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Certified Public Accountants, A.C.

**CITY OF WEIRTON
BROOKE AND HANCOCK COUNTIES
Single Audit
For the Year Ended June 30, 2014**

RFP #14-227

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**CITY OF WEIRTON
BROOKE COUNTY**

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**CITY OF WEIRTON
BROOKE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

March 27, 2015

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **City of Weirton**, Brooke County, West Virginia (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Summary of Opinions

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

Basis for Qualified Opinions

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

Qualified Opinions

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinions* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, general, water board, sanitary board, board of park commissioners and aggregate remaining fund information of the City of Weirton, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the coal severance fund and internal service fund of the City of Weirton, Brooke County, West Virginia as of June 30, 2014, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information.

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

CITY OF WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

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, 2014.

The fiscal year ending June 30, 2014, is the eleventh 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.)

CITY OF WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

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

	Fiscal Year Ending June 30, 2014	Fiscal Year Ending June 30, 2013 (Restated)	Change
Total Assets:			
Capital	\$43,900,625	\$41,526,334	\$2,374,291
Other	10,255,833	11,238,260	(982,427)
	<u>54,156,458</u>	<u>52,764,594</u>	<u>1,391,864</u>
Total Liabilities:			
Current	3,718,199	4,486,295	(768,096)
Non-current	25,527,043	22,085,469	3,441,574
	<u>29,245,242</u>	<u>26,571,764</u>	<u>2,673,478</u>
Total Net Position:			
Net Investment in Capital			
Assets	30,338,421	30,278,676	59,745
Restricted	3,949,214	3,538,472	410,742
Unrestricted	(9,376,419)	(7,789,128)	(1,587,291)
	<u>\$24,911,216</u>	<u>\$26,028,020</u>	<u>\$(1,116,804)</u>

CITY OF WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

	Fiscal Year Ending June 30, 2014	Fiscal Year Ending June 30, 2013 (Restated)	Change
Program Revenues:			
Charges for services	\$12,048,806	\$11,875,838	\$172,968
Operating grants	1,549,247	1,330,279	218,968
Capital grants	176,943	1,157,585	(980,642)
General Revenues:			
Property taxes	2,998,339	2,878,204	120,135
B&O taxes	1,969,366	2,168,366	(199,000)
Excise taxes on utilities	1,175,782	1,261,502	(85,720)
Other taxes	692,320	664,063	28,257
Other	677,598	834,172	(156,574)
Total revenues	21,288,401	22,170,009	(881,608)
Expenses:			
General government	3,660,781	3,295,959	364,822
Public safety	6,108,215	6,294,007	(185,792)
Highway and streets	2,848,033	2,642,969	205,064
Health and sanitation	865,083	1,992,253	(1,127,170)
Culture and recreation	1,010,990	251,828	759,162
Social services	28,458	99,759	(71,301)
Interest on long-term debt	8,453	17,489	(9,036)
Water board	3,876,260	3,308,488	567,772
Sanitary board	2,726,943	2,634,963	91,980
Park board	1,271,989	1,170,868	101,121
Library board	0	708,870	(708,870)
Total expenses	22,405,205	22,417,453	(12,248)
Change in net position	(1,116,804)	(247,444)	(869,360)
Beginning net position, as restated	26,028,020	26,275,463	(247,443)
Ending net position	\$24,911,217	\$26,028,020	\$(1,116,803)

CITY OF WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

Discussion of Financial Position and Results of Operations

Observing government-wide, fiscal year ending June 30, 2014, did result with a decrease in total net position.

Total Assets increased by \$1,391,864 with capital assets increasing by \$2,374,291 and all other assets decreasing by \$982,427. A corresponding increase of \$2,676,478 occurred with total liabilities; a decrease in current liabilities of \$768,096 and an increase in non-current liabilities of \$3,441,574. Total net position has decreased by \$1,116,804.

The overall decrease in total Net Position includes a decrease of \$22,660 with capital net of debt, an increase of \$410,742 with restricted assets and a decrease in unrestricted assets of \$1,587,291.

(Detail of changes in capital assets can be found in Note 9.)

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

Overall, net **PROGRAM REVENUES** decreased, with increases in service charges of \$172,968 and in operating grants \$218,968 and a decrease in capital grants of \$980,642.

GENERAL REVENUES show increases in the collection of property taxes of \$120,135 and of other taxes by \$28,257. B&O Tax collections decreased \$199,000, Excise Tax collections decreased \$85,720 and other revenue decreased \$156,574 from the prior year. Total revenues were down \$881,608 from the prior fiscal year.

TOTAL EXPENSES for the year were also up from the prior fiscal year with increases in general government expenses of \$364,822, highways and street expenses of \$205,064, and culture and recreation expenses of \$759,162. The increase in culture and recreation expenses and the corresponding decrease in library board expenses of \$708,870 are due to a change in reporting. Expense decreases occurred with Public Safety of \$185,792, Health and Sanitation of \$1,127,170, Social Services of \$71,301 and Interest on Long Term Debt of \$9,036

Expense increases occurred with the Sanitary Board totaling \$110,999, with the Water Board totaling \$631,158 and with the Park Board totaling \$101,121. Total expenses were up \$70,157 over the prior fiscal year.

Fund Level Analysis

Major Governmental Funds:

The **General Fund** experienced a net decrease in the fund balance approaching \$769,993 for the fiscal year ended June 30, 2014. Revenues were down over the prior year by \$696,531, expenses down by \$451,889, and other financing sources increased by \$66,008, providing for the net change in the ending fund balance.

CITY OF WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

The **Coal Severance Fund** experienced a net decrease in the fund balance approaching \$48,229 for the fiscal year ended June 30, 2014. Revenues decreased by \$11,245 compared to the prior year while expenses and other financing sources decreased over the prior year by \$205,585 and 66,008 respectively.

Major Proprietary Funds:

The **Water Board Fund** experienced operating income for the fiscal year ending June 30, 2014 of approximately \$16,876 less than the prior year. Expenses were approximately \$671,100 higher than the prior year. Income before contributions and transfers is approximately \$667,276 less than the previous fiscal year. Net Position has increased \$74,070 from the prior fiscal year.

