-	-	4,050,253	-		
<b>Total restricted assets</b>	<b>3,584,984</b>	<b>465,269</b>	<b>-</b>	<b>-</b>	<b>4,050,253</b>	<b>-</b>		
<b>Non-current assets</b>								
Capital assets								
Land and construction in progress	399,891	49,476	9,135	304,581	763,083	-		
Other capital assets, net of accumulated depreciation	11,960,646	13,586,947	1,283,520	-	26,831,113	-		
<b>Total non-current assets</b>	<b>12,360,537</b>	<b>13,636,423</b>	<b>1,292,655</b>	<b>304,581</b>	<b>27,594,196</b>	<b>-</b>		
<b>Total assets</b>	<b>17,513,149</b>	<b>16,130,255</b>	<b>1,957,578</b>	<b>305,569</b>	<b>35,906,551</b>	<b>432,639</b>		
<b>Deferred outflows</b>								
Net changes in employer proportion and differences between contributions and proportionate share of contributions	62,362	31,352	8,553	-	102,267	-		
Differences between expected and actual experience	81,418	69,748	23,716	-	174,882	-		
Employer contributions to pension plan subsequent to measurement date	133,870	102,209	34,242	-	270,321	-		
<b>Total deferred outflows of resources</b>	<b>277,650</b>	<b>203,309</b>	<b>66,511</b>	<b>-</b>	<b>547,470</b>	<b>-</b>		
<b>Total assets and deferred outflows of resources</b>	<b>\$ 17,790,799</b>	<b>\$ 16,333,564</b>	<b>\$ 2,024,089</b>	<b>\$ 305,569</b>	<b>\$ 36,454,021</b>	<b>\$ 432,639</b>		

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

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2016**

	Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	Internal Service Fund-Gasoline
				Enterprise Funds	Enterprise Funds	
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	321,803	8,010	14,797	-	344,610	27,982
Wages and benefits payable	81,536	69,273	27,572	-	178,381	-
Due to other funds	105,119	79,719	9,413	-	194,251	2,499
Compensated absences	68,089	71,842	11,646	-	151,577	-
Notes payable	12,170	-	-	-	12,170	-
Total current liabilities	<u>588,717</u>	<u>228,844</u>	<u>63,428</u>	-	<u>880,989</u>	<u>30,481</u>
<b>Liabilities payable from restricted assets</b>						
Bond interest payable, current	23,680	13,881	-	-	37,561	-
Bonds payable, current	<u>882,116</u>	<u>450,965</u>	-	-	<u>1,333,081</u>	-
Total liabilities payable from restricted assets	<u>905,796</u>	<u>464,846</u>	-	-	<u>1,370,642</u>	-
<b>Non-current liabilities</b>						
Net pension liability	398,094	341,028	115,958	-	855,080	-
Bonds payable, non-current	<u>6,462,599</u>	<u>7,877,591</u>	-	-	<u>14,340,190</u>	-
Total non-current liabilities	<u>6,860,693</u>	<u>8,218,619</u>	<u>115,958</u>	-	<u>15,195,270</u>	-
Total liabilities	<u>8,355,206</u>	<u>8,912,309</u>	<u>179,386</u>	-	<u>17,446,901</u>	<u>30,481</u>
<b>Deferred inflows</b>						
Net differences between projected and actual investment earnings on pensions	87,293	74,781	25,427	-	187,501	-
Deferred difference in assumptions	<u>47,883</u>	<u>41,020</u>	<u>13,948</u>	-	<u>102,851</u>	-
Total deferred inflows of resources	<u>135,176</u>	<u>115,801</u>	<u>39,375</u>	-	<u>290,352</u>	-
<b>Net Position</b>						
Net investment in capital assets	5,003,652	5,307,867	1,292,654	304,581	11,908,754	-
Restricted for:						
Debt service	3,409,906	401,466	-	-	3,811,372	-
Other purposes	175,079	63,803	-	-	238,882	-
Unrestricted	<u>711,780</u>	<u>1,532,318</u>	<u>512,674</u>	<u>988</u>	<u>2,757,760</u>	<u>402,158</u>
Total net position	<u>9,300,417</u>	<u>7,305,454</u>	<u>1,805,328</u>	<u>305,569</u>	<u>18,716,768</u>	<u>402,158</u>
<b>Total liabilities, deferred inflows, and net position</b>	<b><u>\$ 17,790,799</u></b>	<b><u>\$ 16,333,564</u></b>	<b><u>\$ 2,024,089</u></b>	<b><u>\$ 305,569</u></b>	<b><u>\$ 36,454,021</u></b>	<b><u>\$ 432,639</u></b>

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

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	Enterprise Funds						Internal Service Fund-Gasoline	
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund		Total Enterprise Funds		
				Parking				
<b>Operating Revenues</b>								
Charges for services:								
Fees for services	\$ 4,030,541	\$ 3,278,743	\$ 401,629	\$ -	\$ 7,710,913	\$ -		
Concessions, merchandise sales and commissions	-	-	81,276	-	81,276			
Internal service charges	-	-	-	-	-	400,435		
Total charges for services	<u>4,030,541</u>	<u>3,278,743</u>	<u>482,905</u>	<u>-</u>	<u>7,792,189</u>	<u>400,435</u>		
Operating grants and contributions	-	23,381	-	-	23,381	-		
Total operating revenues	-	<u>23,381</u>	<u>-</u>	<u>-</u>	<u>23,381</u>	<u>-</u>		
<b>Operating Expenses</b>								
Personal services	1,609,872	1,418,060	606,506	-	3,634,438	-		
Operations, maintenance, and contractual services	1,448,439	850,186	306,930	-	2,605,555	-		
Materials and supplies	139,617	119,461	57,323	-	316,401	351,420		
Depreciation	433,915	487,968	196,289	-	1,118,172	-		
Total operating expenses	<u>3,631,843</u>	<u>2,875,675</u>	<u>1,167,048</u>	<u>-</u>	<u>7,674,566</u>	<u>351,420</u>		
Operating income (loss)	398,698	426,449	(684,143)	-	141,004	49,015		
<b>Non-Operating Revenues (Expenses)</b>								
Investment income	5,108	3,579	1,594	3	10,284	-		
Interest on bonds and note obligations	(148,549)	(165,721)	-	-	(314,270)	-		
Gain (losses) on disposal of capital assets	(1,034)	(27,307)	(1,137)	-	(29,478)	-		
Other revenue	23,394	1,634	40,530	-	65,558	-		
Total non-operating revenue (expenses)	<u>(121,081)</u>	<u>(187,815)</u>	<u>40,987</u>	<u>3</u>	<u>(267,906)</u>	<u>-</u>		
Income (loss) before contributions and transfers	277,617	238,634	(643,156)	3	(126,902)	49,015		
Capital grants and contributions	23,247	1,000	10,707	-	34,954	-		
Transfers from other funds	-	-	514,000	-	514,000	-		
Change in net position	300,864	239,634	(118,449)	3	422,052	49,015		
Total net position, beginning	<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>		
Total net position, ending	<u>\$ 9,300,417</u>	<u>\$ 7,305,454</u>	<u>\$ 1,805,328</u>	<u>\$ 305,569</u>	<u>\$ 18,716,768</u>	<u>\$ 402,158</u>		

