

**Independent Auditors' Report
and Related Financial Statements
For the Year Ended June 30, 2013**

CITY OF WEIRTON, WEST VIRGINIA

A Class II Municipality

in Hancock and Brooke Counties, West Virginia

**Teed & Associates, PLLC
3624 MacCorkle Avenue SE
Charleston, West Virginia 25304
304-925-8752**

CITY OF WEIRTON, WEST VIRGINIA

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CITY OF WEIRTON, WEST VIRGINIA

Municipal Officials

For the Year Ended June 30, 2013

<u>Office</u>	<u>Name</u>	<u>Term</u>
	Elective	
Mayor	George Kondik	07/01/11 – 06/30/15
Council Members	Ron Jones	07/01/11 – 06/30/15
	Charles Wright	07/01/11 – 06/30/15
	Fred Marsh	07/01/11 – 06/30/15
	George Gaughenbaugh	07/01/11 – 06/30/15
	George E. Ash, Sr.	07/01/11 – 06/30/15
	David Dalrymple	07/01/11 – 06/30/15
	Terry Weigel	07/01/11 – 06/30/15
	Appointed	
City Manager	Valerie A. Means	07/01/11 – 06/30/15
City Clerk	Nicole M. Davis	07/01/11 – 06/30/15
City Solicitor	Vince Gurrera	07/01/11 – 06/30/15

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Funds

For the Year Ended June 30, 2013

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Fund

Coal Severance Tax

Non-Major Governmental Funds

Youth Job Program

TIF

Public Safety

CDBG

PROPRIETARY FUND TYPES

Enterprise Funds

Water Fund

Sewer Fund

Board of Park Commissioners Fund

Library Fund

Parking Fund

OTHER FUND TYPES

Internal Service Fund

Pension Trust

Agency Fund

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants

Member, West Virginia Society of Certified Public Accountants

Member, Tennessee Society of Certified Public Accountants

Member, Chartered Global Management Accountant

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Weirton
Weirton, West Virginia

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 (City), as of and for the year ended June 30, 2013, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The City has not adopted the provisions of Government Accounting Standards Board Statement (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, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and pages 66 and 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Weirton, West Virginia's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2014 on our consideration of the City of Weirton, West Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that

The Honorable Mayor and City Council
City of Weirton
Weirton, West Virginia
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report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Weirton, West Virginia's internal control over financial reporting and compliance.

Todd E. Associates, PLLC

Charleston, West Virginia
March 24, 2014

CITY OF WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

For the Year Ended June 30, 2013

The following discussion is designed to provide an overview of the City of Weirton's (City's) financial activities for the fiscal year ending June 30, 2013.

The fiscal year ending June 30, 2013, is the tenth year that the City has presented its financial statements under the reporting model as required by the Governmental Accounting Standards Board Statement Number 34, or GASB 34. This management discussion and analysis is only a part of the whole of the report and should be read in conjunction with the financial statements, the notes, and the other required supplemental information.

Understanding the basic financial statements:

This report consists of a series of financial statements. The implementation of GASB34 changed the way in which government financial statements are recorded and presented. Readers of the financial statements now have government-wide financial statements, which report the City as a whole, and distinguish governmental activities from business-type activities.

The government-wide statements include the statement of net position and the statement of activities. These two statements report the City's net position and changes in them. This is an important part of analysis because net position is one way to measure whether the City's financial position is improving or deteriorating over time. These statements use the accrual basis of accounting, meaning all of the revenues and expenses are taken into account, regardless of when the cash moves. This is similar to most private sector accounting methods. Again, the reader can now distinguish governmental activities, generally supported by taxes and the City's general revenues, from business-type activities, generally supported by fees charged to customers.

The statement of activities goes a step further and reports expenses of a given function and/or program offset by the revenues directly connected with the function or program. (More detailed discussion of these statements can be found in Note 1.)

Readers of the City's financial statements will still find individual fund financial statements for the most significant funds. These are reported with the more familiar presentation, differing only by the detail being presented for major funds only.

Two types of funds are presented at the individual fund level. These are governmental and proprietary funds. The City's basic services are usually reported in governmental funds, which use the current resources measurement focus and modified accrual basis of accounting. This basis measures cash and all other financial assets that can readily be converted to cash during a given period. The focus here provides for a more short-term view of the City's general operations. GASB 34 provides for the presentation of reconciliations between governmental activities (as shown in the government-wide statements) and governmental funds. These reconciliations can be found in the financial statement section of this report.

When the City charges customers for services, these are generally reported in proprietary funds. Individual proprietary funds are reported in the same way (accounting basis) as the government-wide statements. However, as an individual fund statement there is more detail presented. (More detail about governmental and proprietary funds can be found in Note 1.)

Highlighting, condensing, and comparing some of the key financial information from the government-wide financial statements:

	<u>Fiscal Year Ending June 30, 2013</u>	<u>Fiscal Year Ending June 30, 2012</u>	<u>Change</u>
Total Assets:			
Capital	\$ 41,526,334	\$ 40,874,259	\$ 652,075
Other	<u>11,238,260</u>	<u>10,498,833</u>	<u>739,427</u>
	<u>\$ 52,764,594</u>	<u>\$ 51,373,092</u>	<u>\$ 1,391,502</u>
Total Liabilities:			
Current	\$ 4,486,295	\$ 2,997,777	\$ 1,488,518
Non-current	<u>22,167,874</u>	<u>22,197,602</u>	<u>(29,728)</u>
	<u>\$ 26,654,169</u>	<u>\$ 25,195,379</u>	<u>\$ 1,458,790</u>
Total Net Position:			
Capital, net of debt	\$ 30,361,081	\$ 29,860,190	\$ 500,891
Restricted	3,538,472	2,934,469	604,003
Unrestricted	<u>(7,789,128)</u>	<u>(6,616,946)</u>	<u>(1,172,182)</u>
	<u>\$ 26,110,425</u>	<u>\$ 26,177,713</u>	<u>\$ (67,288)</u>

	Fiscal Year Ending June 30, 2013	Fiscal Year Ending June 30, 2012	Change
Program Revenues:			
Charges for services	\$ 11,875,838	\$ 11,732,368	\$ 143,470
Operating grants	1,330,279	1,662,266	(331,987)
Capital grants	1,157,585	253,533	904,052
General Revenues:			
Property taxes	2,878,204	2,910,544	(32,340)
B&O taxes	2,168,366	2,026,969	141,397
Excise taxes on utilities	1,261,502	1,117,090	144,412
Other taxes	664,063	666,689	(2,626)
Other	834,172	945,124	(110,952)
Total revenues	22,170,009	21,314,583	855,426
Expenses:			
General government	3,295,959	3,404,043	(108,084)
Public safety	6,294,007	5,990,726	303,281
Highway and streets	2,642,969	2,558,753	84,216
Health and sanitation	1,992,253	1,184,634	807,619
Culture and recreation	251,828	336,954	(85,126)
Social services	99,759	69,053	30,706
Interest on long-term debt	17,489	8,465	9,024
Water board	3,245,102	3,431,743	(186,641)
Sanitary board	2,615,944	2,478,888	137,056
Park board	1,170,868	1,190,244	(19,376)
Library board	708,870	691,073	17,797
Parking Authority	-	-	-
Total expenses	22,335,048	21,344,576	990,472
Change in net position	(165,039)	(29,993)	(135,046)
Beginning net position, as restated	26,275,463	26,207,705	67,758
Ending net position	<u>\$ 26,110,425</u>	<u>\$ 26,177,712</u>	<u>\$ (67,288)</u>

Discussion of Financial Position and Results of Operations

Observing government-wide, fiscal year ending June 30, 2013, did result with a decrease in total net position.

Total Assets increased by \$1,391,502 with capital assets increasing by \$652,075 and all other assets increasing by \$739,427. A corresponding increase of \$1,458,790 occurred with total liabilities; an increase in current liabilities of \$1,543,362 and a decrease in non-current liabilities of \$84,572. Total net position has decreased by \$67,287.

The overall decrease in total Net Position includes an increase of \$500,892 with capital net of debt, an increase of \$604,003 with restricted assets and a decrease in unrestricted assets of \$1,172,182.

(Detail of changes in capital assets can be found in Note 7.)

Changes in Net Position can further be analyzed by reviewing **GOVERNMENT-WIDE REVENUES AND EXPENSES**.

Overall, net **PROGRAM REVENUES** increased, with increases in service charges of \$143,470 and in capital grants of \$904,052 and a decrease in operating grants of \$331,987.

GENERAL REVENUES show decreases in the collection of property taxes of \$32,340, of other taxes of \$2,626, and of other revenue of \$110,952. B&O Tax collections increased \$141,397 and Excise Tax collections increased \$144,412 from the prior year. Total general revenues were up \$855,426 from the prior fiscal year.

TOTAL EXPENSES for the year were also up from the prior fiscal year with increases in public safety expenses of \$303,281, highways and street expenses of \$84,216, health and sanitation expenses of \$807,619, social service expenses of \$30,706, and library board expenses of \$17,797. Expenses related to general government decreased \$108,084, cultural and recreation expenses decreased \$85,126, and park board expenses decreased \$19,376. The interest on long-term debt was up \$9,024.

Expense increases which occurred with the Sanitary Board totaled \$137,056, and the Library Board totaled \$17,797. Expense decreases were observed by the Water Board of \$186,641, the Park Board of \$19,376. Total expenses were up \$990,472 over the prior fiscal year.

Fund Level Analysis

Major Governmental Funds:

The **General Fund** experienced a net decrease in the fund balance approaching \$591,359 for the fiscal year ended June 30, 2013. Revenues increased over the prior year by \$731,428, expenses increased by \$1,078,048, and other financing sources decreased by \$16,206, providing for the net change in the ending fund balance.

The **Coal Severance Fund** experienced a net decrease in the fund balance approaching \$103,600 for the fiscal year ended June 30, 2013. Revenues decreased by \$18,199 compared to the prior year, while expenses and other financing sources increased over the prior year by \$165,294 and 66,975 respectively.

Major Proprietary Funds:

The **Water Fund** experienced operating income for the fiscal year ending June 30, 2013 of approximately \$26,980 less than the prior year. Expenses were also less by approximately \$166,342 from the prior year. Income before contributions and transfers is approximately \$167,634 higher than the previous fiscal year. Net Position has increased \$740,346 over the prior fiscal year.

The **Sanitary Fund** experienced operating income for the fiscal year ended June 30, 2013 of approximately \$210,679 more than the prior year. Expenditures were also higher than the prior year by approximately \$142,500. Income before contributions and transfers is about \$52,421 higher than the previous fiscal year. Net Position has increased \$186,383 over the prior fiscal year.

The **Board of Parks Fund** experienced operating income for the fiscal year ended June 30, 2013 of approximately \$51,771 less than the prior year. Expenditures were also lower than the prior year by approximately \$19,175. The loss before contributions and transfers is \$44,599 less than the previous fiscal year. Net Position has decreased \$148,906 over the prior fiscal year.

Fiduciary Funds—Pension Trusts:

This detail can be found in the other supplementary information section of this report. The Policemen's Pension and Relief Fund shows a \$194,149 increase in net assets from the prior year while the Firemen's Pension and Relief Fund shows an increase in net assets of \$569,850 for the same period.

(See Note 14)

Currently Known Facts, Decisions and Conditions

Disclosure of any significant litigations, contingencies, or commitments can be found in Notes 18 - 22.

As discussed in the fund level analysis, the City's General Fund continues to be uncertain, and the increasing costs of providing steady or increasing levels of service to the citizens continues. The challenge remains for the City's Administration to continue to provide these "expected" levels of service. This will continue during fiscal year 2013-2014. The municipal service fee continues to be used strictly for regular street paving, but not for new infrastructure as is permitted by ordinance.

The City administration continues to look for new sources of funding such as state and federal grants, and the City continuously reviews operations to take advantage of any cost saving measures or insightful ways to reduce expenditures. The City is committed to continue in these efforts.

Further negative impacts are slow economic conditions and an unsteady employment outlook. This has a potential negative impact to the General Fund through reductions in the B&O tax on manufacturing and also on collections of the City's municipal service fee.

The Weirton City Council will finalize its 2014-2015 fiscal year budget in March 2014. Reduced revenue expectations will continue to provide for basic service operations and some street paving.