The **Sanitary Board Fund** experienced operating income for the fiscal year ended June 30, 2014 of approximately \$24,739 less than the prior year. Expenditures were higher than the prior year by approximately \$117,181. Income before contributions and transfers is \$244,043 less than the previous fiscal year. Net Position has decreased \$57,410 over the prior fiscal year.

The **Board of Parks Fund** experienced operating income for the fiscal year ended June 30, 2014 of approximately \$14,004 less than the prior year. Expenditures were higher than the prior year by approximately \$101,121. The loss before contributions and transfers is \$110,962 less than the previous fiscal year. Net Position has decreased \$257,711 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 \$304,837 increase in net position from the prior year while the Firemen's Pension and Relief Fund shows an increase in net position of \$1,197,069 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 17 - 20.

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 2014-2015. 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 multiple revenue lines.

CITY OF WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

The Weirton City Council will finalize its 2015-2016 fiscal year budget in March 2015. 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, 2015. (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.

Weirton City Council elected to support an increase to the Sanitation (Rubbish) rates which began November 2013.

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, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 2,786,698	\$ 1,375,339	\$ 4,162,037
Investments	522,968	494,706	1,017,674
Receivables, net:			
Taxes	956,626	-	956,626
Charges for services	588,671	1,473,472	2,062,143
Intergovernmental	81,551	-	81,551
Other fees and proceeds	18,829	-	18,829
Interest receivable	-	51	51
Internal balances	81,941	(81,941)	-
Inventories	-	130,769	130,769
Other assets	39,183	-	39,183
Restricted assets:			
Cash and cash equivalents	-	1,786,970	1,786,970
Capital assets:			
Land and construction in progress	913,146	491,768	1,404,914
Other capital assets, net of depreciation	15,443,773	27,051,938	42,495,711
Total assets	<u>\$ 21,433,386</u>	<u>\$ 32,723,072</u>	<u>\$ 54,156,458</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Net Position (Continued)
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 282,418	\$ 944,322	\$ 1,226,740
Wages and benefits payable	146,225	155,119	301,344
Note payable, current	-	20,149	20,149
Capital lease obligations payable, current	243,162	-	243,162
Compensated absences	565,309	146,723	712,032
Unearned revenues	243,181	-	243,181
Security deposit	25,000	-	25,000
Liabilities payable from restricted assets:			
Bonds payable, current	-	910,053	910,053
Accrued interest payable	-	36,538	36,538
Note payable, non-current	-	32,891	32,891
Capital lease obligations payable, non-current	163,066	-	163,066
Bonds payable, non-current	-	11,705,633	11,705,633
Net pension obligation	13,625,453	-	13,625,453
Total liabilities	15,293,814	13,951,428	29,245,242
Net Position			
Net investment in capital assets	15,950,691	14,387,732	30,338,423
Restricted for:			
Capital projects	1,039,523	-	1,039,523
Debt service	-	1,613,933	1,613,933
Other purposes	1,122,721	173,037	1,295,758
Unrestricted	(11,973,363)	2,596,942	(9,376,421)
Total net position	\$ 6,139,572	\$ 18,771,644	\$ 24,911,216

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Activities
For the Year Ended June 30, 2014

Functions					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenue			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 3,660,781	\$ 585,336	\$ 583,692	\$ -	\$ (2,491,753)	\$ -	\$ (2,491,753)
Public safety	6,108,215	2,290,256	175,687	133,586	(3,508,686)	-	(3,508,686)
Highway and streets	2,848,033	862,600	50,654	-	(1,934,779)	-	(1,934,779)
Health and sanitation	865,083	1,128,457	-	-	263,374	-	263,374
Culture and recreation	1,010,990	9,919	382,702	-	(618,369)	-	(618,369)
Social services	28,458	-	333,092	-	304,634	-	304,634
Interest	8,453	-	-	-	(8,453)	-	(8,453)
Total governmental activities	14,530,013	4,876,568	1,525,827	133,586	(7,994,032)	-	(7,994,032)
Business-type activities:							
Water board	3,876,260	3,953,948	-	7,700	-	85,388	85,388
Sanitary board	2,726,943	2,753,321	23,420	1,500	-	51,298	51,298
Board of park commissions	1,271,989	464,969	-	34,157	-	(772,863)	(772,863)
Total business-type activities	7,875,192	7,172,238	23,420	43,357	-	(636,177)	(636,177)
Total primary government	\$ 22,405,205	\$ 12,048,806	\$ 1,549,247	\$ 176,943	\$ (7,994,032)	\$ (636,177)	\$ (8,630,209)
General revenues:							
Taxes:							
Property taxes					\$ 2,998,339	\$ -	\$ 2,998,339
B & O taxes					1,969,366	-	1,969,366
Excise tax on utilities					1,175,782	-	1,175,782
Other taxes					692,320	-	692,320
Video lottery and table gaming					609,068	-	609,068
Unrestricted investment earnings					72,653	6,202	78,855
Other					115,835	17,323	133,158
Gain (loss) on sale of assets					(1,087)	(142,396)	(143,483)
Transfers					(514,000)	514,000	-
Total general revenues and transfers					7,118,276	395,129	7,513,405
Changes in net position					(875,756)	(241,048)	(1,116,804)
Net position- beginning (as restated)					7,015,328	19,012,692	26,028,020
Net position- ending					\$ 6,139,572	\$ 18,771,644	\$ 24,911,216

See accompanying notes to the financial statements.