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

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds						
	Water Board		Sanitary Board		Board of Park Commissions	Nonmajor Enterprise Fund Parking	
<b>Cash Flows from Operating Activities</b>							
Cash received from customers	\$ 3,891,901		\$ 3,115,439	\$ 468,485	\$ -	\$ 7,475,825	\$ 67,629
Cash received for internal services	-		-	-	-	-	313,042
Cash payments to suppliers for goods and services	(1,575,362)		(972,526)	(368,877)	-	(2,916,765)	(320,939)
Cash payments to employees and professional contractors for services	(1,662,668)		(1,472,210)	(628,774)	-	(3,763,652)	-
Payments for internal services	(2,472)		(1,232)	(602)	-	(4,306)	-
Other operating revenues	-		23,381	-	-	23,381	-
Net cash provided (used) by operating activities	<u>651,399</u>		<u>692,852</u>	<u>(529,768)</u>	<u>-</u>	<u>814,483</u>	<u>59,732</u>
<b>Cash Flows from Non-Operating Activities</b>							
Other non-operating revenues	<u>23,394</u>		<u>1,633</u>	<u>40,530</u>	<u>-</u>	<u>65,557</u>	<u>-</u>
Net cash provided (used) by non-operating activities	<u>23,394</u>		<u>1,633</u>	<u>40,530</u>	<u>-</u>	<u>65,557</u>	<u>-</u>
<b>Cash Flows from Non-Capital Financing Activities</b>							
Transfers from other funds	-		-	514,000	-	514,000	-
Net cash provided (used) by non-capital financing activities	-		-	514,000	-	514,000	-
<b>Cash Flows from Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(335,895)		(644,027)	(78,381)	-	(1,058,303)	-
Disposition of capital assets	-		4,950	-	-	4,950	-
Proceeds from issue of bonds and notes	2,900,000		614,334	-	-	3,514,334	-
Principal paid on bonds and notes	(784,541)		(442,056)	-	-	(1,226,597)	-
Interest paid on bonds and notes	(148,478)		(166,458)	-	-	(314,936)	-
Capital contributions and grants received	<u>23,247</u>		<u>1,000</u>	<u>10,707</u>	<u>-</u>	<u>34,954</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>1,654,333</u>		<u>(632,257)</u>	<u>(67,674)</u>	<u>-</u>	<u>954,402</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>							
Proceeds from sale of investments	-		-	62,419	-	62,419	-
Investment income	<u>5,108</u>		<u>3,579</u>	<u>1,645</u>	<u>3</u>	<u>10,335</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>5,108</u>		<u>3,579</u>	<u>64,064</u>	<u>3</u>	<u>72,754</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>2,334,234</u>		<u>65,807</u>	<u>21,152</u>	<u>3</u>	<u>2,421,196</u>	<u>59,732</u>
Cash and cash equivalents, beginning	<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>
Cash and cash equivalents, ending	<u>\$ 4,061,218</u>		<u>\$ 1,451,935</u>	<u>\$ 238,872</u>	<u>\$ 988</u>	<u>\$ 5,753,013</u>	<u>\$ 365,714</u>

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

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds						Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>							
Operating income (loss)	\$ 398,698	\$ 426,449	\$ (684,143)	\$ -	\$ 141,004	\$ 49,015	
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	433,915	487,968	196,289	-	1,118,172	-	
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(138,640)	(107,558)	-	-	(246,198)	4,948	
(Increase) decrease in due from other funds	-	(55,746)	(14,423)	-	(70,169)	(24,712)	
(Increase) decrease in inventories	(15,804)	-	-	-	(15,804)	-	
(Increase) decrease in net changes in employer proportion and differences between contributions and proportionate share of contributions	(10,084)	15,041	(2,369)	-	2,588	-	
(Increase) decrease in employer contributions to pension plan subsequent to measurement date	7,361	6,020	5,045	-	18,426	-	
(Increase) decrease in net difference between projected and actual investment earnings on pensions	(173,166)	(164,240)	(52,729)	-	(390,135)	-	
(Increase) decrease in differences between expected and actual experience	(81,418)	(69,748)	(23,716)	-	(174,882)	-	
Increase (decrease) in accounts payable	33,963	(10,059)	(3,073)	-	20,831	27,982	
Increase (decrease) in wages and benefits payable	405	1,130	(1,232)	-	303	-	
Increase (decrease) in due to other funds	(7,937)	5,948	(2,150)	-	(4,139)	2,499	
Increase (decrease) in compensated absences	4,342	1,546	(3,292)	-	2,596	-	
Increase (decrease) in net pension liability	151,881	115,081	42,077	-	309,039	-	
Increase (decrease) in deferred difference in assumptions	47,883	41,020	13,948	-	102,851	-	
Net cash provided (used) by operating activities:	<u>\$ 651,399</u>	<u>\$ 692,852</u>	<u>\$ (529,768)</u>	<u>\$ -</u>	<u>\$ 814,483</u>	<u>\$ 59,732</u>	
<b>Reconciliation of Cash and Cash Equivalents</b>							
Cash and cash equivalents	\$ 476,234	\$ 986,666	\$ 238,872	\$ 988	\$ 1,702,760	\$ 365,714	
Restricted cash and cash equivalents	<u>3,584,984</u>	<u>465,269</u>	<u>-</u>	<u>-</u>	<u>4,050,253</u>	<u>-</u>	
Total cash and cash equivalents	<u>\$ 4,061,218</u>	<u>\$ 1,451,935</u>	<u>\$ 238,872</u>	<u>\$ 988</u>	<u>\$ 5,753,013</u>	<u>\$ 365,714</u>	

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2016**

	Pension Trust Funds	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 116,953	\$ 36,996
Investments, at fair value:		
Money markets	92,415	-
Government agency obligations	328,257	-
Municipal obligations	206,542	-
Corporate obligations	1,984,170	-
Mutual funds	2,570,866	-
Common stock	7,743,310	-
	<hr/>	<hr/>
Total investments	<hr/> <u>12,925,560</u>	<hr/> <u>-</u>
Total assets	<hr/> <u>13,042,513</u>	<hr/> <u>36,996</u>
<b>Liabilities</b>		
Accounts payable	<hr/> <u>-</u>	<hr/> <u>36,996</u>
Total liabilities	<hr/> <u>-</u>	<hr/> <u>36,996</u>
<b>Net Position</b>		
Net position held in trust	<hr/> <u>\$ 13,042,513</u>	<hr/> <u>\$ -</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY**  
**NET POSITION - FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	Pension Trust Funds
<b>Additions</b>	
Contributions	
Employer	\$ 874,214
Plan members	245,556
Insurance premium tax allocation	<u>553,581</u>
 Total contributions	 <u>1,673,352</u>
 Investment income	
Interest and dividends	316,134
Net realized and unrealized gains (losses)	(375,104)
Less: investment expense	<u>(45,674)</u>
 Net investment income	 <u>(104,644)</u>
 Total additions	 <u>1,568,708</u>
 <b>Deductions</b>	
Benefits	2,167,066
Administrative	<u>8,099</u>
 Total deductions	 <u>2,175,165</u>
 Change in net position	 (606,458)
 Net position held in trust for pension benefits	
Beginning of year	 <u>13,648,971</u>
End of year	 <u>\$ 13,042,513</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**NOTE I - 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, 2016.

**A. 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).

**B. 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 Housing 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 Transit 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 Redevelopment Authority reports independently.

**C. 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 THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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.

**D. Basis of Presentation, Measurement Focus, and Basis of Accounting**

**1. 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.

**2. 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.

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.

**CITY OF WEIRTON, WEST VIRGINIA**  
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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.

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.

### **3. 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.

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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.

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.

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance**

**1. 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.

**2. 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.

**3. Property Taxes Receivables**

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.

**CITY OF WEIRTON, WEST VIRGINIA**  
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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, 2016 were assessed as follows:

Assessed class of property	Assessed valuation for tax purposes	Current expense
Class I	\$ -	12.5 cents
Class II	260,659,070	25.0 cents
Class IV	427,307,188	50.0 cents

#### **4. Trade Receivables**

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

#### **5. 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.

#### **6. 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 \$4,050,253.

**CITY OF WEIRTON, WEST VIRGINIA**  
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**For the Fiscal Year Ended June 30, 2016**

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## **7. Capital Assets and Depreciation**

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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset-type</u>	<u>Years</u>
Land Improvements	5-70
Building and improvements	5-70
Infrastructure	10-50
General plant	20-50
Furniture, machinery, and equipment	4-45

## **8. 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.

## **9. 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.

## **10. 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.

**CITY OF WEIRTON, WEST VIRGINIA**  
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### **11. 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.

### **12. 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.

### **13. 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.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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#### **14. 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.

### **F. Revenues and Expenditures/Expenses**

#### **1. 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.

#### **2. Proprietary Funds Operating and Nonoperating 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.

### **G. 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, 2016:

	<b>Major governmental funds</b>
	<b>General fund</b>
Business – type activities	
Major enterprise funds	
Board of park commissions	\$ 514,000
Total transfers	\$ 514,000

**CITY OF WEIRTON, WEST VIRGINIA**  
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**H. 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.

**NOTE II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. 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.

**B. 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. As of June 30, 2016, the balance of the stabilization fund is \$2,011,005.

**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**1. Custodial Credit Risk**

*Deposits* - The City has \$9,757,586 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, 2016. The City has \$2,046,598 in deposits with financial institutions that are in excess of the Federal Deposit Insurance Corporation limitations and uncollateralized as of June 30, 2016.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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## 2. Investments

As of June 30, 2016, the City held the following investments:

	<u>Level</u>	<u>Governmental</u>	<u>Fiduciary</u>	<u>Business – type activities</u>	<u>Total</u>
Money markets	1	\$ 1,171	\$ 92,415	\$ -	\$ 93,586
Certificate of deposits	*	-	-	407,560	407,560
Government agency obligations	2	-	328,257	-	328,257
Corporate obligations	2	-	1,984,170	-	1,984,170
Municipal obligations	2	-	206,542	-	206,542
Mutual funds	1	214,716	2,570,866	-	2,785,582
Common stock	1	268,980	7,743,310	-	8,012,290
Municipal bond commission	**	-	-	1,251,138	1,251,138
 Total Investments		<u>\$ 484,867</u>	<u>\$ 12,925,560</u>	<u>\$ 1,658,698</u>	<u>\$ 15,069,125</u>

*\*Certificate of Deposits:* The City has determined that certificates of deposit held by the City do not meet the definition of a security as defined by Statement No. 72 of the Governmental Accounting Standards Board, *Fair Value Measurement and Application*, and are therefore not subject to the disclosure requirements.