The City of Weirton will continue with the pursuit of the necessary steps for the adoption of the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEBs) for the fiscal year ending June 30, 2014. (See Note 15)

The Weirton Sanitary Board requested, and Weirton City Council approved, a rate increase which was implemented during the 3rd quarter of 2010. The Sanitary Board requested and Weirton City Council approved an additional rate increase during the 2010-2011 fiscal year due to a corrective action compliance order received from the West Virginia Department of Environmental Protection pertaining to an area in the northwest area of the City. This project will continue into the 2013-2014 fiscal year.

It is anticipated that the Weirton Sanitation (Rubbish) Department may be seeking a rate increase during the 2013-2014 fiscal year. This is to be determined.

Contacting the City's Financial Management

This report in its entirety is written to provide our citizens, taxpayers, customers, investors, and creditors with an overview of the City's financial position and to show the City's accountability for the money it receives. If you have any questions about this report, contact the City Manager's Office at 200 Municipal Plaza, Weirton, WV 26062, or call 304-797-8503. The Finance Director's Office can be contacted at the same address, or call 304-797-8544.

CITY OF WEIRTON, WEST VIRGINIA

Statement of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 2,575,417	\$ 1,511,820	\$ 4,087,237
Investments	1,117,824	953,595	2,071,419
Taxes receivable, net	872,537	-	872,537
Charges for services	488,707	1,524,555	2,013,262
Grants receivable	241,130	-	241,130
Other fees and proceeds	21,214	-	21,214
Interest receivable	-	51	51
Internal balances	157,917	(157,917)	-
Inventories	-	138,182	138,182
Other assets	30,102	3,320	33,422
Restricted assets	-	1,759,806	1,759,806
Land and construction in progress	855,697	6,554,537	7,410,234
Capital assets, net	14,656,640	19,459,460	34,116,100
Total assets	21,017,185	31,747,409	52,764,594
LIABILITIES:			
Accounts payable	396,550	313,051	709,601
Wages and benefits payable	89,001	134,152	223,153
Due to fiduciary funds	16,821	-	16,821
Deferred revenues	746,843	102,364	849,207
Security deposit	25,000	-	25,000
Note payable, current	-	953,864	953,864
Capital lease obligations payable, current	184,252	-	184,252
Bonds payable, current, net of discount	-	865,946	865,946
Compensated absences	450,278	164,044	614,322
Bond interest payable	-	44,129	44,129
Note payable, non current	-	54,844	54,844
Capital lease obligations payable, non-current	213,140	-	213,140
Net pension obligation	13,006,685	-	13,006,685
Bonds payable, non- current, net of related discount	-	8,893,205	8,893,205
Total liabilities	15,128,570	11,525,599	26,654,169
NET POSITION:			
Invested in capital assets, net	15,114,945	15,246,136	30,361,081
Reserved for:			
Capital projects	860,738	-	860,738
Debt service	-	1,570,502	1,570,502
Other purposes	917,927	189,305	1,107,232
Unrestricted	(11,004,995)	3,215,867	(7,789,128)
Total net position	\$ 5,888,615	\$ 20,221,810	\$ 26,110,425

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

CITY OF WEIRTON, WEST VIRGINIA

Balance Sheet – Governmental Funds

For the Year Ended June 30, 2013

	General	Coal Severance	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS:				
Cash	\$ 1,260,724	\$ 59,948	\$ 1,080,245	\$ 2,400,917
Investments	1,117,824	-	-	1,117,824
Taxes receivable, net	872,419	-	118	872,537
Accounts receivable	440,286	-	-	440,286
Grants receivable	39,124	-	202,006	241,130
Other fees and proceeds	21,214	-	-	21,214
Due from other funds	291,531	3,081	-	294,612
Deposits and prepaid	30,102	-	-	30,102
Total assets	<u>\$ 4,073,224</u>	<u>\$ 63,029</u>	<u>\$ 1,282,369</u>	<u>\$ 5,418,622</u>
LIABILITIES:				
Accounts payable	\$ 244,816	\$ 9,399	\$ 141,278	\$ 395,493
Wages and benefits payable	89,001	-	-	89,001
Due to other funds	127,529	5,175	68,356	201,060
Due to fiduciary funds	16,821	-	-	16,821
Compensated absences	110,585	-	-	110,585
Deferred revenues	690,390	-	130,719	821,109
Security deposit	-	-	25,000	25,000
Total liabilities	<u>1,279,142</u>	<u>14,574</u>	<u>365,353</u>	<u>1,659,069</u>
FUND BALANCES:				
Non-spendable	30,102	-	-	30,102
Restricted	917,927	-	860,738	1,778,665
Committed	1,056,570	-	-	1,056,570
Assigned	31,208	48,455	56,278	135,941
Unassigned	758,275	-	-	758,275
Total fund balances	<u>2,794,082</u>	<u>48,455</u>	<u>917,016</u>	<u>3,759,553</u>
Total liabilities and fund balances	<u>\$ 4,073,224</u>	<u>\$ 63,029</u>	<u>\$ 1,282,369</u>	<u>\$ 5,418,622</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Reconciliation of Balance Sheet Fund Balances of Governmental Funds to Statement of Net Position

June 30, 2013

Total fund balance of governmental funds	\$ 3,759,553
Capital assets of \$33,762,139 net of accumulated depreciation of \$18,249,802 used in governmental activities are not financial resources and therefore are not in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position	15,512,337
The net position of certain internal service fund is are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position	286,227
Certain other long-term assets are not available to fund current expenditures and therefore are deferred in the funds. These consist entirely of deferred property taxes.	74,268
The non-current portion of compensated absences 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	(339,693)
Long-term net pension obligations are not due and payable in the current period and therefore are not reported in the funds	(13,006,685)
Capital lease obligations do not require the use of current financial resources and therefore are reported in the Statement of Net Position	<u>(397,392)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ 5,888,615</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Year Ended June 30, 2013

	General Fund	Coal Severance	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 2,595,933	\$ -	\$ 159,465	\$ 2,755,398
B&O taxes	2,168,366	-	-	2,168,366
Excise tax on utilities	1,261,502	-	-	1,261,502
Other taxes	577,490	86,573	-	664,063
Fines and forfeitures	107,237	-	-	107,237
Licenses, permits, and fees	228,662	-	-	228,662
Intergovernmental	1,803,262	-	500,089	2,303,351
Charges for services	4,055,086	-	-	4,055,086
Video lottery and table gaming	682,201	-	-	682,201
Investment income	6,268	342	3,009	9,619
Contributions	-	-	8,444	8,444
Other	101,448	-	-	101,448
Total revenues	<u>13,587,455</u>	<u>86,915</u>	<u>671,007</u>	<u>14,345,377</u>
EXPENDITURES:				
General government	2,759,509	37,134	149,545	2,946,188
Public safety	5,243,228	206,515	17,674	5,467,417
Highways and streets	3,002,863	-	156,984	3,159,847
Health and sanitation	2,102,915	-	-	2,102,915
Culture and recreation	215,899	-	122,000	337,899
Social Services	3,175	-	66,958	70,133
Debt Services				
Capital lease - principal	138,162	82,098	-	220,260
Capital lease - interest	13,752	3,737	-	17,489
Total expenditures	<u>13,479,503</u>	<u>329,484</u>	<u>513,161</u>	<u>14,322,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,952</u>	<u>(242,569)</u>	<u>157,846</u>	<u>23,229</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	163,807	138,969	-	302,776
Transfers to other funds	(863,118)	-	-	(863,118)
Total other financing sources (uses)	<u>(699,311)</u>	<u>138,969</u>	<u>-</u>	<u>(560,342)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	(591,359)	(103,600)	157,846	(537,113)
Fund balance at beginning of year	3,385,441	152,055	759,170	4,296,666
Fund balance at end of year	<u>\$ 2,794,082</u>	<u>\$ 48,455</u>	<u>\$ 917,016</u>	<u>\$ 3,759,553</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ (537,113)
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 outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of \$1,519,466 exceeded depreciation of \$1,116,169 in the current period	403,297
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This consists of property taxes receivable.	2,897
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 \$302,776 exceeded capital lease payments of \$220,260	(82,516)
Net pension obligation represents long-term debt activity, which is presented on the government-wide financial statements, but not the fund financial statements.	(803,607)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. These result in a net decrease in compensated absences.	12,236
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.	<u>51,252</u>
Change in net position of governmental activities	<u>\$ (953,554)</u>

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, 2013

	<u>Water</u>	<u>Sanitary</u>	<u>Board of Park Commissioners</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 488,567	\$ 357,932	\$ 279,767
Investments	-	-	592,907
Accounts Receivable, net	865,489	642,306	4,135
Due from other funds	12,905	98,052	-
Interest receivable	-	-	51
Inventories	138,182	-	-
Prepaid expenses	-	-	-
Total current assets	<u>1,505,143</u>	<u>1,098,290</u>	<u>876,860</u>
Restricted assets, cash and cash equivalents	<u>1,225,205</u>	<u>534,601</u>	<u>-</u>
Non current assets:			
Capital assets:			
Land and construction in progress	5,105,665	1,077,708	9,135
Other capital assets, net	<u>8,304,079</u>	<u>8,924,851</u>	<u>1,724,949</u>
Total capital assets	<u>13,409,744</u>	<u>10,002,559</u>	<u>1,734,084</u>
Total assets	<u>16,140,092</u>	<u>11,635,450</u>	<u>2,610,944</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	229,004	6,893	17,829
Wages and benefits payable	65,146	39,954	23,425
Due to other funds	144,514	107,271	11,701
Compensated absences	58,817	68,423	11,983
Deferred revenue	-	-	-
Note payable, current	19,672	934,192	-
Bond interest payable, current	38,706	5,423	-
Bonds payable, current (net fo debt discount)	675,590	190,356	-
Total current liabilities	<u>1,231,449</u>	<u>1,352,512</u>	<u>64,938</u>
Non-current liabilities:			
Note payable, noncurrent	54,844	-	-
Bonds payable, non-current (net of debt discount)	<u>5,848,846</u>	<u>3,044,359</u>	<u>-</u>
Total non-current liabilities	<u>5,903,690</u>	<u>3,044,359</u>	<u>-</u>
Total liabilities	<u>7,135,139</u>	<u>4,396,871</u>	<u>64,938</u>
NET POSITION:			
Invested in capital assets, net of related debt	6,810,793	5,833,649	1,734,083
Restricted for debt service	1,127,519	442,983	-
Restricted for other purposes	97,687	91,618	-
Unrestricted	968,954	870,328	811,923
Total net position	<u>\$ 9,004,953</u>	<u>\$ 7,238,578</u>	<u>\$ 2,546,006</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Net Position – Proprietary Funds – continued

June 30, 2013

	Other Enterprise Funds	Total	Internal Service Gasoline
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 385,554	\$ 1,511,820	\$ 174,500
Investments	360,688	953,595	-
Accounts Receivable, net	12,625	1,524,555	48,422
Due from other funds	-	110,957	68,787
Interest receivable	-	51	-
Inventories	-	138,182	-
Prepaid expenses	3,320	3,320	-
Total current assets	<u>762,187</u>	<u>4,242,480</u>	<u>291,709</u>
Restricted assets, cash and cash equivalents	-	1,759,806	-
Non current assets:			
Capital assets:			
Land and construction in progress	362,030	6,554,538	-
Other capital assets, net	505,581	19,459,460	-
Total capital assets	<u>867,611</u>	<u>26,013,998</u>	<u>-</u>
Total assets	<u>1,629,798</u>	<u>32,016,284</u>	<u>291,709</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	59,324	313,050	1,061
Wages and benefits payable	5,627	134,152	-
Due to other funds	5,389	268,875	4,421
Compensated absences	24,821	164,044	-
Deferred revenue	102,364	102,364	-
Note payable, current	-	953,864	-
Bond interest payable, current	-	44,129	-
Bonds payable, current (net fo debt discount)	-	865,946	-
Total current liabilities	<u>197,525</u>	<u>2,846,424</u>	<u>5,482</u>
Non-current liabilities:			
Note payable, noncurrent	-	54,844	-
Bonds payable, non-current (net of debt discount)	-	8,893,205	-
Total non-current liabilities	<u>-</u>	<u>8,948,049</u>	<u>-</u>
Total liabilities	<u>197,525</u>	<u>11,794,473</u>	<u>5,482</u>
NET POSITION:			
Invested in capital assets, net of related debt	867,611	15,246,136	-
Restricted for debt service	-	1,570,502	-
Restricted for other purposes	-	189,305	-
Unrestricted	564,662	3,215,867	286,227
Total net position	<u>\$ 1,432,273</u>	<u>\$ 20,221,810</u>	<u>\$ 286,227</u>