City of Weirton, West Virginia

Balance Sheet

Governmental Funds

June 30, 2014

	General Fund	Coal Severance	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 906,561	\$ 7,934	\$ 1,652,439	\$ 2,566,934
Investments	-	-	522,968	522,968
Receivables, net				
Taxes	919,522	24,479	12,625	956,626
Charges for services	558,860	-	-	558,860
Intergovernmental	60,516	-	21,035	81,551
Other fees and proceeds	18,829	-	-	18,829
Due from other funds	547,801	2,479	-	550,280
Prepaid expenses	35,863	-	3,320	39,183
	<u>\$ 3,047,952</u>	<u>\$ 34,892</u>	<u>\$ 2,212,387</u>	<u>\$ 5,295,231</u>
Liabilities, Deferred Inflows and Fund Balance				
Liabilities				
Accounts payable	\$ 241,251	\$ 19,191	\$ 21,681	\$ 282,123
Wages and benefits payable	139,644	-	6,581	146,225
Compensated absences	95,042	-	25,198	120,240
Due to other funds	486,318	15,475	18,931	520,724
Security deposit	-	-	25,000	25,000
Unearned revenue	-	-	243,181	243,181
	<u>962,255</u>	<u>34,666</u>	<u>340,572</u>	<u>1,337,493</u>
Deferred Inflows of Resources				
Unavailable revenue-taxes	61,608	-	-	61,608
Fund balances				
Non-spendable for:				
Prepaid expenses	35,863	-	-	35,863
Restricted for:				
Capital projects	-	-	1,039,523	1,039,523
Culture and recreation	1,122,721	-	-	1,122,721
Committed for:				
Capital projects	698,920	-	-	698,920
Workers' compensation	147,970	-	-	147,970
General expenditures	58,924	-	-	58,924
Assigned for:				
General expenditures	28,595	226	832,292	861,113
Unassigned for:				
Unassigned	(68,904)	-	-	(68,904)
	<u>2,024,089</u>	<u>226</u>	<u>1,871,815</u>	<u>3,896,130</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,047,952</u>	<u>\$ 34,892</u>	<u>\$ 2,212,387</u>	<u>\$ 5,295,231</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2014

Total fund balance, governmental funds	\$	3,896,130
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of \$37,151,342 net of accumulated depreciation of \$20,794,423, used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		16,356,919
Certain other long-term assets are not available to pay current period expenditures and, therefore, are unavailable in the funds. These consist entirely of unavailable property taxes.		61,608
The net position of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		301,960
The portion of compensated absences that are not due and payable in the current period and are not reported in the funds, but are included in the governmental activities of the Statement of Net Position.		(445,364)
Long-term net pension obligations are not due and payable in the current period and not reported in the funds.		(13,625,453)
Capital lease obligations do not require the use of current financial resources and therefore are reported only in the Statement of Net Position.		(406,228)
Net position of governmental activities in the Statement of Net Position	<u>\$</u>	<u>6,139,572</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Coal Severance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 2,692,261	\$ -	\$ 318,737	\$ 3,010,998
B&O taxes	1,969,366	-	-	1,969,366
Excise tax on utilities	1,175,782	-	-	1,175,782
Other taxes	616,709	75,611	-	692,320
Fines and forfeitures	96,777	-	9,919	106,696
Licenses, permits, and fees	240,474	-	-	240,474
Intergovernmental	1,085,031	-	216,826	1,301,857
Charges for services	4,281,313	-	-	4,281,313
Video lottery and table gaming	609,068	-	-	609,068
Investment income	9,821	59	62,774	72,654
Program income	-	-	-	-
Contributions	-	-	357,557	357,557
Other	114,322	-	1,513	115,835
	<u>12,890,924</u>	<u>75,670</u>	<u>967,326</u>	<u>13,933,920</u>
Total revenues				
Expenditures				
Current:				
General government	2,705,957	41,577	137,731	2,885,265
Public safety	5,527,456	3,515	50,832	5,581,803
Highways and streets	3,475,648	-	-	3,475,648
Health and sanitation	946,587	-	-	946,587
Culture and recreation	219,145	-	710,368	929,513
Social services	2,061	-	26,397	28,458
Debt Service:				
Capital leases - principal	144,480	76,634	-	221,114
Capital leases - interest	6,280	2,173	-	8,453
	<u>13,027,614</u>	<u>123,899</u>	<u>925,328</u>	<u>14,076,841</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(136,690)</u>	<u>(48,229)</u>	<u>41,998</u>	<u>(142,921)</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds (Continued)
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Coal Severance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)				
Proceeds from capital leases	229,815	-	-	229,815
Transfers from other funds	-	-	349,118	349,118
Transfers to other funds	(863,118)	-	-	(863,118)
Net other financing sources (uses)	(633,303)	-	349,118	(284,185)
Net changes in fund balances	(769,993)	(48,229)	391,116	(427,106)
Fund balances - beginning	2,794,082	48,455	1,480,699	4,323,236
Fund balances - ending	<u>\$ 2,024,089</u>	<u>\$ 226</u>	<u>\$ 1,871,815</u>	<u>\$ 3,896,130</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds: \$ (427,106)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlays as expense. The outlays are allocated over their estimated useful lives and reported as depreciation expense for the period. This is the amount by which capital outlays of \$1,440,506 exceeded depreciation expense of \$1,157,867 in the current period. 282,639

On the Statement of Activities, the loss from the disposal of capital assets is recognized as a decrease to net position. This is the amount by which the cost of capital assets would have exceeded the accumulated depreciation at the time of disposal. (1,087)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This consists of increases in property taxes. (12,658)

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 \$229,815 exceeded capital lease payments of \$220,682 (9,133)

Net pension obligation represents long-term debt activity, which is presented on the government-wide financial statements, but not the fund financial statements. (618,768)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. These result in a net increase in compensated absences of \$105,376. (105,376)

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. 15,733

Change in net position of governmental activities \$ (875,756)

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds					Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Funds	Total Enterprise Funds	
Assets						
Current Assets						
Cash and cash equivalents	\$ 461,584	\$ 585,277	\$ 327,496	\$ 982	\$ 1,375,339	\$ 219,764
Investments	-	-	494,706	-	494,706	-
Accounts receivable, net	868,943	600,458	4,071	-	1,473,472	29,811
Due from other funds	-	104,135	-	-	104,135	52,385
Interest receivable	-	-	51	-	51	-
Inventories	130,769	-	-	-	130,769	-
Total current assets	<u>1,461,296</u>	<u>1,289,870</u>	<u>826,324</u>	<u>982</u>	<u>3,578,472</u>	<u>301,960</u>
Restricted Assets						
Cash and cash equivalents	1,285,528	501,442	-	-	1,786,970	-
Total restricted assets	<u>1,285,528</u>	<u>501,442</u>	<u>-</u>	<u>-</u>	<u>1,786,970</u>	<u>-</u>
Non-current Assets						
Capital assets						
Land and construction in progress	128,577	49,475	9,135	304,581	491,768	-
Other capital assets, net of accumulated depreciation	12,818,886	12,700,258	1,532,794	-	27,051,938	-
Total non-current assets	<u>12,947,463</u>	<u>12,749,733</u>	<u>1,541,929</u>	<u>304,581</u>	<u>27,543,706</u>	<u>-</u>
Total assets	<u>\$ 15,694,287</u>	<u>\$ 14,541,045</u>	<u>\$ 2,368,253</u>	<u>\$ 305,563</u>	<u>\$ 32,909,148</u>	<u>\$ 301,960</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2014