*\*\*Municipal Bond Commission:* The City's investment in the West Virginia Board of Treasury Investments includes funds held at the West Virginia Municipal Bond Commission (Commission) for the Water and Sanitary revenue bond issuances. The West Virginia Legislature created this Commission to act as the fiscal agent/trustee for the bond issuances of the State and its political subdivisions. The oversight of the Commission is the State Treasurer's Office, the State Auditors' Office, and other financial professionals not associated with government. Since 1932, the Legislature has made a blanket appropriation annually to cover possible deficiencies that could arise in State and general obligation sinking fund accounts. Standard & Poor's has recognized this annual Legislative appropriation and the Commissions' management as a Credit Enhancement Program, and has awarded all West Virginia general obligations administered by the Commission a minimum rating of AA-. The City's fair value position is the same as the value of the pool shares.

## 3. 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 are as follows:

	Interest Rate and Credit Risk Ratings	
	Credit Quality	
	Maturity Range	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 THE FINANCIAL STATEMENTS**  
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*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 are as follows:

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

	Level	Fair Value	Credit Risk Rating
Wesbanco Bank Inc. Premium Yield	1	\$ 26,574	
U.S. Government Agency Obligations	2	126,390	Aaa
Municipal Obligations	2	103,271	Aaa
Corporate Obligations –			
Johnson & Johnson	2	53,357	Aaa
Wal – Mart Stores	2	51,738	Aa2
Colgate – Palmolive	2	107,216	Aa3
IBM Corp	2	50,030	Aa3
Oracle Corp	2	51,479	A1
Merck & Co.	2	76,764	A1
Boeing Capital	2	51,943	A2
Anheuser – Busch	2	57,846	A3
El Du Pont De Nemours	2	58,064	A3
Bank of America	2	112,504	Baa1
McDonald's	2	53,470	Baa1
ConocoPhillips	2	53,516	Baa2
Total Corporate Obligations		777,925	
Total Mutual Funds	1	530,680	
Total Equities	1	2,352,361	
Total Investments		<u><u>\$ 3,917,201</u></u>	

**CITY OF WEIRTON, WEST VIRGINIA**  
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At year end, the City Firemen's Pension Fund had the following investments:

	Level	Fair Value	Credit Risk Rating
Federated U.S. Treasury Cash Reserves	1	\$ 65,841	
U.S. Government Agency Obligations	2	201,867	Aaa
Municipal Obligations	2	103,271	Aaa
Corporate Obligations –			
Wal – Mart Stores	2	77,606	Aa2
Colgate – Palmolive	2	107,216	Aa3
IBM Corp	2	75,044	Aa3
Oracle Corp	2	82,366	A1
Boeing Capital	2	181,801	A2
Bristol – Myers Squibb	2	110,400	A2
John Deere Capital	2	75,287	A2
Emerson Electric	2	69,031	A2
Wells Fargo	2	104,883	A2
Anheuser – Busch	2	86,768	A3
Eaton Corp	2	75,365	Baa1
McDonald's	2	80,204	Baa1
ConocoPhillips	2	80,274	Baa2
Total Corporate Obligations		<u>1,206,245</u>	
Total Mutual Funds	1	2,040,186	
Total Equities	1	5,390,949	
Total Investments		<u>\$ 9,008,359</u>	

#### 4. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### *Methodologies*

The following is a description of the valuation methodologies used by the City. There have been no changes in the methodologies of the City's investments.

***Mutual Funds:*** Valued at the daily closing price as reported by the fund. Mutual funds held by the City are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the City are actively traded.

***Equities:*** Valued at the closing price in the active market in which the security is traded.

***Government, Municipal and Corporate Bonds:*** Valued at closing price in the active market in which the security is traded.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**B. 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	\$ 1,620,727	\$ 11,704	\$ 887	\$ 1,633,318
Charges for services	1,765,157	-	-	1,765,157
Fees and other receivables	16,976	-	-	16,976
Intergovernmental	4,439	-	29,757	34,196
Less: Allowance for uncollectible accounts	<u>(1,231,581)</u>	<u>-</u>	<u>-</u>	<u>(1,231,581)</u>
Net accounts receivable	<u>\$ 2,175,718</u>	<u>\$ 11,704</u>	<u>\$ 30,644</u>	<u>\$ 2,218,066</u>
Uncollectible amounts netted with revenues	<u>\$ 76,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,260</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	\$ 1,058,049	\$ 1,046,627	\$ 4,072	\$ 2,108,748
Less: Allowance for uncollectible accounts	<u>(81,070)</u>	<u>(260,777)</u>	<u>-</u>	<u>(341,847)</u>
Net accounts receivable	<u>\$ 976,979</u>	<u>\$ 785,850</u>	<u>\$ 4,072</u>	<u>\$ 1,766,901</u>
Uncollectible amounts netted with revenues	<u>\$ 24,673</u>	<u>\$ 43,930</u>	<u>\$ -</u>	<u>\$ 68,603</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
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**C. Minimum Lease Obligations**

At June 30, 2016, the City has nine outstanding lease agreements which were made for the purchase of eleven police vehicles, one sanitation truck, and five street trucks. The cost and accumulated depreciation for assets under capital lease at June 30, 2016 were \$986,736 and \$212,118, respectively. The total lease payments less interest costs are as follows:

<u>Year Ending June 30</u>	\$
2017	185,027
2018	111,420
2019	26,569
Total capital leases payable	<u>339,045</u>
Less: Interest costs	<u>(6,974)</u>
Present value of future minimum lease payments	<u>332,071</u>
Less: Current portion	<u>(179,985)</u>
Capital leases, non-current	<u><u>152,086</u></u>

**D. Capital Assets**

*Construction in progress*

Active construction in progress is composed of the following:

	Expended at June 30, 2016	Remaining Commitment
Primary Government		
<i>Business – Type Activities</i>		
Water Fund		
Valve Replacement	\$ 10,700	\$ -
Water Plant Upgrade/ Line Upgrade	<u>\$ 271,314</u>	<u>\$ 6,628,686</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	411,247	Water Board	433,915
Public Safety	216,753	Sanitary Board	487,968
Highways and Streets	353,407	Board of Park Commissions	196,289
Health and Sanitation	51,794		
Culture and Recreation	<u>128,741</u>		
	<u><u>\$ 1,161,942</u></u>		<u><u>\$ 1,118,172</u></u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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A summary of changes in fixed assets for the fiscal year ended June 30, 2016 is as follows:

<b>Governmental Activities</b>	<b>Balance</b>			<b>Balance</b>	<b>Accumulated</b>	<b>Depreciation</b>			<b>Net Balance</b>
	<b>07/01/2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/2016</b>	<b>Depreciation Prior Years</b>	<b>Expense Current Year</b>	<b>Deductions</b>	<b>6/30/2016</b>	
<b>Non-Depreciable capital assets</b>									
Land	\$ 913,146	\$ -	\$ -	\$ 913,146	\$ -	\$ -	\$ -	\$ 913,146	
<b>Depreciable capital assets</b>									
Land improvements	1,873,098	27,000	-	1,900,098	1,862,928	5,291	-	31,879	
Infrastructure	14,846,732	668,403	-	15,515,135	4,474,553	357,424	-	10,683,158	
Buildings and improvements	8,438,926	26,826	(1,361)	8,464,391	6,014,809	165,388	(290)	2,284,484	
Vehicle and equipment	12,283,512	820,455	(88,129)	13,015,838	9,584,831	633,839	(89,200)	2,886,368	
<b>Total Governmental</b>	<b>\$ 38,355,414</b>	<b>\$ 1,542,684</b>	<b>\$ (89,490)</b>	<b>\$ 39,808,608</b>	<b>\$ 21,937,121</b>	<b>\$ 1,161,942</b>	<b>\$ (89,490)</b>	<b>\$ 16,799,035</b>	
<b>Business- Type Activities</b>									
<b>Non-Depreciable capital assets</b>									
Land	\$ 477,934	\$ -	\$ -	\$ 477,934	\$ -	\$ -	\$ -	\$ 477,934	
Construction in progress	72,010	867,090	(653,951)	285,149				285,149	
<b>Depreciable capital assets</b>									
Land improvements	169,131	25,000	-	194,131	150,967	10,286	-	32,878	
Infrastructure	46,144,292	17,571	-	46,161,863	29,035,529	551,789	-	16,574,545	
Buildings and improvements	9,799,389	3,132	(82,162)	9,720,359	5,104,597	254,619	(49,186)	4,410,329	
Vehicle and equipment	3,221,417	163,080	(39,583)	3,344,914	2,430,590	176,357	(39,583)	777,550	
General plant facilities	5,887,891	636,382	(1,984)	6,522,289	1,362,924	125,121	(1,567)	5,035,811	
<b>Total Business-Type</b>	<b>\$ 65,772,064</b>	<b>\$ 1,712,255</b>	<b>\$ (777,680)</b>	<b>\$ 66,706,639</b>	<b>\$ 38,084,607</b>	<b>\$ 1,118,172</b>	<b>\$ (90,336)</b>	<b>\$ 27,594,196</b>	