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 Net Position – Proprietary Funds

For the Year June 30, 2013

	Water	Sanitary	Board of Park Commissioners
OPERATING REVENUES			
Charges for services:			
Fees for services	\$ 3,970,824	\$ 2,774,617	\$ 417,296
Library fines	-	-	-
Sales and commissions	-	-	61,677
Internal service charges	-	-	-
Total charge for services	<u>3,970,824</u>	<u>2,774,617</u>	<u>478,973</u>
Property taxes-levy	-	-	-
Operating grants and contributions	-	26,863	-
Total Operating revenues	<u>3,970,824</u>	<u>2,801,480</u>	<u>478,973</u>
EXPENSES:			
Personal services	1,329,767	1,319,371	603,607
Maintenance, and contractual services	1,123,406	709,806	334,292
Materials and supplies	186,713	147,737	28,161
Depreciation	366,329	369,524	204,808
Total expenses	<u>3,006,215</u>	<u>2,546,438</u>	<u>1,170,868</u>
Operating (loss)	<u>964,609</u>	<u>255,042</u>	<u>(691,895)</u>
Nonoperating revenues (expenses):			
Investment Income	2,521	1,497	2,860
Interest on bonds and lease obligations	(233,602)	(68,231)	-
Amortization	(5,285)	(1,275)	-
Gain (loss) on disposal of capital assets	(5,198)	(7,421)	(9,783)
Other revenue	10,601	5,521	3,912
Total nonoperating revenues (expenses)	<u>(230,963)</u>	<u>(69,909)</u>	<u>(3,011)</u>
Income (loss) before contributions and transfers	733,646	185,133	(694,906)
Capital grants and contributions	6,700	1,250	32,000
Transfers from other funds	-	-	514,000
Change in net position	740,346	186,383	(148,906)
Net position at beginning of year, as restated	<u>8,264,607</u>	<u>7,052,195</u>	<u>2,694,912</u>
Net position at end of year	<u>\$ 9,004,953</u>	<u>\$ 7,238,578</u>	<u>\$ 2,546,006</u>

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 Net Position – Proprietary Funds - continued

For the Year ended June 30, 2013

	Other Enterprise Funds	Total	Internal Service Gasoline
OPERATING REVENUES			
Charges for services:			
Fees for services	\$ -	\$ 7,162,737	\$ -
Library fines	12,219	12,219	-
Sales and commissions	-	61,677	-
Internal service charges	-	-	711,393
Total charge for services	<u>12,219</u>	<u>7,236,633</u>	<u>711,393</u>
Property taxes-levy	119,909	119,909	-
Operating grants and contributions	201,833	228,696	-
Total Operating revenues	<u>333,961</u>	<u>7,585,238</u>	<u>711,393</u>
EXPENSES:			
Personal services	379,005	3,631,750	-
Maintenance, and contractual services	170,182	2,337,686	-
Materials and supplies	44,602	407,213	660,141
Depreciation	115,081	1,055,742	-
Total expenses	<u>708,870</u>	<u>7,432,391</u>	<u>660,141</u>
Operating (loss)	<u>(374,909)</u>	<u>152,847</u>	<u>51,252</u>
Nonoperating revenues (expenses):			
Investment Income	36,105	42,983	-
Interest on bonds and lease obligations	-	(301,833)	-
Amortization	-	(6,560)	-
Gain (loss) on disposal of capital assets	-	(22,402)	-
Other revenue	379	20,413	-
Total nonoperating revenues (expenses)	<u>36,484</u>	<u>(267,399)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(338,425)</u>	<u>(114,552)</u>	<u>51,252</u>
Capital grants and contributions	-	39,950	-
Transfers from other funds	349,118	863,118	-
Change in net position	10,693	788,516	51,252
Net position at beginning of year, as restated	<u>1,421,580</u>	<u>19,433,294</u>	<u>234,975</u>
Net position at end of year	<u>\$ 1,432,273</u>	<u>\$ 20,221,810</u>	<u>\$ 286,227</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 Year Ended June 30, 2013

	<u>Water</u>	<u>Sanitary</u>	<u>Board of Park Commissioners</u>
Cash flows from operating activities:			
Cash received from customers	\$4,016,359	\$2,677,562	\$ 479,121
Cash paid to suppliers and vendors	(1,426,358)	(858,639)	(397,211)
Cash paid to employees and professionals	(1,366,560)	(1,316,499)	(608,649)
Payments for internal services	(49,480)	5,613	1,323
Other operating revenues	-	26,863	-
Net cash provided (used) by operating activities	<u>1,173,961</u>	<u>534,900</u>	<u>(525,416)</u>
Cash flows from other non-operating activities:			
Other non-operating revenues	<u>10,601</u>	<u>5,521</u>	<u>3,912</u>
Net cash provided by other non-operating activities	<u>10,601</u>	<u>5,521</u>	<u>3,912</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	-	-	514,000
Net cash provided by non-capital activities	-	-	<u>514,000</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(133,550)	46,541	(134,195)
Disposition of capital assets	-	(919,337)	-
Proceeds from issue of bonds and notes	69,263	934,192	-
Principal paid on long term debt	(668,519)	(236,607)	-
Interest paid on long-term debt	(240,360)	(68,544)	-
Capital contributions and grants	<u>6,700</u>	<u>1,250</u>	<u>32,000</u>
Net cash (used) by capital and related financing activities	<u>(966,466)</u>	<u>(242,505)</u>	<u>(102,195)</u>
Cash flows from investing activities:			
Investment income	<u>2,521</u>	<u>1,497</u>	<u>1,158</u>
Net cash provided by investing activities	<u>2,521</u>	<u>1,497</u>	<u>1,158</u>
Net increase (decrease) in cash and equivalents	220,617	299,413	(108,541)
Cash and equivalents, beginning	<u>1,493,155</u>	<u>593,120</u>	<u>388,308</u>
Cash and equivalents, ending	<u>\$1,713,772</u>	<u>\$ 892,533</u>	<u>\$ 279,767</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 – continued

For the Year Ended June 30, 2013

	<u>Water</u>	<u>Sanitary</u>	<u>Board of Park Commissioners</u>
Reconciliation of operating Income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 964,609	\$ 233,699	\$ (691,895)
Adjustments:			
Depreciation	366,329	369,524	204,808
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	50,040	11,293	148
(Increase) decrease in due from other funds	(4,505)	(37,917)	-
(Increase) decrease in inventory	(57,668)	-	-
(Increase) decrease in prepaid expenses	-	17,585	-
Increase (decrease) in accounts payable	(79,214)	(70,432)	3,636
Increase (decrease) in wages and benefits	(35,774)	(790)	(6,502)
Increase (decrease) in due to other funds	(28,837)	(13,068)	(37,071)
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in compensated absence	(1,019)	3,664	1,460
Total adjustments	<u>209,352</u>	<u>279,859</u>	<u>166,479</u>
Net cash provided (used) by operating activities	<u>\$ 1,173,961</u>	<u>\$ 513,558</u>	<u>\$ (525,416)</u>
Non-cash investing and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents			
Cash and equivalents	\$ 488,567	\$ 357,932	\$ 279,767
Restricted cash and equivalents	1,225,205	534,601	-
Total cash and cash equivalents	<u>\$ 1,713,772</u>	<u>\$ 892,533</u>	<u>\$ 279,767</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 – continued

For the Year Ended June 30, 2013

	Other Enterprise Funds	Total	Internal Service Gasoline
Cash flows from operating activities:			
Cash received from customers	\$ 12,219	\$ 7,185,261	\$ 379,308
Cash paid to suppliers and vendors	(198,969)	(2,881,177)	355,826
Cash paid to employees and professionals	(381,604)	(3,673,312)	(657,477)
Payments for internal services	722	(41,822)	-
Other operating revenues	341,754	347,275	-
Net cash provided (used) by operating activities	<u>(225,878)</u>	<u>936,225</u>	<u>77,657</u>
Cash flows from other non-operating activities:			
Other non-operating revenues	379	14,892	-
Net cash provided by other non-operating activities	<u>379</u>	<u>14,892</u>	<u>-</u>
Cash flows from non-capital financing activities			
Transfers from other funds	349,118	863,118	-
Net cash provided by non-capital activities	<u>349,118</u>	<u>863,118</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(88,629)	(309,833)	-
Disposition of capital assets	-	(919,337)	-
Proceeds from issue of bonds and notes	-	1,003,455	-
Principal paid on long term debt	-	(905,126)	-
Interest paid on long-term debt	-	(308,904)	-
Capital contributions and grants	-	66,813	-
Net cash (used) by capital and related financing activities	<u>(88,629)</u>	<u>(1,372,932)</u>	<u>-</u>
Cash flows from investing activities:			
Investment income	5,596	10,772	2,249
Net cash provided by investing activities	<u>5,596</u>	<u>10,772</u>	<u>2,249</u>
Net increase (decrease) in cash and equivalents	40,586	452,075	79,906
Cash and equivalents, beginning	344,968	2,819,551	94,594
Cash and equivalents, ending	<u>\$ 385,554</u>	<u>\$ 3,271,626</u>	<u>\$ 174,500</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 – continued

For the Year Ended June 30, 2013

	Other Enterprise Funds	Total	Internal Service Gasoline
Reconciliation of operating Income (loss) to net cash provided by (used in) operating activities		-	
Operating income (loss)	\$ (374,909)	\$ 131,504	\$ 51,252
Adjustments:		-	
Depreciation	115,081	1,055,742	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	-	61,481	5,669
(Increase) decrease in due from other funds	-	(42,422)	18,072
(Increase) decrease in inventory	-	(57,668)	-
(Increase) decrease in prepaid expenses	(612)	16,973	-
Increase (decrease) in accounts payable	29,389	(116,621)	1,059
Increase (decrease) in wages and benefits	(2,599)	(45,665)	-
Increase (decrease) in due to other funds	(16,862)	(95,838)	1,605
Increase (decrease) in deferred revenue	20,012	20,012	-
Increase (decrease) in compensated absence	4,672	8,777	-
Total adjustments	149,081	804,771	26,405
Net cash provided (used) by operating activities	\$ (225,828)	\$ 936,275	\$ 77,657
Non-cash investing and financing activities	\$ 38,588	\$ 38,588	-
Reconciliation of cash and cash equivalents			
Cash and equivalents	\$ 385,554	\$ 1,511,820	\$ 174,500
Restricted cash and equivalents	-	1,759,806	-
Total cash and cash equivalents	\$ 385,554	\$ 3,271,626	\$ 174,500

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Fiduciary Net Position - Fiduciary and Agency Funds

June 30, 2013

	<u>Policemen Pension</u>	<u>Firemen Pension</u>	<u>Total Pension Trust</u>	<u>Agency Fund</u>
ASSETS:				
Cash and cash equivalents	\$ 83,943	\$ 78,779	\$ 162,722	\$ 33,317
Due from other funds	11,509	22,449	33,958	-
Investment at fair value				
Money Market	15,943	-	15,943	-
Government agency obligations	122,348	195,095	317,443	-
Corporate obligations	1,257,712	1,636,001	2,893,713	-
Municipal obligations	102,395	102,396	204,791	-
Common stock	2,530,371	4,476,400	7,006,771	-
Mutual funds	97,415	968,601	1,066,016	-
Total investments	<u>4,126,184</u>	<u>7,378,493</u>	<u>11,504,677</u>	<u>-</u>
Total assets	<u>4,221,636</u>	<u>7,479,721</u>	<u>11,701,357</u>	<u>33,317</u>
LIABILITIES:				
Withholdings payable	4,735	3,656	8,391	-
Deferred revenue	-	-	-	33,317
Total liability	<u>4,735</u>	<u>3,656</u>	<u>8,391</u>	<u>33,317</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 4,216,901</u>	<u>\$ 7,476,065</u>	<u>\$ 11,692,966</u>	<u>\$ -</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the Year Ended June 30, 2013

	Policemen Pension	Firemen Pension	Total Pension Trust
ADDITIONS:			
Contributions			
Employer	\$ 546,064	\$ 201,850	\$ 747,914
Plan Members	150,235	73,793	224,028
Insurance premium tax allocation	363,021	206,660	569,681
Total contributions	<u>1,059,320</u>	<u>482,303</u>	<u>1,541,623</u>
Investments income			
Interest and dividends	105,767	184,663	290,430
Net realized and unrealized gains (loss)	322,288	514,884	837,172
Less investment expense	<u>(17,888)</u>	<u>(25,727)</u>	<u>(43,615)</u>
Net investment income	<u>410,167</u>	<u>673,820</u>	<u>1,083,987</u>
Total additions	<u>1,469,487</u>	<u>1,156,123</u>	<u>2,625,610</u>
DEDUCTIONS			
Benefits	1,274,877	574,271	1,849,148
Administrative	<u>462</u>	<u>12,002</u>	<u>12,464</u>
Total deductions	<u>1,275,339</u>	<u>586,273</u>	<u>1,861,612</u>
Net increase in net position	194,148	569,850	763,998
Net position at beginning of year	<u>4,022,753</u>	<u>6,906,215</u>	<u>10,928,968</u>
Net position at end of year	<u>\$ 4,216,901</u>	<u>\$ 7,476,065</u>	<u>\$ 11,692,966</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Notes to the Combined Financial Statements

For the Year Ended June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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 is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2013.