	Enterprise Funds					Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Funds	Total Enterprise Funds	
Liabilities						
Current Liabilities						
Accounts payable	\$ 422,375	\$ 492,954	\$ 28,993	\$ -	\$ 944,322	\$ -
Wages and benefits payable	71,167	56,373	27,579	-	155,119	-
Due to other funds	117,185	59,320	9,571	-	186,076	-
Compensated absences	61,348	71,560	13,815	-	146,723	-
Notes payable, current	20,149	-	-	-	20,149	-
Total current liabilities	<u>692,224</u>	<u>680,207</u>	<u>79,958</u>	<u>-</u>	<u>1,452,389</u>	<u>-</u>
Liabilities Payable from Restricted Assets						
Bond interest payable, current	31,434	5,104	-	-	36,538	-
Bonds payable, current	714,562	195,491	-	-	910,053	-
Total liabilities payable from restricted assets	<u>745,996</u>	<u>200,595</u>	<u>-</u>	<u>-</u>	<u>946,591</u>	<u>-</u>
Non-current liabilities						
Note payable, non-current	32,891	-	-	-	32,891	-
Bonds payable, non-current	5,207,539	6,498,094	-	-	11,705,633	-
Total non-current liabilities	<u>5,240,430</u>	<u>6,498,094</u>	<u>-</u>	<u>-</u>	<u>11,738,524</u>	<u>-</u>
Total liabilities	<u>6,678,650</u>	<u>7,378,896</u>	<u>79,958</u>	<u>-</u>	<u>14,137,504</u>	<u>-</u>
Net Position						
Net investment in capital assets	6,972,322	5,568,900	1,541,929	304,581	14,387,732	-
Restricted for debt service	1,171,017	442,916	-	-	1,613,933	-
Restricted for other purposes	114,511	58,526	-	-	173,037	-
Unrestricted	757,787	1,091,807	746,366	982	2,596,942	301,960
Total net position	<u>\$ 9,015,637</u>	<u>\$ 7,162,149</u>	<u>\$ 2,288,295</u>	<u>\$ 305,563</u>	<u>\$ 18,771,644</u>	<u>\$ 301,960</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Funds					Internal Service Funds -Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Funds	Total Enterprise Funds	
Operating Revenues						
Charges for services:						
Fees for services	\$ 3,953,948	\$ 2,753,321	\$ 403,898	\$ -	\$ 7,111,167	\$ -
Concessions, merchandise sales and commissions	-	-	61,071	-	61,071	-
Internal service charges	-	-	-	-	-	707,255
Total charges for services	<u>3,953,948</u>	<u>2,753,321</u>	<u>464,969</u>	<u>-</u>	<u>7,172,238</u>	<u>707,255</u>
Operating grants and contributions	-	23,420	-	-	23,420	-
Total operating revenues	<u>3,953,948</u>	<u>2,776,741</u>	<u>464,969</u>	<u>-</u>	<u>7,195,658</u>	<u>707,255</u>
Operating Expenses						
Personal services	1,483,105	1,397,070	659,380	-	3,539,555	-
Operations, maintenance, and contractual services	1,503,782	748,889	361,096	-	2,613,767	-
Materials and supplies	157,642	108,281	41,547	-	307,470	691,522
Depreciation	532,786	409,379	209,966	-	1,152,131	-
Total operating expenses	<u>3,677,315</u>	<u>2,663,619</u>	<u>1,271,989</u>	<u>-</u>	<u>7,612,923</u>	<u>691,522</u>
Operating income (loss)	<u>276,633</u>	<u>113,122</u>	<u>(807,020)</u>	<u>-</u>	<u>(417,265)</u>	<u>15,733</u>
Non-Operating Revenues (Expenses)						
Investment income	2,259	1,817	2,123	3	6,202	-
Interest on bonds and note obligations	(198,945)	(63,324)	-	-	(262,269)	-
Gain (losses) on disposal of capital assets	(25,885)	(113,459)	(3,052)	-	(142,396)	-
Other revenue	12,308	2,934	2,081	-	17,323	-
Total non-operating revenue (expenses)	<u>(210,263)</u>	<u>(172,032)</u>	<u>1,152</u>	<u>3</u>	<u>(381,140)</u>	<u>-</u>
Income (loss) before contributions and transfers	66,370	(58,910)	(805,868)	3	(798,405)	15,733
Capital grants and contributions	7,700	1,500	34,157	-	43,357	-
Transfers from other funds	-	-	514,000	-	514,000	-
Change in net position	74,070	(57,410)	(257,711)	3	(241,048)	15,733
Total net position, beginning (as restated)	<u>8,941,567</u>	<u>7,219,559</u>	<u>2,546,006</u>	<u>305,560</u>	<u>19,012,692</u>	<u>286,227</u>
Total net position, ending	<u>\$ 9,015,637</u>	<u>\$ 7,162,149</u>	<u>\$ 2,288,295</u>	<u>\$ 305,563</u>	<u>\$ 18,771,644</u>	<u>\$ 301,960</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Funds				Total Enterprise Funds	Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund		
Cash Flows from Operating Activities						
Cash received from customers	\$ 3,963,399	\$ 2,789,090	\$ 465,032	\$ -	\$ 7,217,521	\$ 388,110
Cash received for internal services	-	-	-	-	-	354,156
Cash payments to suppliers for goods and services	(1,432,676)	(419,462)	(394,064)	-	(2,246,202)	(697,002)
Cash payments to employees and professional contractors for services	(1,474,553)	(1,377,516)	(653,394)	-	(3,505,463)	-
Payments for internal services	(55,293)	401	456	-	(54,436)	-
Other operating revenues	-	23,420	-	-	23,420	-
Net cash provided by (used in) operating activities	<u>1,000,877</u>	<u>1,015,933</u>	<u>(581,970)</u>	<u>-</u>	<u>1,434,840</u>	<u>45,264</u>
Cash Flows from Non-Operating Activities						
Other non-operating revenues	<u>12,309</u>	<u>2,933</u>	<u>2,081</u>	<u>-</u>	<u>17,323</u>	<u>-</u>
Net cash provided by (used in) non-operating activities	<u>12,309</u>	<u>2,933</u>	<u>2,081</u>	<u>-</u>	<u>17,323</u>	<u>-</u>
Cash Flows from Non-Capital Financing Activities						
Transfers from other funds	<u>-</u>	<u>-</u>	<u>514,000</u>	<u>-</u>	<u>514,000</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>514,000</u>	<u>-</u>	<u>514,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition and construction of capital assets	(5,047,593)	(4,184,786)	(20,863)	-	(9,253,242)	-
Disposition of capital assets	4,951,203	914,773	-	-	5,865,976	-
Proceeds from issue of bonds and notes	15,153	3,849,345	-	-	3,864,498	-
Principal paid on bonds and notes	(702,351)	(1,343,686)	-	-	(2,046,037)	-
Interest paid on bonds and notes	(206,217)	(63,643)	-	-	(269,860)	-
Capital contributions and grants received	<u>7,700</u>	<u>1,500</u>	<u>34,157</u>	<u>-</u>	<u>43,357</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(982,105)</u>	<u>(826,497)</u>	<u>13,294</u>	<u>-</u>	<u>(1,795,308)</u>	<u>-</u>
Cash Flows from Investing Activities						
Proceeds from sale of investments	-	-	98,201	-	-	-
Investment income	<u>2,259</u>	<u>1,817</u>	<u>2,123</u>	<u>3</u>	<u>6,202</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>2,259</u>	<u>1,817</u>	<u>100,324</u>	<u>3</u>	<u>104,403</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	33,340	194,186	47,729	3	275,258	45,264
Cash and cash equivalents, beginning	<u>1,713,772</u>	<u>892,533</u>	<u>279,767</u>	<u>979</u>	<u>2,887,051</u>	<u>174,500</u>
Cash and cash equivalents, ending	<u>\$ 1,747,112</u>	<u>\$ 1,086,719</u>	<u>\$ 327,496</u>	<u>\$ 982</u>	<u>\$ 3,162,309</u>	<u>\$ 219,764</u>