**CITY OF WEIRTON, WEST VIRGINIA**  
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**For the Fiscal Year Ended June 30, 2016**

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**E. Long-term Debt**

*Revenue Bonds*

Revenue bonds outstanding as of June 30, 2016 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, 2016 are as follows:

Year Ending June 30	Water Board		Sanitary Board	
	Principal	Interest	Principal	Interest
2017	\$ 882,116	\$ 213,488	\$ 450,965	\$ 163,203
2018	474,980	168,630	460,051	154,116
2019	486,250	157,359	469,322	144,846
2020	363,436	147,048	478,779	135,388
2021	372,827	137,656	488,425	125,739
2022-2026	2,010,262	542,152	2,593,789	477,047
2027-2031	1,838,840	285,567	2,010,875	230,321
2032-2036	916,004	84,190	1,376,350	59,224
Total	<u>\$ 7,344,715</u>	<u>\$ 1,736,090</u>	<u>\$ 8,328,556</u>	<u>\$ 1,498,884</u>

*Additional Debt Disclosure*

	Amount of Original Issue	Ranges of Final Maturity Date	Ranges of Interest Rates
Water Board	\$ 14,925,208	2017-2036	2% - 8.1% plus 1% administration fee
Sanitary Board	10,103,404	2017-2035	2% plus 1% administration fee
Total	<u>\$ 25,028,612</u>		

In October 2016, the City's Sanitary Board issued 2016 B bonds in the amount of \$4,000,000 to continue construction in progress on the water plant upgrade and additional line upgrades. The interest rate on the 2016 B bonds is 2.5% plus a .50% administration fee. Debt service payments will be required beginning September 2018 and will be paid over 20 years.

*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, 2016, the principal and interest payments due from the City are as follows:

Year Ending June 30	Principal	Interest
2017	\$ 12,170	\$ 126
Total	<u>\$ 12,170</u>	<u>\$ 126</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
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The following is a summary of changes in long – term debt for the year ended June 30, 2016:

	Payable at June 30, 2015	Additions	Deductions	Payable at June 30, 2016
<b>Governmental Activities</b>				
Capital leases payable	\$ 244,171	\$ 314,516	\$ (226,616)	\$ 332,071
Net pension liability	<u>33,454,841</u>	<u>14,758,021</u>	<u>(1,284,452)</u>	<u>46,928,410</u>
Total Governmental Activities	<u>\$ 33,699,012</u>	<u>\$ 15,072,537</u>	<u>\$ (1,511,068)</u>	<u>\$ 47,260,481</u>
 <b>Business – Type Activities</b>				
<i>Notes Payable</i>				
Water Board	\$ 32,848	\$ -	\$ (20,678)	\$ 12,170
Total Notes Payable	<u>\$ 32,848</u>	<u>\$ -</u>	<u>\$ (20,678)</u>	<u>\$ 12,170</u>
<i>Revenue Bonds</i>				
Water Board	\$ 5,207,539	\$ 2,900,000	\$ (762,824)	\$ 7,344,715
Sanitary Board	8,346,990	423,622	(442,056)	8,328,556
Total Revenue Bonds	<u>\$ 13,554,529</u>	<u>\$ 3,323,622</u>	<u>\$ (1,204,880)</u>	<u>\$ 15,673,271</u>
Net pension liability	\$ 546,041	\$ 599,766	\$ (290,727)	\$ 855,080
Total Business – Type Activities	<u>\$ 14,133,418</u>	<u>\$ 3,923,388</u>	<u>\$ (1,516,285)</u>	<u>\$ 16,540,521</u>

**F. Revenues and Expenditures – Benefits Funded by the State of West Virginia**

For the year ended June 30, 2016, the State of West Virginia contributed payments on behalf of City employees as follows:

City of Weirton Policemen's Pension and Relief Fund	\$ 345,588
City of Weirton Firemen's Pension and Relief Fund	207,993
<b>Total</b>	<b>\$ 553,581</b>

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

**G. Interfund Receivables and Payables**

Generally, outstanding balances between funds reported as "due to/from other funds" are related to 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."

**CITY OF WEIRTON, WEST VIRGINIA**  
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The following schedule reports receivables and payables within the Primary Government reporting entity at fiscal year-end:

	Government activities		Business-type activities				
	General fund	Internal service fund	Sanitary board	Board of park commissions	Total due from		
<b>Governmental activities</b>							
Major governmental funds							
General fund	\$ -	\$ 42,044	\$ 242,7863	\$ -	\$ 284,827		
Non-major governmental funds							
CDBG	17,000	-	-	9,701	26,701		
Library	5,702	-	-	-	5,702		
<b>Business-type activities</b>							
Internal service fund							
Gasoline fund	-	-	2,499	-	2,499		
Major enterprise funds							
Water board	91,431	2,923	10,765	-	105,119		
Sanitary board	75,001	-	-	4,718	79,719		
Board of park commissions	9,413	-	-	-	9,413		
Total due to	<u>\$ 198,547</u>	<u>\$ 44,967</u>	<u>\$ 256,047</u>	<u>\$ 14,419</u>	<u>\$ 513,980</u>		

#### **H. 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.

#### **I. 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.

**CITY OF WEIRTON, WEST VIRGINIA**  
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*Aggregate Defined Benefit Pension Expense and Expenditures*

The City recognized government-wide pension expense of \$5,880,986 and governmental expenditures of \$1,693,244 for the year ended June 30, 2016 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, 2015 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2016.

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.

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.

**CITY OF WEIRTON, WEST VIRGINIA**  
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Any member who terminates employment prior to retirement will be entitled to a refund of contributions without interest.

As of July 01, 2015, membership of the plan is as follows:

Retirees and Beneficiaries	51
Active Members	32
Total	<u>83</u>

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, 2016 was \$1,658,979. The total employee contribution was \$163,095.

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, 2015 actuarial report, was \$2,228,433. Actual contributions were \$972,529 for the year ended June 30, 2016.

The components of net pension liability for the Policemen's Pension and Relief Fund at June 30, 2016 are as follows:

Total pension liability	\$ 44,109,689
Less – Plan fiduciary net position	4,028,172
Plan net pension liability	<u>\$ 40,081,517</u>
Plan fiduciary net position as a percentage of total pension liability	9.13%
Single discount rate	3.0528%

*Single Discount Rate* - A single discount rate of 3.0528% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 4.000%, and the municipal bond rate of 2.850%. 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 3.0528% 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 3.0528%, 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 2.0528%	Discount Rate Assumption 3.0528%	1% Increase 4.0528%
\$ 47,977,067	\$ 40,081,517	\$ 33,888,650

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**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, 2016, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 01, 2015 and rolled forward to June 30, 2016 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)
<b>Balances at June 30, 2015</b>	\$ 34,486,917	\$ 4,465,807	\$ 30,021,110
Service costs	855,645		855,645
Interest on total pension liability	1,411,041		1,411,041
Difference between expected and actual experience	52,844		52,844
Changes of assumptions	8,829,277		8,829,277
Employer contributions		626,941	(626,941)
State contributions		345,588	(345,588)
Employee contributions		163,095	(163,095)
Net investment income		(46,782)	46,782
Benefit payments, including employee refunds	(1,526,035)	(1,523,831)	(2,204)
Administrative expense		(2,646)	2,646
<b>Balances at June 30, 2016</b>	<b><u>\$ 44,109,689</u></b>	<b><u>\$ 4,028,172</u></b>	<b><u>\$ 40,081,517</u></b>

For the fiscal year ended June 30, 2016, the City recognized government-wide pension expense related to the Policemen's Pension and Relief Fund of \$4,683,202. The City also recognized contribution revenue of \$345,588 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	\$ 359,274
Changes in assumptions	7,433,223
Net difference between projected and actual earnings on pension plan investments	225,480
	<b><u>\$ 8,017,977</u></b>

**CITY OF WEIRTON, WEST VIRGINIA**  
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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:

2017	\$ 2,796,308
2018	2,665,292
2019	2,203,011
2020	353,366
Total	<u>\$ 8,017,977</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, 2016, are summarized in the following table:

Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	40.00%	7.00%
Common Stocks – Mid Cap	5.00%	8.00%
Common Stocks – Small Cap	5.00%	8.00%
International Equity	10.00%	8.00%
Fixed Income	40.00%	4.00%

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, 2015, the average annual salary for benefits was \$51,843. There were 51 pensioners as of June 30, 2016 receiving an average of \$29,879 in pension benefits with expected cost-of-living increases up to 2.75%.