B. Component Units/Reporting Entity

The City of Weirton, West Virginia, 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).

C. Related Organizations

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

City of Weirton Housing Authority

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

City of Weirton Transit Authority

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

City of Weirton Redevelopment Authority

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

D. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

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.

E. Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported in separate columns with composite columns for non-major funds.

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

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City applies all relevant Government Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, that do not conflict with GASB pronouncements in both the government-wide and proprietary fund financial statements.

The government-wide statements report activity using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Governmental fund financial statements report uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. With the exception of refuse fees and police and fire service fees, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. A period of one year is utilized for refuse fees and police and fire fees. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, payment in lieu of taxes, excise taxes on utilities, B&O taxes, hotel taxes, wine, liquor and private club taxes, refuse fees, police and fire service fees, and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual are met.

Expenditure-driven grants are recognized as revenue then the qualifying expenditures have been incurred and all other grant requirements have been met. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

G. Fund Types and Major Funds

Fund Accounting

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 various funds are grouped in the financial statements in this report into generic fund types under the following broad fund categories

Governmental Funds: The City reports the following governmental funds:

General Fund - Reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Coal Severance Tax Fund - Established by City ordinance to account for coal severance taxes received from the State of West Virginia designated for purchases as allowed by State Code.

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

Business-type Activities: The City reports the following major proprietary/enterprise funds:

Water Board - Accounts for the operating activities of the City's water utility services.

Sanitary Board - Accounts for the operating activities of the City's wastewater utility services.

Board of Park Commissioners - Accounts for the operating activities of the City's recreational services and facilities.

Library and Parking – Accounts for the operating activities of Mary H. Weir Public Library and City Parking Authority.

Other Fund Types - The City also reports the following fund types:

Internal Service Funds – Account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. The City's only internal service fund is the gasoline fund. This is a proprietary fund reported with governmental activities in the government-wide financial statements.

Pension Trust Funds – Report fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. 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.

H. Cash and Investments

For purposes of the statement of cash flows, the City generally considers short-term deposits purchased with original maturities of less than three months to be cash equivalents unless considered to be held for investment purposes. The City's cash and investment policies are governed by state statute. The Finance Director manages the City's investments with the exception of the pension trust funds which are managed by the trustees of the plans and the investments of the Board of Park Commissioners and Library which are managed by their respective directors.

The City does not maintain cash and investment pools. Non-pooled cash and investments are separately held and reflected in their respective funds as "cash and cash equivalents" and "investments," some of which are restricted assets. For additional information concerning restricted accounts, see Note 7. Legal restrictions and the City's policies governing deposits and investments are discussed in Note 5.

Investments are reported at fair value which is determined using quoted market prices. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note 5.

I. Inventories and Prepaid

Inventories in governmental funds which consist of materials and supplies are considered to be immaterial and, therefore, expended at the time of purchase. Material proprietary fund materials and supplies inventories are recorded at the lower of cost or market on a first-in, first-out basis. An expense is recorded at the time individual inventory items are used.

Prepaid are record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaid are similarly reported in government-wide and fund financial statements.

J. 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 cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Infrastructure recorded by the City includes roads/streets, alleys, bridges, trails, and trail bridges.

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

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

K. Long-Term Debt, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. The debt discounts are netted against the respective portions of current and non-current bonds payable on the fund level and government-wide statement of net position.

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.

L. 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.

M. 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 absence liability payable from expendable, available financial resources in the fund financial statements in wages and benefits payable.

N. Fund Balance Classification

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 used in the governmental fund financial statements are as follows:

1. Nonspendable – This amount cannot be spent either because it is in a nonspendable form or because it is legally or contractually required to be maintained intact.
2. Restricted – This amount can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – This amount can be spent only for a specific purpose determined by a formal action of City Council. City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.
4. Assigned – This amount does not meet the criteria to be classified as restricted or committed but is intended to be used for a specific purpose. Under the City's adopted policy, only City Council may assign an amount for a specific purpose.
5. Unassigned – This includes all other spendable amounts.

The City applies restricted resources first when expenditures are incurred for the purpose 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.

O. Net Position

Net position represents the difference between assets and liabilities. Net position of the City's Funds are classified and reported as follows:

1. Invested in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

2. Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.
3. Unrestricted net position – This amount is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

NOTE 2. CHANGE IN ACCOUNTING POLICY

The City changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 63 – As of July 1, 2012, the City implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This statement changed the name of the district-wide statement formerly known as the Statement of Net Assets to the Statement of Net Position.

NOTE 3. BUDGETARY INFORMATION

The City Manager submits an annual budget for the General Fund and Coal Severance Tax Fund to the City Council in accordance with the City Charter and state law. The budgets are prepared on prescribed forms and submitted for approval to the State Auditor’s Office. These budgets are prepared in accordance with the following procedures:

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

Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The appropriated budget of the General Fund and Coal Severance Tax Fund is 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.

NOTE 4. FINANCIAL STABILIZATION FUND

City Council has established through ordinance a Financial Stabilization Fund to set aside amounts to be used in emergency situations or short-term cash flow purposes. The City maintains the stabilization fund within the general fund. At June 30, 2013, the balance of the Financial Stabilization Fund was \$909,190.

NOTE 5. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State statute requires deposits to be fully collateralized. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the Director of Finance (Director for the Board of Park Commissioners and Library).

State statute restricts un-invested cash in pension trust funds to an estimated amount not to exceed ninety days of benefit payments and administrative costs.

As of June 30, 2013, the City had \$3,486,392 in deposits with financial institutions that are in excess of the Federal Deposit Insurance Corporation limitations, and collateralized in the name of the City.

Investments – As of June 30, 2013, the City had the following investments:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Type Activities</u>	<u>Total</u>
Money Market	\$ 119,329	\$ 15,943	\$ 173	\$ 135,445
Certificates of Deposit	998,495	-	592,907	1,591,402
Governmental agency obligations		317,443		317,443
Corporate obligations		2,893,713		2,893,713
Municipal obligations		204,792		204,792
Common Stock	-	7,006,771	-	7,006,771
Mutual Funds	-	1,066,016	360,513	1,426,529
Municipal Bond Commission	-	-	1,451,353	1,451,353
Total Investments (Non-fiduciary)	<u>\$ 1,117,824</u>	<u>\$11,504,678</u>	<u>\$ 2,404,946</u>	<u>\$ 15,027,448</u>

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 securities 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 Stand & Poor's and Moody's Investment Services. The interest rate and credit ratings of these investments is as follows:

	<u>Interest Rate and Credit Risk Rating</u>	
	<u>Maturity</u>	<u>Credit Quality</u>
	<u>Range</u>	<u>Rating Range</u>
Money Market	Less than 1 year	Not available
Bond Mutual Funds	Not available	Not rated
Municipal Bond Comm Pool	Less than 1 year	Not Rated

Fiduciary Funds: On the Statement of Fiduciary Net Position the fiduciary money market funds, government agency obligations, municipal obligations, corporate obligations, mutual funds, and equities 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 interest rate and credit risk ratings of these investments is as follows:

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

	<u>Fair Value</u>	Credit Risk <u>Rating</u>
Policemens' Pension and Relief		
WesBanco Banc	\$ 15,943	AAAm
U.S. Government Agency Obligations	122,348	Aaa
Mutual Obligations	102,395	Aaa
Corporate Obligations		
Johnson & Johnson	50,911	Aaa
Wal-Mart Stores	56,965	Aa2
Colgate-Palmolive	100,865	Aa3
International Business Machines	100,683	Aa3
International Business Machines	51,250	Aa3
ConocoPhillips	57,152	A1
Occidental Petroleum	49,960	A1
GE Capital Corp Series MTN	54,530	A1
Boeing Capital	52,065	A2
Ei Du Pont De Nemours	62,622	A2
McDonalds	57,316	A2
Anheuser-Busch	63,242	A3
AT&T	104,500	A3
Goldman Sachs	83,509	A3
Verizon Communications	101,007	A3
Morgan Stanley	101,038	Baa1
Bank of America	110,097	Baa2
Total rated obligations	<u>1,498,398</u>	
Mutual Funds	<u>97,415</u>	
Total Equities	<u>2,530,371</u>	
Total Firemans' Pension and Relief	<u>\$ 4,126,184</u>	

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

	<u>Fair Value</u>	<u>Credit Risk Rating</u>
Firemens' Pension and Relief		
U.S. Government Agency Obligations	195,095	Aaa
Municipal Obligations	102,396	Aaa
Corporate Obligations:		
Wal-Mart Stores	85,447	Aa2
Mellon Bank NA	105,665	Aa2
International Business Machines	76,876	Aa3
Colgate-Palmolive	100,865	Aa3
ConocoPhillips	85,728	A1
GE Capital Corp. Series MTN	81,794	A1
Occidental Petroleum	99,920	A1
Boeing Capital	182,228	A2
John Deere Capital	74,216	A2
McDonalds	85,973	A2
Emerson Electric	72,422	A2
AT&T	104,500	A3
Goldman Sachs	104,386	A3
Anheuser-Busch Inbev NV	94,862	A3
Metlife	107,277	A3
Morgan Stanley	101,038	Baa1
Eaton Corp	<u>72,804</u>	Baa1
Total rated obligations	<u>1,933,492</u>	
Mutual Funds	968,601	
Total Equities	<u>4,476,400</u>	
Total Policemans' Pension and Relief	<u>\$ 7,378,493</u>	

Primary Government Investment Policies

Generally, the City's investing activities are managed under the custody of the Finance Director (Director for Board of Park Commissioners and Library). Investing is performed in accordance with investment policies prescribed by state statutes. City funds may be invested in:

- (1) Any direct obligation of, or obligation guaranteed as to the payment of both principal and interest by, the United States of America;
- (2) Any evidence of indebtedness issued by any United States government agency guaranteed as to the payment of both principal and interest, directly or indirectly, by the United States of America;
- (3) Any evidence of indebtedness issued by the federal national mortgage association to the extent such indebtedness is guaranteed by the government national mortgage association;

- (4) Any evidence of indebtedness that is secured by a first lien deed of trust or mortgage upon real property situate within the State of West Virginia, if the payment thereof is substantially insured or guaranteed by the United States of America or any agency thereof;
- (5) Direct and general obligations of the State of West Virginia;
- (6) Any undivided interest in a trust, the corpus of which is restricted to mortgages of real property and, unless all of such property is situate within the State of West Virginia and insured, such trust at the time of the acquisition of such undivided interest, is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating pooled mortgage trusts;
- (7) Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association: Provided, That any such security is, at the time of its acquisition, rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: Provided, however, That if any commercial paper or any such security will mature within one year from the date of its issuance, it shall, at the time of its acquisition, be rated in one of the two highest rating grades by any such nationally known agency and commercial paper or other evidence of indebtedness of any private corporation or association shall be purchased only upon the written recommendation from an investment advisor that has over three hundred million dollars in other funds under its management;
- (8) Negotiable certificates of deposit issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized;
- (9) Interest earning deposits including certificates of deposit, with any duly designated State of West Virginia depository, which deposits are fully secured by a collaterally secured bond; and
- (10) Mutual funds registered with the Securities and Exchange Commission which has assets in excess of three hundred million dollars.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase. Certificates of deposit may not be purchased with maturities greater than 365 days from date of purchase. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Cumulatively, portfolios of the City may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total City portfolio may be placed with any single financial institution. U.S. government securities are excluded from these restrictions.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City policy provides that investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the City's name.