City of Weirton, West Virginia
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2014

	Enterprise Funds				Total Enterprise Funds	Internal Service Fund Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities						
Operating income (loss)	\$ 276,633	\$ 113,122	\$ (807,020)	\$ -	\$ (417,265)	\$ 15,733
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	532,786	409,379	209,966	-	1,152,131	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(3,454)	41,850	63	-	38,459	18,610
(Increase) decrease in due from other funds	12,905	(6,083)	-	-	6,822	16,402
(Increase) decrease in inventories	7,413	-	-	-	7,413	-
Increase (decrease) in accounts payable	193,371	486,060	11,165	-	690,596	(1,059)
Increase (decrease) in wages and benefits payable	6,021	16,419	4,154	-	26,594	-
Increase (decrease) in due to other funds	(27,329)	(47,951)	(2,130)	-	(77,410)	(4,422)
Increase (decrease) in compensated absences	2,531	3,137	1,832	-	7,500	-
Total adjustments	<u>724,244</u>	<u>902,811</u>	<u>225,050</u>	<u>-</u>	<u>1,852,105</u>	<u>29,531</u>
Net cash provided by (used in) operating activities:	<u>\$ 1,000,877</u>	<u>\$ 1,015,933</u>	<u>\$ (581,970)</u>	<u>\$ -</u>	<u>\$ 1,434,840</u>	<u>\$ 45,264</u>
Reconciliation of Cash and Cash Equivalents						
Cash and cash equivalents	\$ 461,584	\$ 585,277	\$ 327,496	\$ 982	\$ 1,375,339	\$ 219,764
Restricted cash and cash equivalents	<u>1,285,528</u>	<u>501,442</u>	<u>-</u>	<u>-</u>	<u>1,786,970</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 1,747,112</u>	<u>\$ 1,086,719</u>	<u>\$ 327,496</u>	<u>\$ 982</u>	<u>\$ 3,162,309</u>	<u>\$ 219,764</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 299,216	\$ 34,605
Investments, at fair value:		
Money markets	17,009	-
Government agency obligations	321,459	-
Municipal obligations	206,303	-
Corporate obligations	2,798,805	-
Mutual funds	1,022,597	-
Common stock	8,540,068	-
Total investments	<u>12,906,241</u>	<u>-</u>
Total assets	<u>13,205,457</u>	<u>34,605</u>
Liabilities		
Accounts payable	-	34,605
Withholdings payable	10,585	-
Total liabilities	<u>10,585</u>	<u>34,605</u>
Net Position		
Net position held in trust	<u>\$ 13,194,872</u>	<u>\$ 34,605</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 730,665
Plan members	238,276
Insurance premium tax allocation	709,848
	709,848
Total contributions	1,678,789
Investment income	
Interest and dividends	279,556
Net realized and unrealized gains (losses)	1,570,606
Less: investment expense	(46,589)
	(46,589)
Net investment income	1,803,573
Total additions	3,482,362
Deductions	
Benefits	1,977,803
Administrative	2,653
	2,653
Total deductions	1,980,456
Change in net position	1,501,905
Net position held in trust for pension benefits	
Beginning of year	11,692,966
End of year	\$ 13,194,872

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies

The accounting and reporting framework and the more significant accounting principles and practices of the City of Weirton, West Virginia (the City) are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2014.

Reporting Entity

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

Related Organizations

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

City of Weirton Housing Authority

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

City of Weirton Transit Authority

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

City of Weirton Redevelopment Authority

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

Description of government- wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financials. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business- type activities, which rely, to a significant extent on fees and charges to external customers for support.

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.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Basis of presentation-government-wide financial statements

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

Basis of presentation-fund financial statements

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Basis of presentation-fund financial statements (Continued)

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

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

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

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

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

Measurement focus and basis of accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pending litigation are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Continued)
Measurement focus and basis of accounting (Continued)

Property taxes, business and occupation taxes, utility excise taxes, hotel/motel taxes, wine/liquor sales taxes, other miscellaneous tax revenue, video lottery proceeds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when the government receives cash.