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

Investment rate of return:

July 1, 2015	5.0%
July 1, 2014	4.0%

General inflation rate: 2.75%

Expected salary increase: 3.75% general and wage inflation adjustment plus service-based increase of 20.0% for one year of service, 6.5% for two years of service, 3.5% for three years of service, 2.75% for four years of service, 2.5% for five to nine years of service, 2.0% for ten to twenty-nine years of service, 1.25% for thirty to thirty-four years of service, and 0% thereafter

Post – retirement COLA: 2.75% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior year

Increase in state insurance premium tax allocation: 2.75% on and after year 1

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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). 25 years remaining as of July 01, 2015.

Asset method: Market Value

Turnover: Sample Rates:  
 Age 25 – 9%      Age 35 – 4%      Age 45 – 2%      Age 50 – 0%

Retirement: Sample Rates:  
 Age 50 – 45%      Age 51-55 – 30%      Age 56-59 – 35%      Age 60 – 100%

Mortality: Active: RP-2014 Blue Collar Healthy Employee  
 Post – Retirement: RP-2014 Blue Collar Healthy Annuitant  
 Disabled: RP-2014 Blue Collar Health Annuitant set forward four years

Tables above incorporate generational mortality improvement using MP-2014 two-dimensional mortality improvement scales

Disability: Sample Rates:  
 Age – 30 0.22%      Age 40 – 0.50%      Age 50 – 0.79%  
*Rates assuming 60% duty related and 40% 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	Discount Rate
60% or more	10	50% or more	70% or more	6.5%
40% or more	8	40% or more	60% or more	6.0%
30% or more	6	30% or more	50% or more	5.5%
15% or more	4	N/A	40% or more	5.0%
Less than 15%	N/A	N/A	15% or more	4.5%
Less than 15%	N/A	N/A	Less than 15%	4.0%

(1) Funded ratios based on a 6.0% investment return assumption for plans using an actuarially sound policy (standard or optional) and a 5.5% 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.

**CITY OF WEIRTON, WEST VIRGINIA**  
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Discount Rate 4.000%

As of June 30, 2015*	
Assets	\$4,464,863
Liabilities using a 5.5% discount rate	\$30,279,879
Funded Ratio	15%
Expected Benefit Payments	\$1,531,705
Liquidity Ratio	2.91
Equity Exposure	59%
Projected Funded Ratio after 15 years	2%

\*Based on funding valuation results as of June 30, 2015

**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, 2016 is (1.2)%.

**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, 2015 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2016.

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**  
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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, 2015 membership of the plan is as follows:

Retirees and Beneficiaries	20
Active Members	<u>23</u>
Total	<u><u>43</u></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, 2016 was \$1,115,043. The total employee contribution was \$82,461.

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, 2015 actuarial report, was \$613,070. Actual contributions were \$455,266 for the year ended June 30, 2016.

Net Pension Liability:

The components of net pension liability for the Policemen's Pension and Relief Fund at June 30, 2016 are as follows:

Total pension liability	\$ 14,976,253
Less – Plan fiduciary net position	9,014,341
Plan net pension liability	<u><u>\$ 5,961,912</u></u>
Plan fiduciary net position as a percentage of total pension liability	60.19%
Single discount rate	6.000%

*Single Discount Rate* - A single discount rate of 6.000% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 6.000%, and the municipal bond rate of 2.850%. 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 6.000% was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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 6.000%, 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 5.000%	Discount Rate Assumption 6.000%	1% Increase 7.000%
\$ 8,038,053	\$ 5,961,912	\$ 4,284,642

**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, 2016, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 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)
<b>Balances at June 30, 2015</b>	\$ 12,017,720	\$ 9,183,164	\$ 2,834,556
Service costs	305,455	-	305,455
Interest on total pension liability	856,444	-	856,444
Difference between expected and actual experience	390,283	-	390,283
Changes of assumptions	2,057,993	-	-
Employer contributions	-	247,273	(247,273)
State contributions	-	207,993	(207,993)
Employee contributions	-	82,461	(82,461)
Net investment income	-	(57,862)	57,862
Benefit payments, including employee refunds	(651,642)	(643,235)	(8,407)
Administrative expense	-	(5,453)	5,453
<b>Balances at June 30, 2016</b>	<b>\$ 14,976,253</b>	<b>\$ 9,014,341</b>	<b>\$ 5,961,912</b>

For the fiscal year ended June 30, 2016, the City recognized government-wide pension expense related to the Firemen's Pension and Relief Fund of \$1,092,710. The City also recognized contribution revenue of \$207,993 during the year for support provided to the plan by the State of West Virginia.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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	\$ 313,854	\$ (31,585)
Changes in assumptions	1,654,977	-
Net difference between projected and actual earnings on pension plan investments	<u>719,222</u>	-
	<u><u>\$ 2,688,053</u></u>	<u><u>\$ (31,585)</u></u>

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

Year ended June 30:

2017	\$ 672,631
2018	672,631
2019	672,631
2020	619,107
2021	51,053
Total	<u><u>\$ 2,688,053</u></u>

Amounts reported as 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:

2017	\$ (13,224)
2018	(13,224)
2019	(5,137)
Total	<u><u>\$ (31,585)</u></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, 2016, are summarized in the following table:

Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	40.00%	7.00%
Common Stocks – Mid Cap	5.00%	8.00%
Common Stocks – Small Cap	5.00%	8.00%
International Equity	10.00%	8.00%
Fixed Income	40.0%	4.00%

**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, 2015, the average annual salary for benefits was \$48,480. There were 20 pensioners as of June 30, 2016 receiving an average of \$32,162 in pension benefits with expected cost-of-living increases up to 2.75%.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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

Investment rate of return:	
July 01, 2015	7.0%
July 01, 2014	6.0%
General inflation rate:	2.75%
Expected salary increase:	3.75% general and wage inflation adjustment plus service-based increase of 20.0% for one year of service, 6.5% for two years of service, 3.5% for three years of service, 2.75% for four years of service, 2.5% for five to nine years of service, 2.0% for ten to twenty-nine years of service, 1.25% for thirty to thirty-four years of service, and 0% thereafter
Post – retirement COLA:	2.75% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior year
Increase in state insurance premium tax allocation:	2.75% on and after year 1
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 2044.
	30-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 25 years remaining as of July 01, 2015.
Asset method:	Market Value
Turnover:	Sample Rates: Age 25 - 9%      Age 35 - 4%      Age 45 - 2%      Age 50 - 0%
Retirement:	Sample Rates: Age 50-51 - 45%      Age 51-55 - 30%      Age 56-59 - 45%      Age 60 - 100%
Mortality:	Active: RP-2014 Blue Collar Healthy Employee Post – Retirement: RP-2014 Blue Collar Healthy Annuitant Disabled: RP-2014 Blue Collar Health Annuitant set forward four years
	Tables above incorporate generational mortality improvement using MP-2014 two-dimensional mortality improvement scales
Disability:	Sample Rates: Age 30 - 0.22%      Age 40 - 0.50%      Age 50 - 0.79% <i>Rates assuming 60% duty related and 40% non – duty related.</i>
Percent married:	90%
Spouse age:	Females 3 years younger than males

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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**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	Discount Rate
60% or more	10	50% or more	70% or more	6.5%
40% or more	8	40% or more	60% or more	6.0%
30% or more	6	30% or more	50% or more	5.5%
15% or more	4	N/A	40% or more	5.0%
Less than 15%	N/A	N/A	15% or more	4.5%
Less than 15%	N/A	N/A	Less than 15%	4.0%

(1) Funded ratios based on a 6.0% investment return assumption for plans using an actuarially sound policy (standard or optional) and a 5.5% 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 6.0000%

As of June 30, 2015\*

Assets	\$9,183,163
Liabilities using a 5.5% discount rate	\$15,285,477
Funded Ratio	60%
Expected Benefit Payments	\$671,758
Liquidity Ratio	13.67
Equity Exposure	60%
Projected Funded Ratio after 15 years	61%

\*Based off funding valuations as of June 30, 2015

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, 2016 is (0.8)%.