Pension Trust Investment Policies

The City's two pension trusts are the Policemen's Pension and Relief and the Firemen's Pension and Relief. Investing is performed in accordance with investment policies prescribed by state statutes. The Board of Trustees is responsible for compliance with the investment policy. Investment managers have been retained to assist them. Overall, investment guidelines provide for diversification and allow investments in the following:

- (1) Any direct obligation of, or obligation guaranteed as to the payment of both principal and interest by, the United States of America;
- (2) Any evidence of indebtedness issued by any United States government agency guaranteed as to the payment of both the principal and interest, directly or indirectly, by the United States of America;
- (3) Readily marketable (i.e. traded on a national securities exchange) debt securities having a Standard & Poor rating of A (or equivalent to Moody's rating) or higher, excluding municipal securities;
- (4) Any evidence of indebtedness that is secured by a first lien deed of trust or mortgage upon real property located within the State of West Virginia, if the payment thereof is substantially insured or guaranteed by the United States of America or any agency thereof;
- (5) Repurchase agreements issued by any bank, trust company, national banking association or savings institutions which mature in less than one year and are fully collateralized, no reverse repurchase agreements shall be allowed;
- (6) Interest bearing deposits including certificates of deposit and passbook savings accounts that are FDIC insured;
- (7) Equity – Common stocks, securities convertible into common stocks, or warrants and rights to purchase such securities; Provided, That each shall be listed on the NYSE, ASE or are traded on the National OTC Market and listed on the NASDAQ National Market.

Monies invested are subject to the following restrictions and conditions:

- (a) Fixed income securities shall at no time exceed ten percent of the total assets of the pension fund, which are issued by one issuer, other than the United States government or agencies thereof, whereas this limit shall not apply;

- (b) At no time shall the equity portion of the portfolio exceed fifty percent of the total portfolio. Furthermore, the debt or equity securities of any one company or association shall not exceed five percent with a maximum of fifteen percent in any one industry;
- (c) Any investments in equities shall be subject to the following additional guidelines:
 - (1) Equity mutual funds shall be no sales load (front or back) and no contingent deferred sales charges shall be allowed. The total annual operating expense ratio shall not exceed one and three-quarter percent for any mutual fund;
 - (2) The stated investment policy requires one hundred percent of the equities of the portfolio be that of securities listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ National Market;
 - (3) Equity mutual funds may be only of the following fund description stated purpose: growth funds, growth and income funds, equity income funds, index funds; utilities, funds, balanced funds and flexible portfolio funds;
 - (4) The equity value of investments shall not exceed twenty-five percent of the total portfolio for the first twelve months; thereafter no more than five percent of the total portfolio be invested in equity securities per calendar quarter up to the maximum of fifty percent;
- (d) The board of trustees of each fund shall obtain an independent performance evaluation of the funds at least annually and such evaluation shall consist of comparisons with other funds having similar investment objectives for performance results with appropriate market indices;
- (e) Each entity conducting business for each pension fund, shall fully disclose all fees and costs of transactions conducted on a quarterly basis. Entities conducting business in mutual funds for and on behalf of each pension fund, shall timely file revised prospectus and normal quarterly and annual Securities Exchange Commission reporting documents with the board of trustees of each pension fund.

Both plans address custodial credit risk similarly with policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items; and provides periodic accounting to the respective pension boards.

According to state statute, pension trustees shall exercise judgment and care under fiduciary duty which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable total return as well as the preservation of principal.

**NOTE 6. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS,
AND DEFERRED REVENUE**

Governmental Receivables and Uncollectible Accounts

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

Accounts Receivable Type	General Fund	Coal Severance	Other Governmental Funds
Taxes	\$ 967,916	\$ -	\$ 118
Charges for service	1,246,159	-	-
Fees and other receivables	21,214	-	-
Intergovernmental	39,124	-	202,006
Less: Allowance for uncollectible accounts	(901,370)	-	-
Net Accounts Receivable	<u>\$1,373,043</u>	<u>\$ -</u>	<u>\$ 202,124</u>
Uncollectible amounts netted with revenue	<u>\$ 103,725</u>	<u>\$ -</u>	<u>\$ -</u>

Business-type activity Receivables, Uncollectible Accounts, and Deferred Revenue

Significant 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 uncollectible accounts.

The allowance amount is estimated using accounts receivable past due more than 90 days. Related amounts are shown in the following table:

	Water Board	Sanitary Board	Board of Park Commissioners	Other Funds	Total
Accounts receivable	\$ 1,074,968	\$994,820	\$ 4,135	\$ 12,625	\$ 2,086,548
Less: Allowance for uncollectibles	(209,482)	(352,514)	-	-	(561,996)
Net accounts receivable	<u>\$ 865,486</u>	<u>\$642,306</u>	<u>\$ 4,135</u>	<u>\$ 12,625</u>	<u>\$ 1,524,552</u>
Uncollectible amounts, netted with revenues	<u>\$ 33,296</u>	<u>\$ 37,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,181</u>

Property Taxes Receivable, Uncollectible Taxes, Deferred Revenue, and Property Tax Calendar

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on

personal property; however, statutes provide that the sheriff of a county may distain for delinquent taxes any goods and chattels belonging to a person assessed.

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

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, twelve and five-tenths (12.50¢); on Class II property, twenty-five cents (25.00¢); and on Class IV property, fifty (50.00¢). In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The levy rates of the City of Weirton, West Virginia, per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2013, were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Levy</u>
Class I	--	12.50¢
Class II	\$ 239,494,762	25.00¢
Class IV	\$ 418,826,900	50.00¢

In the governmental fund financial statements, property taxes receivable are recorded in the General Fund once the levy is approved. At fiscal year-end, the receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year end, they are recorded as deferred revenue. Deferred property taxes recorded in the accompanying governmental fund financial statements totaled \$74,268

In the government-wide financial statements, property taxes receivable, net of an allowance and related revenue include all amounts due the City regardless of when cash is received.

Grants Receivable and Deferred Revenue

Revenue is recorded as earned when eligibility requirements are met. Grants receivable are recorded in the governmental funds when expenses incurred are in excess of grant funds received in the General, Tax Increment Financing, and Community Development Block Grant Funds.

Deferred revenues in the governmental fund financial statements revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). Revenue received after 60 days is fully recognized as revenue in the government-wide statements if eligibility requirements are met.

NOTE 7. RESTRICTED CASH

Certain proprietary fund assets are restricted for debt service and repair and replacement of capital assets. Total restricted assets, which consist of interest bearing checking accounts and deposits with the West Virginia Municipal Bond Commission, amounted to \$1,759,806.

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the Governmental activities for the year ended June 30, 2013, is as follows:

	Totals June 30, 2012	Additions	Deletions	Totals June 30, 2013
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 855,697	\$ -	\$ -	\$ 855,697
Total capital assets not being depreciated	855,697	-	-	855,697
Capital assets being depreciated				
Land Improvements	1,873,098	-	-	1,873,098
Buildings and improvements	6,965,049	20,688	-	6,985,737
Infrastructure	11,998,126	976,492	-	12,974,618
Furniture, machinery and equipment	10,550,703	522,286	-	11,072,989
Total capital assets being depreciated	31,386,976	1,519,466	-	32,906,442
Less accumulated depreciation for:				
Land Improvements	1,851,994	3,811	-	1,855,805
Buildings and improvements	4,537,999	139,368	-	4,677,367
Infrastructure	3,365,441	401,149	-	3,766,590
Furniture, machinery and equipment	7,378,199	571,841	-	7,950,040
Total accumulated depreciation	17,133,633	1,116,169	-	18,249,802
Governmental activities capital assets, net	<u>\$ 15,109,040</u>	<u>\$ 403,297</u>	<u>\$ -</u>	<u>\$ 15,512,337</u>

Depreciation Expense – Depreciation expense was charged to functions of the governmental funds as follows:

<u>Governmental Activities</u>	
General government	\$ 335,641
Public Safety	125,458
Highways and streets	562,007
Health and sanitation	66,407
Culture and recreation	26,655
	<u>\$ 1,116,169</u>

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

Capital asset balances and activity for the Business-type activities for the year ended June 30, 2013, is as follows:

	Totals			Totals
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Business-type Activities				
Capital assets not being depreciated:				
Land and land rights	\$ 535,383	\$ -	\$ -	\$ 535,383
Construction-in-progress	<u>6,033,224</u>	<u>1,087,331</u>	<u>1,101,401</u>	<u>6,019,154</u>
Total capital assets not being depreciated	<u>6,568,607</u>	<u>1,087,331</u>	<u>1,101,401</u>	<u>6,554,537</u>
Capital assets being depreciated:				
Land improvements	134,947	-	-	134,947
Buildings and improvements	10,100,074	31,372	3,343	10,128,103
Infrastructure	36,216,972	946,855	33,361	37,130,466
General plant	5,880,689	-	4,236	5,876,453
Furniture, machinery and equipment	<u>4,021,014</u>	<u>287,377</u>	<u>455,464</u>	<u>3,852,927</u>
Total capital assets being depreciated	<u>56,353,696</u>	<u>1,265,604</u>	<u>496,404</u>	<u>57,122,896</u>
Less accumulated depreciation for:				
Land improvements	128,588	227	-	128,815
Buildings and improvements	5,450,781	292,041	2,253	5,740,569
Infrastructure	27,566,642	395,931	2,845	27,959,728
General plant	1,015,697	119,004	2,666	1,132,035
Furniture, machinery and equipment	<u>2,897,624</u>	<u>248,539</u>	<u>443,874</u>	<u>2,702,289</u>
Total accumulated depreciation	<u>37,059,332</u>	<u>1,055,742</u>	<u>451,638</u>	<u>37,663,436</u>
Business-type activities				
Capital assets, net	<u>\$ 25,862,971</u>	<u>\$1,297,193</u>	<u>\$ 1,146,167</u>	<u>\$ 26,013,997</u>

Depreciation Expense -- Depreciation expense was charged to business-type activities as follows:

<u>Business-type Activities</u>	
Water	\$ 366,329
Sewer	369,524
Board of Park Commissioners	204,808
Library	115,081
Parking Authority	-
	<u>\$ 1,055,742</u>

Construction Commitments – Active construction in progress is composed of the following:

	<u>Spent to June 30, 2013</u>	<u>Remaining Commitment</u>
Water Fund		
Water by product treatment disinfection	\$ 4,934,203	\$ -
Plant improvements	53,592	-
	<u>\$ 4,987,795</u>	<u>\$ -</u>
Sewer Fund		
Sewer line extensions	\$ 531,528	\$ -
Sewer line replacement	963,577	4,934,423
Plant improvements	831,262	-
	<u>\$ 2,326,367</u>	<u>\$ 4,934,423</u>

NOTE 9. CAPITAL LEASE COMMITMENTS

At June 30, 2013, the city has six outstanding lease agreements which were made for the purchase of nine police vehicles, two sanitation trucks and a street truck. The cost and accumulated depreciation for assets under capital lease at June 30, 2013 were \$609,766 and \$71,289, respectively. The total lease payments less interest costs are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 190,641
2015	169,910
2016	46,075
	406,626
Less interest costs	<u>(9,234)</u>
Present value of future minimum lease payments	397,392
Less current portion	<u>(184,252)</u>
Capital leases, non-current	<u>\$ 213,140</u>

NOTE 10. LONG-TERM DEBT

Revenue Bonds

Revenue bonds outstanding as of June 30, 2013, 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 water treatment plant.

The bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The general bond indenture and its supplements for the water system bonds require the use of revenue, depreciation, operations and maintenance, reserve, construction, renewal and replacement, rebate and sinking fund accounts. The City covenants that the schedule of rates for the Water Board and the Sanitary Board are sufficient, together with other revenues of the system, to provide for all reasonable expenses of operation, repair and maintenance of the system, and to leave a balance each year equal to at least 115 percent of the maximum amount required in any year for principal and interest. At June 30, 2013 the entity was in compliance with the terms and provisions of the Loan Agreements for the Water and Sewer Fund.