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

Assets, liabilities, and net position/ fund balance

Cash and Cash Equivalents

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

Investments

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

Restricted Assets

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

Total restricted assets, which consist of interest bearing checking accounts and deposits with the West Virginia Municipal Bond Commission, amounted to \$1,786,970.

Inventories

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

Net Position

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance

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

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

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

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

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

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

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

Capital Assets

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

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

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Debt

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

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

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.

Compensated Absences

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

Revenues and expenditures/expenses

Program revenues

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

Proprietary funds operating and non-operating revenues and expenses

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

2. Transfers

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

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

2. Transfers (Continued)

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:

	Major Governmental Funds
	General Fund
Business- Type Activities	
Major Enterprise Funds	
Board of Park Commissions	\$ 514,000
Total Transfers	\$ 514,000

3. Property Taxes

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

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

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

The levy rates of the City for the fiscal year ended June 30, 2014 were assessed as follows:

Assessed Class of Property	Assessed Valuation for Tax Purposes	Current Expense
Class I	\$ -	12.5 cents
Class II	245,310,882	25.0 cents
Class IV	424,893,779	50.0 cents

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

4. Budgetary Information

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

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

5. Stabilization Fund

City Council has established, through ordinance, a stabilization fund to set aside amounts to be used in emergency situations or for short-term cash flow purposes. The City maintains the stabilization fund within the general fund. At June 30, 2014, the balance of the stabilization fund is \$911,838.

6. Deposits and Investments

Custodial Credit Risk

Deposits – The City has \$5,170,849 in deposits with financial institutions collateralized by securities held by pledging financial institutions or their agents in the City’s name as of June 30, 2014.

Investments – As of June 30, 2014, the City held the following investments:

	Governmental	Fiduciary	Business- Type Activities	Total
Money markets	\$ 104,427	\$ 17,009	\$ -	\$ 121,436
Certificate of deposits	-	-	494,706	494,706
Government agency obligations	-	321,459	-	321,459
Corporate obligations	-	2,798,805	-	2,798,805
Municipal obligations	-	206,303	-	206,303
Mutual funds	418,541	1,022,597	-	1,441,138
Common stock	-	8,540,068	-	8,540,068
Municipal bond commission	-	-	1,494,799	1,494,799
Total Investments	\$ 522,968	\$ 12,906,241	\$ 1,989,505	\$ 15,418,714

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

6. Deposits and Investments (Continued)

Concentration of credit, interest rate, and credit risks

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

	<u>Interest Rate and Credit Risk Ratings</u>	
	<u>Maturity Range</u>	<u>Credit Quality Rating Range</u>
Money markets and certificates of deposit	Less than 1 year	N/A
Bond mutual fund	Not available	Not rated
Municipal Bond Commission 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 common stock are included in investments. All of the fiduciary funds' investments are insured or registered securities held by the City or its agent in the City's name. The fiduciary investments are rated using Moody's Investment Services. The credit risk ratings of these investments is as follows:

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

6. Deposits and Investments (Continued)

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

	<u>Fair Value</u>	<u>Credit Risk Rating</u>
WesBanco Bank Inc Premium Yield	\$ 5,648	
U. S. Government Agency Obligations	123,868	Aaa
Municipal Obligations	103,151	Aaa
Corporate Obligations -		
Johnson & Johnson	52,446	Aaa
Wal-Mart Stores	55,972	Aa2
Colgate-Palmolive	103,749	Aa3
IBM Corp	51,311	Aa3
ConocoPhillips	56,327	A1
GE Capital Corp Series Mtn	53,305	A1
Occidental Petroleum	50,925	A1
Oracle Corp	50,841	A1
El Du Pont De Nemours	61,921	A2
McDonald's	56,780	A2
Merck & Co.	75,522	A2
Anheuser-Busch	61,772	A3
AT&T	103,934	A3
Goldman Sachs	83,382	Baa1
Bank of America	115,043	Baa2
Boeing Capital	52,711	Baa2
Total Rated Obligations	<u>1,085,941</u>	
Total Mutual Funds	<u>100,737</u>	
Total Equities	<u>2,948,306</u>	
Total investments	<u>\$ 4,367,651</u>	

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

6. Deposits and Investments (Continued)

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

	<u>Fair Value</u>	<u>Credit Risk Rating</u>
Federated US Treasury Cash Reserves 632	\$ 11,361	
U. S. Government Agency Obligations	<u>197,591</u>	Aaa
Municipal Obligations	<u>103,152</u>	Aaa
Corporate Obligations-		
Wal-Mart Stores	83,957	Aa2
Mellon Bank NA	101,958	Aa3
IBM Corp	76,967	Aa3
Colgate-Palmolive	103,749	Aa3
ConocoPhillips	84,490	A1
GE Capital Corp. Series MTN	79,958	A1
Occidental Petroleum	101,850	A1
Oracle Corp	81,346	A1
Boeing Capital	184,492	A2
John Deere Capital	75,995	A2
Emerson Electric	71,968	A2
McDonalds	85,170	A2
Bristol-Myers Squibb	100,631	A2
AT&T	103,934	A3
Anheuser-Busch Inbev Nv	92,657	A3
Metlife	104,423	A3
Goldman Sachs	104,228	Baa1
Eaton Corp	<u>75,091</u>	Baa1
Total Rated Obligations	<u>1,712,864</u>	
Total Mutual Funds	<u>921,860</u>	
Total Equities	<u>5,591,762</u>	
Total investments	<u>\$ 8,538,590</u>	

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

7. Receivables and Uncollectible Accounts

Governmental Funds

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

<u>Receivable Type</u>	<u>General Fund</u>	<u>Coal Severance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Taxes	\$ 985,803	\$ 24,479	\$ 12,625	\$ 1,022,907
Charges for services	1,472,214	-	-	1,472,214
Fees and other receivables	18,829	-	-	18,829
Intergovernmental	60,516	-	21,035	81,551
Less: Allowance for uncollectible accounts	(979,634)	-	-	(979,634)
Net accounts receivable	<u>\$ 1,557,728</u>	<u>\$ 24,479</u>	<u>\$ 33,660</u>	<u>\$ 1,615,866</u>
Uncollectible amounts netted with revenues	<u>\$ 107,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,586</u>