*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, 2016, 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 THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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](http://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.		
Authority establishing contribution obligations and benefit provisions	State Statute		
Plan member's contribution rate	<u>2016</u> 4.50%	<u>2015</u> 4.50%	<u>2014</u> 4.50%
City of Weirton's contribution rate	13.50%	14.50%	14.00%
Period required to vest	Five years		
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.		
Deferred retirement portion	No		
Provisions for:			
Cost of living	No		
Death benefits	Yes		

Trend Information:

Fiscal Year	Annual Pension Cost	Percentage Contributed
2016	\$ 551,514	100%
2015	\$ 599,952	100%
2014	\$ 602,018	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.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2014 and rolled forward to June 30, 2015 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, 2015, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2014:

Amount for proportionate share of net pension liability	\$ 1,740,061
Percentage for proportionate share of net pension liability	.3116%
Increase / (decrease) % from prior proportion measured	.0050%

For the year ended June 30, 2016, the government recognized the following pension expense:

	Government Activities	Business-Type Activities
Government – wide pension expense	<u>\$ 105,074</u>	<u>\$ 140,312</u>

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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (194,049)	\$ -	\$ (187,501)
Net changes in employer proportion and differences between contributions and proportionate share of contributions	2,288	-	102,267	-
Changes in assumptions	-	(106,449)	-	(102,851)
Differences between expected and actual experience with regard to economic or demographic factors	181,000	-	174,882	-
Employer contributions to pension plan subsequent to the measurement date	<u>281,193</u>	<u>-</u>	<u>270,321</u>	<u>-</u>
	<u>\$ 464,481</u>	<u>\$ (300,498)</u>	<u>\$ 547,470</u>	<u>\$ (290,352)</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, 2017.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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:

Year ended June 30,	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
2017	\$ 63,546	\$ (123,548)	\$ 100,186	\$ (117,262)
2018	63,546	(123,548)	100,183	(117,262)
2019	56,196	(123,548)	76,777	(117,262)
2020	-	70,146	-	61,434
Total	<u>\$ 183,288</u>	<u>\$ (300,498)</u>	<u>\$ 277,149</u>	<u>\$ (290,352)</u>

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 01, 2014 and rolled forward to June 30, 2015 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	3.00%
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 Healthy females – 1971 GAM Disabled males – 1971 GAM Disabled females – Revenue ruling 96-7

The actuarial assumptions used in the July 01, 2014 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

Investment	Long – term Expected Real Rate of Return	PERS Target Asset Allocation
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.%
		<u>100%</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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:

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
City's proportionate share of PERS's net pension liability	\$ 4,013,037	\$ 1,740,061	\$ (180,262)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at [www.wvretirement.com](http://www.wvretirement.com). That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

**J. 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, 2016 totaled \$248,175.

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.

**NOTE IV – OTHER INFORMATION**

**A. 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.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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.

**B. Contingencies**

**1. 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.

**2. 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.

**C. 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, 2016, the City's accounts receivable on the statement of net position pertaining to these services were \$2,176,393.

**D. 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 III.I 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.

**NOTE V – SUBSEQUENT EVENTS**

The City's management has evaluated the effect that subsequent events would have on the City's financial statements through April 27, 2017, which is the date the financial statements were available to be released.

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## **Required Supplementary Information**

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2016

**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	2016	2015	2014
Total Pension Liability			
Service cost	\$ 855,645	\$ 774,528	\$ 692,087
Interest on the total pension liability	1,411,041	1,423,372	1,409,584
Benefit changes	-	-	-
Difference between expected and actual experience	52,844	678,004	-
Assumption changes	8,829,277	1,564,166	1,226,117
Benefit payments	(1,526,035)	(1,453,587)	(1,368,711)
Refunds	-	-	-
Net change in total pension liability	9,622,772	2,986,483	1,959,077
Total Pension Liability- beginning	<u>34,486,917</u>	<u>31,500,434</u>	<u>29,541,357</u>
Total Pension Liability- ending (a)	<u><u>\$ 44,109,689</u></u>	<u><u>\$ 34,486,917</u></u>	<u><u>\$ 31,500,434</u></u>
Plan Fiduciary Net Position			
Employer contributions	\$ 972,529	\$ 841,146	\$ 876,690
Employee contributions	163,095	166,071	158,156
Pension plan net investment income	(46,782)	192,027	641,466
Benefit payments	(1,523,831)	(1,456,339)	(1,368,711)
Refunds	-	-	-
Pension plan administrative expense	(2,646)	(3,140)	(2,764)
Other	-	204,304	-
Net change in plan fiduciary net position	(437,635)	(55,931)	304,837
Plan fiduciary net position- beginning	<u>4,465,807</u>	<u>4,521,738</u>	<u>4,216,901</u>
Plan fiduciary net position- ending (b)	<u><u>\$ 4,028,172</u></u>	<u><u>\$ 4,465,807</u></u>	<u><u>\$ 4,521,738</u></u>
Net pension liability (a) - (b)	<u><u>\$ 40,081,517</u></u>	<u><u>\$ 30,021,110</u></u>	<u><u>\$ 26,978,696</u></u>
Plan fiduciary net position as a percentage of total pension liability	9.13%	12.95%	14.35%
Covered employee payroll	1,658,979	1,607,962	1,622,175
Net pension liability as a percentage of covered employee payroll	2416.04%	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	Net Pension Liability as a % of Covered Payroll	
					Covered Payroll	Net Pension Liability as a % of Covered Payroll
2016	\$ 44,109,689	\$ 4,028,172	\$ 40,081,517	9.13%	\$ 1,658,979	2416.04%
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%

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2016

**Employer Defined Benefit Plans**

**Policemen's Pension and Relief Fund**

**III. Schedule of Contributions - Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 2,228,433	\$ 1,639,294	\$ 1,536,682	\$ 1,477,051	\$	\$	\$	\$	\$	\$
City contributions in relation to the actuarially determined contribution	(626,941)	(501,814)	(514,687)	(546,064)						
State contributions in relation to the actuarially determined contribution	(345,588)	(339,332)	(362,002)	(363,021)						
Contribution deficiency (excess)	\$ <u>1,255,904</u>	\$ <u>798,148</u>	\$ <u>659,993</u>	\$ <u>567,966</u>	\$ <u>-</u>					
Government's covered-employee payroll	\$ 1,658,979	\$ 1,670,962	\$ 1,622,175	\$ 1,593,506	\$	\$	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	37.79%	30.03%	31.73%	34.27%						
City and state contributions as a percentage of covered-employee payroll	58.62%	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.

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2016

**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	2016	2015	2014
<b>Total Pension Liability</b>			
Service cost	\$ 305,455	\$ 262,275	\$ 275,216
Interest on the total pension liability	856,444	797,673	780,380
Benefit changes	-	-	-
Difference between expected and actual experience	390,283	(58,032)	-
Assumption changes	2,057,993	-	-
Benefit payments	(651,642)	(612,845)	(600,032)
Refunds	-	-	-
<b>Net change in total pension liability</b>	<b>2,958,533</b>	<b>389,071</b>	<b>455,564</b>
<b>Total Pension Liability- beginning</b>	<b>12,017,720</b>	<b>11,628,649</b>	<b>11,173,085</b>
<b>Total Pension Liability- ending (a)</b>	<b>\$ 14,976,253</b>	<b>\$ 12,017,720</b>	<b>\$ 11,628,649</b>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	\$ 455,266	\$ 431,213	\$ 563,823
Employee contributions	82,461	84,967	80,120
Pension plan net investment income	(57,862)	347,248	1,162,109
Benefit payments	(643,235)	(615,116)	(600,032)
Refunds	-	-	-
Pension plan administrative expense	(5,453)	(2,396)	(8,950)
Other	-	264,114	-
<b>Net change in plan fiduciary net position</b>	<b>(168,823)</b>	<b>510,030</b>	<b>1,197,070</b>
<b>Plan fiduciary net position- beginning</b>	<b>9,183,164</b>	<b>8,673,134</b>	<b>7,476,064</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>\$ 9,014,341</b>	<b>\$ 9,183,164</b>	<b>\$ 8,673,134</b>
<b>Net pension liability (a) - (b)</b>	<b>\$ 5,961,912</b>	<b>\$ 2,834,556</b>	<b>\$ 2,955,515</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>60.19%</b>	<b>76.41%</b>	<b>74.58%</b>
<b>Covered employee payroll</b>	<b>1,115,043</b>	<b>958,555</b>	<b>983,476</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>534.68%</b>	<b>295.71%</b>	<b>300.52%</b>

**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
2016	\$ 14,976,253	\$ 9,014,341	\$ 5,961,912	60.19%	\$ 1,115,043	534.68%
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%

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2016

**Employer Defined Benefit Plans**

**Firemen's Pension and Relief Fund**

**III. Schedule of Contributions - Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 613,070	\$ 354,731	\$ 396,427	\$ 518,823	\$	\$	\$	\$	\$	\$
City contributions in relation to the actuarially determined contribution	(247,273)	(231,096)	(215,978)	(201,850)						
State contributions in relation to the actuarially determined contribution	(207,993)	(200,118)	(347,845)	(206,660)						
Contribution deficiency (excess)	\$ <u>157,804</u>	\$ <u>(76,483)</u>	\$ <u>(167,396)</u>	\$ <u>110,313</u>	\$ <u>-</u>					
Government's covered-employee payroll	\$ 1,115,043	\$ 958,555	\$ 983,476	\$ 918,877	\$	\$	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	22.18%	24.11%	21.96%	21.97%						
City and state contributions as a percentage of covered-employee payroll	40.83%	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, 2016**

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**Employer Defined Benefit Plans**

**Policemen's and Firemen's Pension and Relief Fund**

**IV Money-Weighted Rates of Return**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Policemen's Pension and Relief Fund	(1.20)%	4.10%	15.80%							
Firemen's Pension and Relief Fund	(0.80)%	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.