The City's revenue bonds are recorded in the Statement of Net Position, net of debt discounts at June 30, 2013, the current and non-current portions, net of discount, are as follows:

	<u>Bonds Payable</u>	<u>Debt Discount</u>	<u>Bonds Payable, net</u>
Current Portion			
Water Board	\$ 680,875	\$ 5,285	\$ 675,590
Sanitary Board	191,631	1,275	190,356
Total current	<u>872,506</u>	<u>6,560</u>	<u>865,946</u>
Non-Current Portion			
Water Board	5,906,948	58,102	5,848,846
Sanitary Board	3,062,103	17,744	3,044,359
Total non-current	<u>8,969,051</u>	<u>75,846</u>	<u>8,893,205</u>
Total	<u>\$ 9,841,557</u>	<u>\$ 82,406</u>	<u>\$ 9,759,151</u>

Amortization expense is \$5,285 and \$1,275 for the Water and Sanitary Board, respectively.

Outstanding Bonds, Maturity Dates, and Interest Rates

	<u>Amount of Original Issue</u>	<u>Range of Final Maturity Dates</u>	<u>Range of Interest Rates</u>
Revenue Bonds			
Water Board	\$ 11,917,410	2017 - 2031	0% - 8.1% plus 1% administration fee
Sanitary Board	<u>4,199,404</u>	2028	2% plus 1% administration fee
Total	<u>\$ 16,116,814</u>		

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

	Balance			Balance	
<u>Governmental Activities</u>	<u>June 30, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2013</u>	
Capital leases payable	314,875	302,776	220,259	397,392	
Total Governmental Activities	314,875	302,776	220,259	397,392	
<u>Business-type Activities</u>					
Note payable:					
Water Board	93,701	-	19,184	74,517	
Sanitary Board	48,760	934,192	48,760	934,192	
Total note payable	142,461	934,192	67,944	1,008,709	
Revenue bonds:					
Water Board	7,204,118	33,040	649,335	6,587,823	
Sanitary Board	3,441,580	-	187,846	3,253,734	
Total revenue bonds	10,645,698	33,040	837,181	9,841,557	
Total Business-type Activities	10,788,159	967,232	905,125	10,850,266	
Total Long-term debt	<u>\$ 11,103,034</u>	<u>\$ 1,270,008</u>	<u>\$ 1,125,384</u>	<u>\$ 11,247,658</u>	

Arbitrage Compliance

Proceeds from tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The City invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds.

Debt Service Requirements to Maturity

The City did not capitalize any interest expense for the fiscal year ended June 30, 2013.

The annual debt service requirements to maturity for bonded debt as of June 30, 2013, are as follows:

June 30,	Water Board		Sanitary Board	
	Principal	Interest	Principal	Interest
2014	\$ 680,875	\$ 219,938	\$ 191,631	\$ 63,643
2015	714,562	186,250	195,491	59,782
2016	750,559	150,253	199,431	55,843
2017	789,048	111,767	203,451	51,824
2018	369,582	70,598	207,549	74,724
2019-2024	1,409,714	258,678	1,102,191	174,178
2025-2030	1,412,319	122,949	1,153,990	58,563
2029-2033	461,164	16,251	-	-
Totals	<u>\$ 6,587,823</u>	<u>\$ 1,136,684</u>	<u>\$ 3,253,734</u>	<u>\$ 538,557</u>

Notes Payable

The City's Water Board obtained a note with a local financial institution for an addition to the main water treatment line. The note has an interest rate of 2.36%. At June 30, 2013, the principal and interest payments due from the City are as follows:

Year Ending June 30,	Principal	Interest
2014	\$ 19,672	\$ 1,569
2015	20,149	1,093
2016	20,636	605
2017	14,060	126
Totals	<u>\$ 74,517</u>	<u>\$ 3,393</u>

In September 2012, the City's Sanitary Board obtained a note with a local financial institution to finance the design and other preliminary costs of the upcoming sanitation treatment project. The note was obtained in the short-term until the bond proceeds of the 2013A bonds (issued in September 2013) were received. The original note was \$1,300,000 with an interest rate of 1.68%. As of June 30, 2013 the outstanding balance was \$934,192. The entire balance has been classified as current, as the balance will be repaid with the 2013A bond proceeds in fiscal year June 30, 2014.

NOTE 11. RISK MANAGEMENT

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

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services for goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

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

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

Fund	Due from Other Funds	Fund	Due to Other Funds
General	\$ 291,531	General	127,529
Coal Severance	3,081	Internal Service Fund	4,421
Internal Service Fund	68,786	Board of Park Commissioners	11,700
Sanitary Board	98,053	Water Fund	144,515
Water	12,905	Sanitary Board	107,270
	-	Other Funds	78,921
Total due from other funds	<u>\$ 474,356</u>	Total due to other funds	<u>\$ 474,356</u>

NOTE 13. TRANSFERS AND PAYMENTS

Transfers and payments within the reporting entity are substantially 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 Commissioners and Library Funds. 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:

Transfers from	Amount	Transfers to	Amount
General Fund	\$ 844,118	Board of Park Commissioners	\$ 503,000
	-	Other Enterprise Funds	341,118
	<u>\$ 844,118</u>		<u>\$ 844,118</u>

NOTE 14. REVENUES AND EXPENDITURES – BENEFITS FUNDED BY THE STATE OF WEST VIRGINIA

For fiscal year 2013, the State of West Virginia contributed payments on behalf of City employees as follows:

Plan	Amount
City of Weirton Policemen’s Pension and Relief Fund	\$ 363,021
City of Weirton Firemen’s Pension and Relief Fund	206,660
Total	\$ 569,681

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

NOTE 15. RETIREMENT PLANS

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

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 participating employers, and state appropriations, as necessary.

Policemen’s Pension and Relief Fund

Plan Summary – All permanent full time police department personnel are covered by this plan which is funded in accordance with Chapter 8, Article 22 of the West Virginia Code. To be eligible for a regular retirement pension under the plan, the member must have completed at least 20 years of credited service. The normal retirement benefit commences on the participants’ normal retirement date or the date they attain age 50, if later. The annual normal retirement pension payable monthly is 60% of the participants’ annual salary for 20 years of service, up to 75% for 30 years of service.

Eligible policemen hired prior to January 1, 2010, contribute 9% of their monthly salary. Effective January 1, 2010, all newly hired policemen contribute 9.5% of their monthly salary. The total eligible payroll for the fiscal year ending June 30, 2013, was \$1,656,799 and the total employee contributions were \$150,235. The plan’s fund balance as of June 30, 2013, is \$4,216,901.

The City does not contribute to the Policemen’s Pension and Relief Fund based on the latest actuarial study. The City’s contributions are based on 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 1, 2012 actuarial report, was \$844,037. The actual contributions were \$909,085 for the year ended June 30, 2013.

Annual Required Contribution (ARC) and Significant Actuarial Assumptions - The pension obligation is the actuarial present value of the 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 in the future as a result of employee service to date. According to the most recent actuarial report, as of July 1, 2012, the average salary for benefits was \$43,068. There were 44 pensioners as of June 30, 2012 receiving an average of \$21,491 in pension benefits with an expected cost-of-living increase up to 3%.

The actuarial assumptions and other information used to determine the ARC are as follows:

	<u>Policemen's</u>
Valuation date:	July 1, 2012
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent open
Amortization period:	30 years (level percentage)
Actuarial asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	5.0%
Project salary increases	4.0% general and wage inflation adjustment plus service-based increase of 9% for one year of service, 4.5% for two years of service, 2.0% for three and four years of service, and 1.0% thereafter
Inflation rate:	3%
Other—cost of living adjustments:	3.0% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior years

Funding Progress is as follows:

	<u>Policemen's Pension and Relief Fund 7/1/12</u>
Actuarial Evaluation Date	
Actuarial Value of Assets	\$ 4,022,752
Actuarial Accrued Liability (AAL)	\$ 27,883,806
Underfunded (UAAL)	\$ 23,811,054
Funded Ratio	14%
Covered Payroll	\$ 1,593,506
UAAL as a % of Covered Payroll	1494%

The schedule of funding progress included in the required supplementary information immediately following the notes to the financial statements indicates whether the actuarial value of the plan assets is, over time, increasing or decreasing relative to the increase in the actuarial accrued liability.

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2013	\$ 1,574,271	62%	\$ 10,918,625
2012	\$ 1,560,014	55%	\$ 10,253,437
2011	\$ 1,129,928	50%	\$ 9,549,710

Fireman's Pension and Relief Fund

Plan Summary – All permanent full time fire department personnel are covered by this plan which is funded in accordance with Chapter 8, Article 22 Of the West Virginia Code. To be eligible for a regular retirement pension under the plan, the member must have completed at least 20 years of credited service. The normal retirement benefit commences at the earlier of age 50 with 20 years of credited service or age 65. The monthly benefit is a percentage of the highest three year average countable compensation. This percentage is determined based on years of service. The percentage ranges from 60% of countable compensation for 20 years of service to 75% for 30 years.

Eligible firemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Effective January 1, 2010, all newly hired firemen contribute 9.5% of their monthly salary. The total eligible payroll for the fiscal year ending June 30, 2013, was \$1,022,419 and the total employee contributions were \$73,792. The plan's fund balance as of June 30, 2013, is \$7,476,065.

The City does not contribute to the Fireman's Pension and Relief Fund based on the latest actuarial study. The City's contributions are based on 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 was \$408,509. The actual contributions were \$408,510 for the year ended June 30, 2013.

Annual Required Contribution (ARC) and Significant Actuarial Assumptions - The pension obligation is the actuarial present value of the 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 in the future as a result of employee service to date.

According to the most recent actuarial report, as of July 1, 2012, the average salary for benefits was \$41,767. There were 19 pensioners as of June 30, 2012, receiving an average of \$25,247 in pension benefits with expected cost-of-living increase up to 4%.

The actuarial assumptions and other information used to determine the ARC are as follows:

	<u>Firemen's</u>
Valuation date:	July 1, 2012
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent open
Amortization period:	30 years (level percentage)
Actuarial asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Project salary increases	4.0% general and wage inflation adjustment plus service-based increase of 9% for one year of service, 4.5% for two years of service, 2.0% for three and four years of service, and 1.0% thereafter
Inflation rate:	3.0%
Other—cost of living adjustments:	3.0% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior years

Funding Progress is as follows:

	<u>Firemen's Pension and Relief Fund 7/1/12</u>
Actuarial Evaluation Date	
Actuarial Value of Assets	\$ 6,906,215
Actuarial Accrued Liability (AAL)	\$ 12,582,357
Underfunded (UAAL)	\$ 5,676,142
Funded Ratio	55%
Covered Payroll	\$ 918,877
UAAL as a % of Covered Payroll	618%

The schedule of funding progress included in the required supplementary information immediately following the notes to the financial statements indicates whether the actuarial value of the plan assets is, over time, increasing or decreasing relative to the increase in the actuarial accrued liability.

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2013	\$ 546,812	79%	\$ 2,088,063
2012	\$ 532,868	70%	\$ 1,949,760
2011	\$ 358,713	46%	\$ 1,771,176

Annual Pension Cost and Net Pension Obligation

The following table presents the change in the City's pension obligation as recorded on the Statement of Net Position at June 30, 2013:

	Policemen's Pension Relief Fund	Firemen's Pension Relief Fund	Total
Annual Required Contribution (ARC)	\$ 1,477,051	\$ 518,823	\$ 1,995,874
Interest on net pension obligation	512,672	116,986	629,658
ARC adjustment	(415,451)	(88,997)	(504,448)
Annual pension cost	1,574,272	546,812	2,121,084
Less: employer contributions	(909,085)	(408,510)	(1,317,595)
Increase in net pension obligation	665,187	138,302	803,489
Net pension obligation at June 30, 2012	10,253,437	1,949,759	12,265,772
Net pension obligation at June 30, 2013	<u>\$ 10,918,624</u>	<u>\$ 2,088,061</u>	<u>\$ 13,006,685</u>

Investment Detail

As of June 30, 2013, the City's pension funds held the following investments:

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Total
Money markets	\$ 15,943	\$ -	\$ 15,943
Government agency obligations	224,744	297,491	522,235
Corporate obligations	1,257,712	1,636,001	2,893,713
Common stock	2,530,371	4,476,400	7,006,771
Mutual funds	97,415	968,601	1,066,016
Total investments	<u>\$ 4,126,185</u>	<u>\$ 7,378,493</u>	<u>\$ 11,504,678</u>

Investment Policy – The City pension plan follows West Virginia State Code 8-22-22 as its investment policy.