Proprietary Funds

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

<u>Accounts receivable</u>	<u>Water Board</u>	<u>Sanitary Board</u>	<u>Board of Park Commissions</u>	<u>Total</u>
Accounts receivable	\$ 952,721	\$ 985,887	\$ 4,071	\$ 1,942,679
Less: Allowance for uncollectible accounts	(83,778)	(385,429)	-	(469,207)
Net accounts receivable	<u>\$ 868,943</u>	<u>\$ 600,458</u>	<u>\$ 4,071</u>	<u>\$ 1,473,472</u>
Uncollectible amounts netted with revenues	<u>\$ 39,438</u>	<u>\$ 33,486</u>	<u>\$ -</u>	<u>\$ 72,925</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

8. Minimum Lease Obligation

At June 30, 2014, the City has six outstanding lease agreements which were made for the purchase of twelve police vehicles, two sanitation trucks, and three street trucks. The cost and accumulated depreciation for assets under capital lease at June 30, 2014 were \$869,581 and \$143,756, respectively. The total lease payments less interest costs are as follows:

Year Ending June 30		\$
2015		249,020
2016		125,185
2017		40,234
Total Capital leases payable		414,439
Less: Interest costs		(8,211)
Present value of future minimum lease payments		406,228
Less: Current portion		(243,162)
Capital leases, non current		\$ 163,066

9. Capital Assets

Construction in progress

Active construction in progress is composed of the following:

	Expended at June 30, 2014	Remaining Commitment
Primary Government		
<i>Business- Type Activities</i>		
Water Fund		
Valve Replacements	\$ 10,701	\$ -
Sewer Fund		
Plant improvements	\$ -	\$ 1,905,415
Board of Park Commissions		
Building improvements	\$ 3,133	\$ -

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

Depreciation

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

Governmental Activities		Business Type Activities		
General Government	\$ 520,120	Water	\$	532,786
Public Safety	94,532	Sewer		409,379
Highways and Streets	339,997	Board of Park Commissions		209,966
Health and Sanitation	66,407		\$	1,152,131
Culture and Recreation	136,811			
	\$ 1,157,867			

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

9 Capital Assets (Continued)

A summary of changes in fixed assets for the fiscal year ended June 30, 2014 is as follows:

Governmental Activities	Balance 07/01/2013	Additions	Deductions	Balance 06/30/2014	Accumulated Depreciation Prior Years	Depreciation Expense Current Year	Deductions	Net Balance 6/30/2014
Non-Depreciable capital assets								
Land	\$ 913,146	\$ -	\$ -	\$ 913,146	\$ -	\$ -	\$ -	\$ 913,146
Depreciable capital assets								
Land improvements	1,873,098	-	-	1,873,098	1,855,806	3,811	-	13,481
Infrastructure	12,974,618	961,123	-	13,935,741	3,766,590	366,333	-	9,802,818
Buildings and improvements	8,302,332	21,465	(2,149)	8,321,648	5,691,263	164,338	(2,148)	2,468,195
Vehicle and equipment	11,769,484	457,918	(119,693)	12,107,709	8,443,652	623,385	(118,607)	3,159,279
Total Governmental	<u>\$ 35,832,678</u>	<u>\$ 1,440,506</u>	<u>\$ (121,842)</u>	<u>\$ 37,151,342</u>	<u>\$ 19,757,311</u>	<u>\$ 1,157,867</u>	<u>\$ (120,755)</u>	<u>\$ 16,356,919</u>
Business- Type Activities								
Non-Depreciable capital assets								
Land	\$ 477,934	\$ -	\$ -	\$ 477,934	\$ -	\$ -	\$ -	\$ 477,934
Construction in progress	6,019,154	3,193,944	(9,199,264)	13,834	-	-	-	13,834
Depreciable capital assets								
Land improvements	134,947	69,410	(35,226)	169,131	128,815	43,310	(35,227)	32,233
Infrastructure	37,130,466	9,760,193	(758,286)	46,132,373	27,959,728	500,319	(720)	17,673,046
Buildings and improvements	8,811,540	7,250	(58,722)	8,760,068	4,727,675	248,905	(31,867)	3,815,355
Vehicle and equipment	3,156,400	194,888	(96,583)	3,254,705	2,207,675	240,782	(99,453)	905,701
General plant facilities	5,876,453	-	-	5,876,453	1,132,035	118,815	-	4,625,603
Total Business- Type	<u>\$ 61,606,894</u>	<u>\$ 13,225,685</u>	<u>\$ (10,148,081)</u>	<u>\$ 64,684,498</u>	<u>\$ 36,155,928</u>	<u>\$ 1,152,131</u>	<u>\$ (167,267)</u>	<u>\$ 27,543,706</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

10. Long Term Debt

Revenue Bonds

Revenue bonds outstanding as of June 30, 2014 consist of debt issued by the City for its water and sewer treatment facilities. The debt is payable solely from and secured by a pledge of the gross revenues to be derived from the operation of the treatment facilities.

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

The annual debt service requirements to maturity for bond debt as of June 30, 2014 are as follows:

<u>Year Ending June 30</u>	<u>Water Board</u>		<u>Sanitary Board</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 714,562	\$ 186,250	\$ 195,491	\$ 59,782
2016	750,559	150,253	442,056	172,111
2017	789,048	111,767	450,965	163,203
2018	369,582	70,598	460,051	154,116
2019	377,028	63,151	469,322	144,845
2020-2024	1,303,993	231,274	1,734,827	384,873
2025-2029	1,284,295	95,659	1,673,965	126,647
2030-2034	333,034	8,381	912,456	27,689
2035-2039	-	-	354,452	4,442
Total	<u>\$ 5,922,101</u>	<u>\$ 917,333</u>	<u>\$ 6,693,585</u>	<u>\$ 1,237,708</u>

Additional Debt Disclosure

	<u>Amount of Original Issue at June 30, 2014</u>	<u>Ranges of Final Maturity Dates</u>	<u>Range of Interest Rates</u>
Water Board	\$ 11,917,410	2017-2031	0% - 8.1% plus 1% administration fee
Sanitary Board	10,103,404	2028-2035	2% plus 1% administration fee
Total	<u>\$ 22,020,814</u>		