**CITY OF WEIRTON, WEST VIRGINIA  
DEFINED BENEFIT PENSION TRUSTS  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2016**

## **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, 2016, measurement date based on actuarial liabilities as of July 1, 2015.
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 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. 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, assets for the closed plan are projected to be depleted by 2024.
Actuarial assumptions:	
Investment rate of return	4.000% per year
GASB 67/68 discount rate	3.0528% per year at June 30, 2016, and 4.125% at June 30, 2015
Projected salary increases	Service-based increases: 20.00% in year 1, 6.50% in year 2, reducing over years of service down to 1.25% in years 30-34. 0% increases for service over 34.
Cost of living increases	2.75% 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  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2016**

## **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, 2016, measurement date based on actuarial liabilities as of July 1, 2015.
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 contributions. The plan also receives state contributions based on an allocation of premium tax. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state, and member contributions along with projected investment earnings, are expected to fully fund the projected actuarial liability for current plan members by 2044.
Actuarial assumptions:	
Investment rate of return	6.000% per year
GASB 67/68 discount rate	6.000% per year at June 30, 2016, and 7.000% at June 30, 2015
Projected salary increases	Service-based increases: 20.00% in year 1, 6.50% in year 2, reducing over years of service down to 1.25% in years 30-34. 0% increases for service over 34.
Cost of living increases	2.75% 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, 2016

**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 \***

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Government's proportion of the net pension liability (asset) (percentage)	0.3116%	0.3100%	0.2903%							
Government's proportionate share of the net pension liability (asset)	1,740,061	1,144,273	2,646,569							
Government's covered-employee payroll	\$ 4,085,289	\$ 4,285,371	\$ 4,151,848	\$	\$	\$	\$	\$	\$	\$
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.59%	26.70%	63.74%							
Plan fiduciary net position as a percentage of the total pension liability	91.29%	93.98%	79.70							

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution.	\$ 551,514	\$ 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	<u>(551,514)</u>	<u>(599,952)</u>	<u>(602,018)</u>	<u>(543,987)</u>	<u>(576,628)</u>	<u>(478,704)</u>	<u>(407,381)</u>	<u>(413,502)</u>	<u>(401,784)</u>	<u>(405,075)</u>
Contribution deficiency (excess)	\$ <u>-</u>									
Government's covered-employee payroll	\$ 4,085,289	\$ 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	13.50%	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.

**CITY OF WEIRTON, WEST VIRGINIA**  
**COST SHARING MULTI - EMPLOYER PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2016**

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**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**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>						
Taxes:						
Property taxes	\$ 2,677,517	\$ 2,722,517	\$ 2,815,643	\$ -	\$ 2,815,643	\$ (93,126)
B&O	3,784,000	4,710,956	5,114,210	-	5,114,210	(403,254)
Excise tax on utilities	1,250,000	1,250,000	1,165,734	-	1,165,734	84,266
Other taxes	573,500	602,392	541,276	-	541,276	61,116
Total taxes:	8,285,017	9,285,865	9,636,863	-	9,636,863	(350,998)
Fines and forfeitures	112,500	112,500	129,009	-	129,009	(16,509)
Licenses, permits, and fees	230,000	230,000	221,557	-	221,557	8,443
Intergovernmental	821,644	858,169	1,054,214	-	1,054,214	(196,045)
Charges for services	4,617,947	4,617,947	4,628,913	-	4,628,913	(10,966)
Video lottery and table gaming proceeds	605,000	605,000	504,155	-	504,155	100,845
Charges to other funds	178,806	78,806	78,816	(78,816)	-	(10)
Investment income	7,500	7,500	13,748	-	13,748	(6,248)
Reimbursements	50,000	50,000	53,730	(53,730)	-	(3,730)
Other	76,500	145,000	105,881	-	105,881	39,119
Total revenues before prior year fund balance	14,984,914	15,990,787	16,426,886	(132,546)	16,294,340	(436,099)
Prior year fund balance (1)	2,037,561	2,773,490	-	-	-	2,773,490
Total revenues and prior year fund balance	17,022,475	18,764,277	16,426,886	(132,546)	16,294,340	2,337,391
<b>Expenditures</b>						
Current:						
General government	4,982,100	6,167,180	3,140,962	(106,968)	3,033,994	3,026,218
Public safety	6,358,126	6,578,745	6,776,349	(89,285)	6,687,064	(197,604)
Highway and streets	3,462,946	3,698,451	3,120,406	(85,744)	3,034,662	578,045
Health and sanitation	1,138,685	1,146,783	1,251,445	(75,895)	1,175,550	(104,662)
Culture and recreation	1,073,118	1,143,118	1,028,863	(863,119)	165,744	114,255
Social services	7,500	30,000	18,105	-	18,105	11,895
Debt Service:						
Principal	-	-	-	217,569	217,569	-
Interest and other charges	-	-	-	7,771	7,771	-
Total expenditures	17,022,475	18,764,277	15,336,130	(995,671)	14,340,459	3,428,147
Excess of revenues over expenditures	-	-	1,090,756	863,125	1,953,881	(1,090,756)
<b>Other Financing Sources (Uses)</b>						
Proceeds from capital leases	-	-	-	314,516	314,516	-
Transfers out	-	-	-	(863,119)	(863,119)	-
Net other financing sources (uses)	-	-	-	(548,603)	(548,603)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	1,090,756	314,522	1,405,278	
Fund balances - beginning	2,037,561	2,773,490	3,808,208	-	3,808,208	
Less prior year fund balance budgeted	(2,037,561)	(2,773,490)	-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 4,898,964	\$ 314,522	\$ 5,213,486	

(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 presentation is prepared on a budgetary basis which differs from generally accepted accounting principles as follows:

- 1). Contributions to the Board of Park Commissioners, Financial Stability and Library Funds,

**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. 863,119
- 2) Other reimbursements reported as reimbursements as opposed to netting with general government expenditures. 132,546

- 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	217,569
Debt service - interest	7,771

Net decreases in (reduced by debt payments while, being increased by expenses for new leases):	
Highway and streets	(85,744)
Health and Sanitation	(75,895)
Public safety	(63,707)

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>						
Other taxes	\$ 76,000	\$ 76,000	\$ 45,745	\$ -	\$ 45,745	\$ (30,255)
Investment income	300	300	135	-	135	(165)
Total revenues before prior year fund balance	76,300	76,300	45,880	-	45,880	(30,420)
Prior year fund balance (1)	40,000	40,000	-	-	-	(40,000)
Total revenues and prior year fund balance	116,300	116,300	45,880	-	45,880	(70,420)
<b>Expenditures</b>						
General government	105,444	105,444	-	-	-	105,444
Highway and streets	10,856	10,856	9,073	(9,073)	-	10,856
Debt Service:						
Principal	-	-	-	9,047	9,047	(9,047)
Interest and other charges	-	-	-	26	26	(26)
Total expenditures	116,300	116,300	9,073	-	9,073	107,227
Excess of revenues over expenditures	-	-	36,807	-	36,807	36,807
Fund balance, beginning	40,000	40,000	31,209	-	31,209	
Less prior year fund balance budgeted	(40,000)	(40,000)	-	-	-	
Fund balance, ending	\$ -	\$ -	\$ 68,016	\$ -	\$ 68,016	

(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 Principles**

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	9,047
Debt service - interest	26
Decrease in:	
Highway and streets	(9,073)