Credit Risk – The City's investment policy does not specify that investments must be rated at a specified level. As of June 30, 2013, the City's investments were rated using Moody's Investor Services, when available.

Investment Policy – The City pension plan follows West Virginia State Code 8-22-22 as its investment policy.

Credit Risk – The City’s investment policy does not specify that investments must be rated at a specified level. As of June 30, 2013, the City’s investments were rated using Moody’s Investor Services, when available.

Interest Rate Risk – The City’s pension plan 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.

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

Credit and Interest Rates – At June 30, 2013, the City’s credit rating and average maturities on its money market and bond mutual funds were as follows:

	<u>Interest Rate and Credit Risk Ratings</u>	
	<u>Maturity Range</u>	<u>Credit Quality Rating Range</u>
Money Market	Less than 1 year	AAAm
Government agency obligations	4 – 9 years	Aaa
Corporate obligations	1 – 9 years	Aaa - to Baa2
Bond mutual funds	Not Available	Not Available

Cost Sharing, Multi-Employer Plan

Plan Summary - All City employees, with the exception of part-time employees and uniformed employees, participate in the West Virginia Public Retirement System (PERS). This plan is a cost sharing multiple-employer public employee retirement system created by the State of West Virginia.

All eligible full-time Workshop employees must participate. Among those employees not eligible for plan membership are members and retirees of other state retirement systems. Employees may retire at age 60 with a minimum of five years of credited service or when the members age plus his/her years of service is equal to or greater than 80 provided that employee has reached age 55. An individual with five or more consecutive years of service who terminates employment prior to retirement can choose to leave contributions with the system and will be eligible for retirement at age 62. Members are entitled a yearly retirement benefit of 2.0% of their highest average salary over three consecutive years out of the last 10 years of earning multiplied by the number of years of service. Payments are made monthly to retiree and the retiree can choose from three retirement options.

In accordance with Chapter 5, Article 10 of the West Virginia State Code, employees are required to contribute 4.5% of their annual salary to PERS with the City contributing 14%. Employer contributions for the current year and the prior two years were as follows:

<u>Year</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 751,489	100%
2012	\$ 576,625	100%
2011	\$ 478,704	100%

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

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

Because the City participates in the PERS, retirees have the option of choosing to participate in a cost-sharing, multiemployer, defined benefit other postemployment benefit plan (OPEB plan) through the WV Public Employees Insurance Agency (PEIA). Financial activities of the OPEB plan are accounted for in the Retirement Health Benefit Trust (RHBT). The plan provides the following retiree group insurance coverage to participants: medical and prescription drug coverage. Retiree's insurance premium is dependent on the number of years worked. 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 2013 totaled \$261,851.

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

GASB Statement No. 45 – *Statement Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEBs)* 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 17. FUND BALANCE

The detailed components of the various fund balance categories as of June 30, 2013 are as follows:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Coal Serverance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Non-spendable for:				
Prepaid expenses	\$ 30,102	\$ -	\$ -	\$ 30,102
Restricted for:				
Culture and recreation	917,927	-	-	917,927
Capital projects	-	-	860,738	860,738
Committed for:				
Capital projects	793,150	-	-	793,150
Workers' compensation	210,700	-	-	210,700
General expenditures	52,720	-	-	52,720
Assigned for:				
General expenditures	31,208	48,455	56,278	135,941
Unassigned for:				
Unassigned	758,275	-	-	758,275
Total Fund Balance	<u>\$ 2,794,082</u>	<u>\$ 48,455</u>	<u>\$ 917,016</u>	<u>\$ 3,759,553</u>

NOTE 18. CONTINGENCIES

The City of Weirton, West Virginia, is the 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 aggressively defends each case against itself.

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.

The Weirton Sanitary Board has completed phase one of its' sanitary collection system project consistent with the WV/NPDES Water Pollution Control Permit No. WV0023108 dated January 6, 2006. Phase one eliminated the flow of sewage into the Ohio River. Corrective action is ongoing in phase two as plans and specifications have been approved and permitted by the WV review agencies. The required construction to bring the Sanitary Board into compliance is scheduled to be completed by August 2014.

NOTE 19. CONCENTRATION OF CREDIT RISK

The General Fund bills the 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 Commissioners 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. Accounts receivable have been adjusted for all known uncollectible accounts. At June 30, 2013 the City's accounts receivable on the Statement of Net Position pertaining to these services were \$2,010,193.

NOTE 20. 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 that, such changes could materially affect the amounts reported in the statement of fiduciary net position.

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

NOTE 21 PRIOR PERIOD ADJUSTMENT

Beginning net position for the Library was restated at July 1, 2012 due to capitalizing books and other media as required by generally accepted accounting procedures. Books and other media with a cost basis of \$216,911 and accumulated depreciation of \$119,751, was recorded as a prior period adjustment. Net position was restated from the previously reported \$1,018,272 to \$1,116,023. The net effect of the restatement was an increase in the Library's net position in the amount of \$97,751.

NOTE 22. SUBSEQUENT EVENT

In September, 2013, the City issued 2013 A Bonds through the WV SRF Program. The bonds were issued to fund the Sanitary treatment project. The original principal balance of the bonds is \$5,904,000 with an interest rate of 2%. There is also a 1% administration fee which is paid to WV SRF.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEIRTON, WEST VIRGINIA

Defined Benefit Pension Trusts

For the Year Ended June 30, 2013

I. Schedule of Funding Progress

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2012	\$ 4,022,752	\$ 27,833,806	\$ 23,811,054	15%	\$ 1,593,506	1494%
7/1/2011	\$ 4,225,903	\$ 28,494,472	\$ 24,268,569	15%	\$ 1,504,955	1613%
7/1/2010	\$ 4,077,854	\$ 28,004,789	\$ 23,926,935	15%	\$ 1,497,481	1598%
7/1/2008	\$ 5,279,721	\$ 23,206,510	\$ 17,926,789	23%	\$ 1,557,890	1151%
7/1/2006	\$ 5,590,276	\$ 21,929,940	\$ 16,339,664	25%	\$ 1,587,560	1029%
7/1/2004	\$ 6,074,910	\$ 20,842,460	\$ 14,767,550	29%	\$ 1,482,860	996%
7/1/2002	\$ 6,209,584	\$ 19,325,860	\$ 13,116,276	32%	\$ 1,397,370	939%
7/1/2000	\$ 6,949,041	\$ 16,450,270	\$ 9,501,229	42%	\$ 1,511,320	629%

Firemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2012	\$ 6,906,215	\$ 12,582,357	\$ 5,676,142	55%	\$ 918,877	618%
7/1/2011	\$ 6,973,473	\$ 12,177,292	\$ 5,383,819	56%	\$ 952,008	566%
7/1/2010	\$ 5,950,021	\$ 11,960,512	\$ 6,010,491	50%	\$ 844,599	712%
7/1/2009	\$ 4,937,199	\$ 10,242,240	\$ 5,305,041	48%	\$ 896,579	592%
7/1/2007	\$ 6,512,132	\$ 9,015,430	\$ 2,503,298	72%	\$ 915,180	274%
7/1/2005	\$ 5,546,711	\$ 9,599,380	\$ 4,052,669	58%	\$ 951,732	426%
7/1/2003	\$ 5,223,880	\$ 8,719,960	\$ 3,496,080	60%	\$ 1,001,830	349%
7/7/2001	\$ 5,163,930	\$ 7,019,720	\$ 1,855,790	74%	\$ 787,708	236%

CITY OF WEIRTON, WEST VIRGINIA

Defined Benefit Pension Trusts (continued)

For the Year Ended June 30, 2013

II. Schedules of Employer Contributions

Fiscal Year	<u>Policemen's Pension and Relief Fund</u>		<u>Firemen's Pension and Relief Fund</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2013	\$ 1,574,272	54%	\$ 546,812	75%
2012	\$ 1,560,014	55%	\$ 532,868	66%
2011	\$ 1,514,778	50%	\$ 528,370	65%
2010	\$ 896,409	40%	\$ 344,689	48%
2009	\$ 896,409	37%	\$ 165,264	87%
2008	\$ 823,683	37%	\$ 165,264	87%
2007	\$ 823,683	35%	\$ 260,540	52%
2006	\$ 676,035	39%	\$ 260,540	45%
2005	\$ 676,035	37%	\$ 281,384	42%
2004	\$ 676,076	34%	\$ 281,384	39%
2003	\$ 676,076	32%	\$ 197,082	52%
2002	\$ 553,913	37%	\$ 150,532	59%
2001	\$ 553,913	34%	\$ 85,838	97%

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General Current Expense Fund

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Revised</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property Taxes	\$ 2,597,226	\$ 2,597,826	\$ 2,595,933	\$ (1,893)
B&O taxes	2,000,000	2,100,000	2,168,366	68,366
Excise tax on utilities	1,100,000	1,125,000	1,261,502	136,502
Other taxes	394,200	562,500	577,490	14,990
Fines and forfeitures	118,000	121,000	107,237	(13,763)
Licenses, permits, and fees	201,300	221,000	228,662	7,662
Intergovernmental	1,418,643	1,425,643	1,803,262	377,619
Charges for services	4,051,896	4,159,805	4,055,086	(104,719)
Video lottery and table gaming	825,000	678,932	682,201	3,269
Charges to other funds	135,388	109,000	-	(109,000)
Reimbursements	50,000	50,000	-	(50,000)
Investment income	7,000	7,200	6,268	(932)
Other	85,000	135,000	101,448	(33,552)
Total revenues	<u>12,983,653</u>	<u>13,292,906</u>	<u>13,587,455</u>	<u>294,549</u>
EXPENDITURES:				
General government	4,062,081	4,033,057	2,759,509	1,273,548
Public safety	5,449,075	5,728,045	5,243,228	484,817
Streets and transportation	3,812,242	3,809,912	3,002,863	807,049
Health and sanitation	1,047,397	1,147,644	2,102,915	(955,271)
Culture and recreation	964,118	1,063,118	215,899	847,219
Social services	15,000	15,000	3,175	11,825
Debt Services				
Capital lease - principal	-	-	138,161	(138,161)
Capital lease - interest	-	-	13,753	(13,753)
Total expenditures	<u>15,349,913</u>	<u>15,796,776</u>	<u>13,479,503</u>	<u>2,317,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,366,260)</u>	<u>(2,503,870)</u>	<u>107,952</u>	<u>2,611,822</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	163,807	(163,807)
Transfers (out)	-	-	(863,118)	863,118
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(699,311)</u>	<u>699,311</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	<u>(2,366,260)</u>	<u>(2,503,870)</u>	<u>(591,359)</u>	<u>1,912,511</u>
Fund balance at beginning of year	2,366,260	2,503,870	3,385,441	881,571
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,794,082</u>	<u>\$ 2,794,082</u>

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Coal Severance Fund

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Revised</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other taxes	\$ 102,000	\$ 102,000	\$ 86,573	\$ (15,427)
Investment income	500	500	342	(158)
Total revenues	<u>102,500</u>	<u>102,500</u>	<u>86,915</u>	<u>(15,585)</u>
EXPENDITURES:				
General government	70,000	121,819	37,134	84,685
Public safety	108,666	108,666	206,515	(97,849)
Social services	24,781	24,781	-	24,781
Debt service				-
Capital lease - principal	-	-	82,098	(82,098)
Capital lease - interest	-	-	3,737	(3,737)
Total expenditures	<u>203,447</u>	<u>255,266</u>	<u>329,484</u>	<u>(74,218)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,947)</u>	<u>(152,766)</u>	<u>(242,569)</u>	<u>(89,803)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	138,969	(138,969)
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>138,969</u>	<u>(138,969)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	<u>(100,947)</u>	<u>(152,766)</u>	<u>(103,600)</u>	<u>49,166</u>
Fund balance at beginning of year	<u>100,947</u>	<u>152,766</u>	<u>152,055</u>	<u>(711)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,455</u>	<u>\$ 48,455</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF WEIRTON, WEST VIRGINIA