## **Supplementary Information**

**CITY OF WEIRTON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 302	\$ 1,599,239	\$ 207,178	\$ 364,001	\$ 1,279	\$ 2,171,999
Investments	-	-	-	484,867	-	484,867
Receivables, net						
Taxes	-	887	-	-	-	887
Due from other funds						
Intergovernmental	-	-	-	-	29,757	29,757
Prepaid expenses	-	-	-	3,320	-	3,320
<b>Total assets</b>	<b>\$ 302</b>	<b>\$ 1,600,126</b>	<b>\$ 207,178</b>	<b>\$ 852,188</b>	<b>\$ 31,036</b>	<b>\$ 2,690,830</b>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 22,715	\$ 18,430	\$ 3,056	\$ 44,201
Wages and benefits payable	-	-	-	10,312	-	10,312
Compensated absences	-	-	-	26,894	-	26,894
Due to other funds	-	-	-	5,702	26,701	32,403
Security deposit	-	-	25,000	-	-	25,000
Unearned revenue	-	-	122,843	74,202	-	197,045
Grant advances	-	-	-	-	1,279	1,279
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>170,558</b>	<b>135,540</b>	<b>31,036</b>	<b>337,134</b>
<b>Fund Balances</b>						
Non-spendable for:						
Prepaid expenses	-	-	-	3,320	-	3,320
Restricted for:						
Capital projects	-	1,600,126	-	-	-	1,600,126
Assigned for:						
General expenditures	302	-	36,620	713,328	-	750,250
<b>Total fund balances</b>	<b>302</b>	<b>1,600,126</b>	<b>36,620</b>	<b>716,648</b>	<b>-</b>	<b>2,353,696</b>
<b>Total liabilities and fund balances</b>	<b>\$ 302</b>	<b>\$ 1,600,126</b>	<b>\$ 207,178</b>	<b>\$ 852,188</b>	<b>\$ 31,036</b>	<b>\$ 2,690,830</b>

**CITY OF WEIRTON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
<b>Revenues</b>						
Property taxes	\$ -	\$ 390,399	\$ -	\$ 143,444	\$ -	\$ 533,843
Fees and fines	-	-	-	11,940	-	11,940
Intergovernmental	-	-	68,340	-	247,597	315,937
Investment income	2	4,340	643	(14,739)	-	(9,754)
Contributions	-	-	1,363	215,821	-	217,184
Other	-	-	-	3,650	-	3,650
Total revenues	<u>2</u>	<u>394,739</u>	<u>70,346</u>	<u>360,116</u>	<u>247,597</u>	<u>1,072,800</u>
<b>Expenditures</b>						
Current:						
General government	-	21,461	60,998	-	88,343	170,802
Public safety	-	-	10,973	-	25,578	36,551
Highway and streets	-	-	-	-	106,417	106,417
Culture and recreation	-	-	-	732,399	-	732,399
Social services	-	-	-	-	27,259	27,259
Total expenditures	<u>-</u>	<u>21,461</u>	<u>71,971</u>	<u>732,399</u>	<u>247,597</u>	<u>1,073,428</u>
Excess (deficiency) of revenues over expenditures	<u>2</u>	<u>373,278</u>	<u>(1,625)</u>	<u>(372,283)</u>	<u>-</u>	<u>(628)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from other funds	-	-	-	349,119	-	349,119
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,119</u>	<u>-</u>	<u>349,119</u>
Net changes in fund balances	<u>2</u>	<u>373,278</u>	<u>(1,625)</u>	<u>(23,164)</u>	<u>-</u>	<u>348,491</u>
Fund balances, beginning	<u>300</u>	<u>1,226,848</u>	<u>38,245</u>	<u>739,812</u>	<u>-</u>	<u>2,005,205</u>
Fund balances, ending	<u>\$ 302</u>	<u>\$ 1,600,126</u>	<u>\$ 36,620</u>	<u>\$ 716,648</u>	<u>\$ -</u>	<u>\$ 2,353,696</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2016**

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	Pension Trust Funds			Total Pension Trust Funds	
	Policemen's Funds	Firemen's Pension	Total Pension Trust Funds		
	Policemen's Funds	Firemen's Pension			
<b>Assets</b>					
Cash and cash equivalents	\$ 110,971	\$ 5,982	<u>116,953</u>	<u>116,953</u>	
Investments, at fair value:					
Money markets	26,574	65,841	<u>92,415</u>	<u>92,415</u>	
Government agency obligations	126,390	201,867	<u>328,257</u>	<u>328,257</u>	
Municipal obligations	103,271	103,271	<u>206,542</u>	<u>206,542</u>	
Corporate obligations	777,925	1,206,245	<u>1,984,170</u>	<u>1,984,170</u>	
Mutual funds	530,680	2,040,186	<u>2,570,866</u>	<u>2,570,866</u>	
Common stock	<u>2,352,361</u>	<u>5,390,949</u>	<u>7,743,310</u>	<u>7,743,310</u>	
Total investments	<u>3,917,201</u>	<u>9,008,359</u>	<u>12,925,560</u>	<u>12,925,560</u>	
Total assets	<u>4,028,172</u>	<u>9,014,341</u>	<u>13,042,513</u>	<u>13,042,513</u>	
<b>Net Position</b>					
Net position held in trust for pension benefits	<u>\$ 4,028,172</u>	<u>\$ 9,014,341</u>	<u>\$ 13,042,513</u>	<u>\$ 13,042,513</u>	

**CITY OF WEIRTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2016**

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	Policemen's Pension	Firemen's Pension	Total Pension Trust
<b>Additions</b>			
Contributions			
Employer	\$ 626,941	\$ 247,273	\$ 874,214
Plan members	163,095	82,461	245,556
Insurance premium tax allocation	<u>345,588</u>	<u>207,993</u>	<u>553,581</u>
Total contributions	<u>1,135,624</u>	<u>537,727</u>	<u>1,673,351</u>
Investment income:			
Interest and dividends	107,607	208,527	316,134
Net realized and unrealized gains (losses)	(136,657)	(238,447)	(375,104)
Less: investment expense	<u>(17,732)</u>	<u>(27,942)</u>	<u>(45,674)</u>
Net investment income	<u>(46,782)</u>	<u>(57,862)</u>	<u>(104,644)</u>
Total additions	<u>1,088,842</u>	<u>479,865</u>	<u>1,568,707</u>
<b>Deductions</b>			
Benefits	1,523,831	643,235	2,167,066
Administrative	<u>2,646</u>	<u>5,453</u>	<u>8,099</u>
Total deductions	<u>1,526,477</u>	<u>648,688</u>	<u>2,175,165</u>
Change in net position	(437,635)	(168,823)	(606,458)
Net position held in trust for pension benefits			
Beginning of year	<u>4,465,807</u>	<u>9,183,164</u>	<u>13,648,971</u>
End of year	<u>\$ 4,028,172</u>	<u>\$ 9,014,341</u>	<u>\$ 13,042,513</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2016**

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<u>State Grantor/Program Title</u>	<u>Identification Number</u>	<u>State Expenditures</u>
<b>West Virginia Development Office</b>		
Legislative Digest <i>Total West Virginia Development Office</i>	15LEDA0052	\$ 5,000 5,000
Total Expenditures of State Awards		\$ <b><u>5,000</u></b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>				
<i>Direct Programs:</i>				
Community Development Block Grant	14.218	N/A	\$ -	\$ 269,849
<i>Total U.S. Department of H.U.D.</i>			<u>\$ -</u>	<u>\$ 269,849</u>
<b>U.S. Department of Justice</b>				
<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	\$ -	\$ 45,000
<i>Total U.S. Department of Justice</i>			<u>\$ -</u>	<u>\$ 45,000</u>
<b>U.S. Department of Transportation</b>				
<i>Direct Programs:</i>				
Federal Transit Formula Grant	20.507	N/A	\$ 123,113	\$ -
<i>Total U.S. Department of Transportation</i>			<u>\$ 123,113</u>	<u>\$ -</u>
<b>Total Expenditures of Federal Awards</b>				
			<b>\$ 123,113</b>	<b>\$ 314,849</b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2016**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Weirton, West Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Weirton, West Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Weirton, West Virginia.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

The City of Weirton, West Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and City Council  
City of Weirton  
200 Municipal Plaza  
Weirton, West Virginia 26062

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of Weirton, West Virginia (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 27, 2017 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, 2016.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses (finding 2016-01) that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## **City's Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia**

**April 27, 2017**

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Fiscal Year Ended June 30, 2016**

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**2016-01 Other Post-Employment Benefits Obligated**

Condition – We noted during the 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.

Criteria – 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 1 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.

Cause – 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.

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

Recommendation – We recommend that the City complete the necessary actuarial study to determine the calculation to be used to reflect the OPEB liability.

City'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, WEST VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Fiscal Year Ended June 30, 2016**

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**Status of Prior Year Audit Findings**

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2015-01	Other Post-Employment Benefits Obligated	Not resolved
2015-02	Timely Submission of Single Audit	Resolved – N/A in current year