Combining Balance Sheet – Non-Major Governmental Funds

June 30, 2013

	Youth Job Program	TIF	Public Safety	CDBG	Total
ASSETS:					
Cash	\$ 299	\$ 860,620	\$ 218,572	\$ 754	\$ 1,080,245
Taxes	-	118	-	-	118
Gants receivable	-	-	-	202,006	202,006
Total assets	<u>\$ 299</u>	<u>\$ 860,738</u>	<u>\$ 218,572</u>	<u>\$202,760</u>	<u>\$ 1,282,369</u>
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 549	\$140,729	\$ 141,278
Security deposit	-	-	25,000	-	25,000
Due to other funds	-	-	6,325	62,031	68,356
Deferred revenue	-	-	130,719	-	130,719
Total liabilities	<u>-</u>	<u>-</u>	<u>162,593</u>	<u>202,760</u>	<u>365,353</u>
FUND BALANCES:					
Restricted	-	860,738	-	-	860,738
Assigned	299	-	55,979	-	56,278
Total fund balance	<u>299</u>	<u>860,738</u>	<u>55,979</u>	<u>-</u>	<u>917,016</u>
Total liabilities and fund balances	<u>\$ 299</u>	<u>\$ 860,738</u>	<u>\$ 218,572</u>	<u>\$202,760</u>	<u>\$ 1,282,369</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds

For the Year Ended June 30, 2013

	Youth Job Program	TIF	Public Safety	CDBG	Total
REVENUES:					
Property taxes	\$ -	\$ 159,465	\$ -	\$ -	\$ 159,465
Fees and Fines	-	-	-	-	-
Intergovernmental	-	-	25,270	474,819	500,089
Investment income	7	2,347	655	-	3,009
Program income	-	-	3,444	5,000	8,444
Contributions	-	-	-	-	-
Total revenues	<u>7</u>	<u>161,812</u>	<u>29,369</u>	<u>479,819</u>	<u>671,007</u>
EXPENDITURES:					
General government	-	36	25,270	124,239	149,545
Public safety	-	-	8,036	9,638	17,674
Highways and streets	-	-	-	156,984	156,984
Culture and recreation	-	-	-	122,000	122,000
Social services	-	-	-	66,958	66,958
Total expenditures	<u>-</u>	<u>36</u>	<u>33,306</u>	<u>479,819</u>	<u>513,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7</u>	<u>161,776</u>	<u>(3,937)</u>	<u>-</u>	<u>157,846</u>
OTHER FINANCING (USES)					
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	<u>7</u>	<u>161,776</u>	<u>(3,937)</u>	<u>-</u>	<u>157,846</u>
Fund balance at beginning of year	<u>292</u>	<u>698,962</u>	<u>59,916</u>	<u>-</u>	<u>759,170</u>
Fund balance at end of year	<u>\$ 299</u>	<u>\$ 860,738</u>	<u>\$ 55,979</u>	<u>\$ -</u>	<u>\$ 917,016</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Combining Balance Sheet – Non-major Proprietary Funds

June 30, 2013

	<u>Parking Fund</u>	<u>Library</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 979	\$ 384,575	\$ 385,554
Investments	-	360,688	360,688
Accounts receivable, net	-	12,625	12,625
Prepaid expenses	-	3,320	3,320
Total current assets	<u>979</u>	<u>761,208</u>	<u>762,187</u>
Non current assets:			
Capital assets:			
Land	304,581	57,449	362,030
Other capital assets, net	<u>-</u>	<u>505,581</u>	<u>505,581</u>
Total capital assets	<u>304,581</u>	<u>563,030</u>	<u>867,611</u>
Total assets	<u>\$ 305,560</u>	<u>\$ 1,324,238</u>	<u>\$ 1,629,798</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ -	\$ 59,324	\$ 59,324
Wages and benefits payable	-	5,627	5,627
Due to other funds	-	5,389	5,389
Compensated absences	-	24,821	24,821
Deferred revenue	-	102,364	102,364
Total current liabilities	<u>-</u>	<u>197,525</u>	<u>197,525</u>
Non-current liabilities:			
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>197,525</u>	<u>197,525</u>
NET POSITION:			
Invested in capital assets, net of related debt	304,581	563,030	867,611
Unrestricted	979	563,683	564,662
Total net position	<u>\$ 305,560</u>	<u>\$ 1,126,713</u>	<u>\$ 1,432,273</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Proprietary Funds

For the Year ended June 30, 2013

	<u>Parking Fund</u>	<u>Library</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Charges for services:	\$ -	\$ -	\$ -
Library fines	-	12,219	12,219
Total charge for services	-	12,219	12,219
Property taxes-levy	-	119,909	119,909
Operating grants and contributions	-	201,833	201,833
Total Operating revenues	-	333,961	333,961
OPERATING EXPENSES:			
Personal services	-	379,005	379,005
Maintenance, and contractual services	-	170,182	170,182
Materials and supplies	-	44,602	44,602
Depreciation	-	115,081	115,081
Total operating expenses	-	708,870	708,870
Operating (loss)	-	(374,909)	(374,909)
Nonoperating revenues (expenses):			
Investment income	3	36,102	36,105
Other revenue	-	379	379
Total nonoperating revenues			
(expenses)	3	36,481	36,484
Income (loss) before contributions and transfers	3	(338,428)	(338,425)
Transfers from other funds	-	349,118	349,118
Change in net position	3	10,690	10,693
Net position at beginning of year, as restated	305,557	1,116,023	1,421,580
Net position at end of year	\$ 305,560	\$ 1,126,713	\$ 1,432,273

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Cash Flows – Non-Major Proprietary Funds

For the Year Ended June 30, 2013

	<u>Parking Fund</u>	<u>Library</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ -	\$ 12,219	\$ 12,219
Cash paid to suppliers and vendors	-	(198,969)	(198,969)
Cash paid to employees and professionals	-	(381,604)	(381,604)
Payments for internal services	-	722	722
Other operating revenues	-	341,754	341,754
Net cash (used) by operating activities	<u>-</u>	<u>(225,878)</u>	<u>(225,878)</u>
Cash flows from non-operating activities:			
Other non-operating revenues	-	379	379
Net cash provided by non-operating activities	<u>-</u>	<u>379</u>	<u>379</u>
Cash flows from non-capital financing activities			
Transfers from other funds	-	349,118	349,118
Net cash provided by non-capital activities	<u>-</u>	<u>349,118</u>	<u>349,118</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(88,629)	(88,629)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(88,629)</u>	<u>(88,629)</u>
Cash flows from investing activities:			
Investment income	3	5,593	5,596
Net cash provided by investing activities	<u>3</u>	<u>5,593</u>	<u>5,596</u>
Net increase (decrease) in cash and equivalents	3	40,583	40,586
Cash and equivalents, beginning	976	343,992	344,968
Cash and equivalents, ending	<u>\$ 979</u>	<u>\$ 384,575</u>	<u>\$ 385,554</u>
Reconciliation of operating Income (loss) to net cash provided by (used in) operating activities			-
Operating income (loss)	\$ -	\$ (374,909)	\$ (374,909)
Adjustments:			-
Depreciation	-	115,081	115,081
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	-	(612)	(612)
Increase (decrease) in accounts payable	-	29,389	29,389
Increase (decrease) in wages and benefits	-	(2,599)	(2,599)
Increase (decrease) in due to other funds	-	(16,862)	(16,862)
Increase (decrease) in deferred revenue	-	20,012	20,012
Increase (decrease) in compensated absence	-	4,672	4,672
Total adjustments	<u>-</u>	<u>149,081</u>	<u>149,081</u>
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (225,828)</u>	<u>\$ (225,828)</u>
Non-cash investing and financing activities	<u>\$ -</u>	<u>\$ 38,588</u>	<u>\$ 38,588</u>
Reconciliation of cash and cash equivalents			
Cash and equivalents	\$ 979	\$ 384,575	\$ 385,554
Total cash and cash equivalents	<u>\$ 979</u>	<u>\$ 384,575</u>	<u>\$ 385,554</u>

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

ACCOMPANYING INFORMATION

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Community Development Block Grant	14.218	B11-MC-54-0004	\$ 353,791
Community Development Block Grant	14.218	B12-MC-54-0004	44,202
			<u>397,993</u>
<i>Pass-Through Programs From:</i>			
<u>West Virginia Department of Administration</u>			
Emergency Solutions Grant Program	14.231	E-12-DC-54-0001	15,995
Total U.S. Department of H.U.D.			<u>413,988</u>
U.S. Department of Justice			
<i>Pass-Through Programs From:</i>			
<u>West Virginia Department of Military Affairs</u>			
<u>and Public Safety</u>			
Edward Byrne Memorial Formula Grant	16.579	09-JAG-23	20,000
Edward Byrne Memorial Formula Grant	16.579	09-JAG-08	7,800
Total U.S. Department of Justice			<u>27,800</u>
U.S. Department of Transportation			
<i>Direct Programs:</i>			
Federal Transit Formula Grant	20.507	WV-90-X199-00	145,927
Federal Transit Formula Grant	20.207	WV-90-X181-00	75,546
			<u>221,473</u>
<i>Pass-Through Programs From:</i>			
<u>West Virginia Department of Transportation</u>			
Safe Routes to School (ARRA)	20.205	SRTS-2011(048)D	6,716
Safe Routes to School	20.205	SRTS-2011(048)D	9,880
Highway Planning Construction	20.205	TEA-OH22(001)E	21,157
Total Highway Planning			<u>37,753</u>
Total U.S. Department of Transportation			<u>259,226</u>
U.S. Department of Homeland Security			
<i>Pass-Through Programs From:</i>			
<u>West Virginia Department of Military Affairs and Public</u>			
<u>Safety and Emergency Management</u>			
Pre-Disaster Mitigation Grant -- Acquisition Project	97.047	PDMC-PJ-03-WV 2012-001	723,870
Total U.S. Department of Homeland Security			<u>723,870</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,424,884</u>

See the notes to the schedule of expenditures of federal awards.

CITY OF WEIRTON, WEST VIRGINIA

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUB-RECIPIENTS

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

Weirton Transit Company	<u>\$ 221,473</u>
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CITY OF WEIRTON, WEST VIRGINIA

Notes to the Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2013

<u>State Grantor/Program Title</u>	<u>IDENTIFICATION Number</u>	<u>State Expenditures</u>
West Virginia Department of Military Affairs		
Pre-Disaster Mitigation Grant -- State Match	PDMC-PJ-WV 2012-01	\$ 241,290
Total West Virginia Department of Military Affairs		<u>241,290</u>
West Virginia Development Office		
Legislative Digest	12LEDA0368	1,000
Legislative Digest	12LEDA0057	12,000
Legislative Digest	12LEDA0358	2,667
Legislative Digest	12LEDA0367	1,000
Legislative Digest	12LEDA0359	1,000
Legislative Digest	12LEDA0366	3,000
Legislative Digest	12LEDA0365	1,000
Legislative Digest	13LEDA0408	2,500
Legislative Digest	13LEDA0083	3,500
Legislative Digest	13LEDA0411	4,000
Legislative Digest	13LEDA0406	1,000
Legislative Digest	13LEDA0242	10,000
Legislative Digest	13LEDA0410	3,000
Total West Virginia Development Office		<u>45,667</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 286,957</u>

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

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants
Member, West Virginia Society of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and City Council
City of Weirton
Weirton, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weirton, West Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Weirton, West Virginia's basic financial statements, and have issued our report thereon dated March 24, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The Honorable Mayor and City Council
City of Weirton
Weirton, West Virginia
Page 2

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Weirton, West Virginia'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*.

Purpose of this Report

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



Charleston, West Virginia
March 24, 2014

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

The Honorable Mayor and City Council
City of Weirton
Weirton, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Weirton, West Virginia (the City), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Weirton, West Virginia's, major federal programs for the year ended June 30, 2013. The City of Weirton, West Virginia's, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the City of Weirton, West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Weirton, West Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matter

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the City of Weirton, West Virginia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Weirton, West Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Weirton, West Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of

deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Teed & Associates, PLLC

Charleston, West Virginia
March 24, 2013

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Modified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiency(ies) identified that is/are not considered to be material weakness (es)? Yes No

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified that is/are not considered to be material weakness (es)? Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 Yes No

Identification of major programs:

Name of Federal Program or Cluster

CFDA Number(s)

Pre-Disaster Mitigation Grant

97.047

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 300,000

Auditee qualified as a low-risk auditee?

Yes No

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Findings and Questioned Costs – Continued

For the Year Ended June 30, 2013

Section II – Financial Statement Findings

There are no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported.

Section IV – Corrective Action Plan

A corrective action plan is not required since there are no findings of questioned costs.

Section V – Summary Schedule of Prior Audit Findings

The status of the financial statement findings for the year ended June 30, 2012, is as follows.

Item 2012-1 Not Capitalizing Book Purchases

Corrected in 2013