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

10. Long Term Debt (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2014. □

	<u>Payable at June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Payable at June 30, 2014</u>
Governmental Activities				
Capital leases payable	\$ 397,392	\$ 229,815	\$ (220,979)	\$ 406,228
Total Governmental Activities	<u>\$ 397,392</u>	<u>\$ 229,815</u>	<u>\$ (220,979)</u>	<u>\$ 406,228</u>
 Business- Type Activities				
<i>Notes Payable</i>				
Water Board	\$ 74,517	\$ -	\$ (21,477)	\$ 53,040
Sanitary Board	934,192	217,863	(1,152,055)	-
Total Notes Payable	<u>\$ 1,008,709</u>	<u>\$ 217,863</u>	<u>\$ (1,173,532)</u>	<u>\$ 53,040</u>
<i>Revenue Bonds</i>				
Water Board	\$ 6,587,823	\$ 15,153	\$ (680,875)	\$ 5,922,101
Sanitary Board	3,253,734	3,631,482	(191,631)	6,693,585
Total Revenue Bonds	<u>\$ 9,841,557</u>	<u>\$ 3,646,635</u>	<u>\$ (872,506)</u>	<u>\$ 12,615,686</u>
Total Business Type Activities	<u>\$ 10,850,266</u>	<u>\$ 3,864,498</u>	<u>\$ (2,046,038)</u>	<u>\$ 12,668,726</u>

Notes Payable

The City's Water Board obtained a note with a local financial institution for an addition to the main water treatment plant. The note has an interest rate of 2.36%. At June 30, 2014, the principal and interest payments due from the City are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 20,149	\$ 1,093
2016	20,636	605
2017	12,255	126
Total	<u>\$ 53,040</u>	<u>\$ 1,824</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 limit was \$1,300,000 with an interest rate of 1.68%. The balance as of June 30, 2013 was \$ 934,192 and \$ 217,863 in additional funds were drawn during fiscal year June 30, 2014. The final balance of \$1,152,055 was paid in full during fiscal year June 30, 2014 with the 2013A bond proceeds.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

11. Risk Management

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

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

12. Interfund Receivables and Payables

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

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

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

	Government Funds		Internal Service Fund	Business- Type Activities	Total Due From
	General Fund	Other Government Funds		Sanitary Board	
Governmental Activities					
Major Governmental Funds					
General	\$ 351,903	\$ -	\$ 41,080	\$ 93,335	\$ 486,318
Coal Severance	15,475	-	-	-	15,475
Non-major Governmental Funds					
Library	4,932	-	-		4,932
CDBG	13,999	-	-		13,999
Business- Type Activities					
Major Enterprise Funds					
Water Board	96,252	1,239	8,894	10,800	117,185
Sanitary Board	56,226	1,240	1,854	-	59,320
Board of Park Commissions	9,014	-	557	-	9,571
Total Due To	<u>\$ 547,801</u>	<u>\$ 2,479</u>	<u>\$ 52,385</u>	<u>\$ 104,135</u>	<u>\$ 706,800</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

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

For fiscal year 2014, the State of West Virginia contributed payments on behalf of City employees as follows:

City of Weirton Policemen's Pension and Relief Fund	\$ 362,003
City of Weirton Firemen's Pension and Relief Fund	347,845
Total	<u>\$ 709,848</u>

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

14. Retirement Plans

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

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

Actuarially Determined Contribution

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

Defined Benefit Plans

Policemen's Pension and Relief Fund

Plan Description

Unless otherwise indicated, The Policemen's Pension and Relief Fund information in this Note is provided as of the latest actuarial valuation, July 1, 2013 and GASB Statement No. 67 Plan Reporting and Accounting Schedules at measurement date of June 30, 2014.

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

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

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

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

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

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

As of July 1, 2013 membership of the plan is as follows:

Retirees and Beneficiaries	45
Inactive, Nonretired Members	1
Active Members	36
Total	<u>82</u>

Funding Policies

Eligible policemen hired prior to January 1, 2010 contribute 9% of their monthly salary. Eligible policemen hired after January 1, 2010 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2014 was \$1,622,175 . The total employee contribution was \$158,156.

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

The minimum required contribution of the City and State, according to the July 1, 2013 actuarial report, was \$876,690. Actual contributions were \$876,690 for the year ended June 30, 2014.

Investment Details

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

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

Credit Risk – The City’s investment policy does not specify that investments must be rated at a specified level. As of June 30, 2014, 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.

Credit and Interest Rate Risks – At June 30, 2014, the City’s credit rating and average maturities on its money markets and bond mutual funds are as follows:

	<u>Interest Rate and Credit Risk Ratings</u>	
	<u>Maturity Range</u>	<u>Credit Quality Rating Range</u>
Money markets	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

Target Allocation and Expected Annualized Returns – At June 30, 2014, the City’s target allocation percentages and expected annualized returns on its major asset classes are as follows:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Expected Annualized Returns</u>
Common Stocks-Large Cap	42.0%	8.0%
Common Stocks-Mid Cap	3.0%	9.0%
Common Stocks-Small Cap	6.5%	9.0%
International Equity	8.5%	9.0%
Fixed Income	40.0%	5.5%

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Money Weighted Rate of Return – The Policemen's Pension and Relief Fund's money weighted return for the twelve month period ending June 30, 2014 is 15.80%.

As of June 30, 2014, the Policemen's Pension and Relief Fund held the following investments

Money markets	\$ 5,648
Government agency obligations	123,868
Corporate obligations	1,085,941
Municipal obligations	100,737
Mutual funds	2,948,306
Common stock	103,151
Total	<u>\$ 4,367,651</u>

Net Pension Liability

The components of net pension liability for the Policemen's Pension and Relief Fund at June 30, 2014 are as follows:

Total pension liability	\$ 31,500,434
Less-Plan fiduciary net position	<u>4,521,738</u>
Plan net pension liability	<u>\$ 26,978,696</u>
Plan fiduciary net position as a percentage of total pension liability	14.35%
Single discount rate	4.471%

Single Discount Rate - A single discount rate of 4.471% was used to measure the total pension liability as of June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 5.000%, and the municipal bond rate of 4.290%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, until plan year end 2022. Therefore, the single discount rate of 4.471% was applied to all periods of projected benefit payments to determine the total pension liability.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 4.471%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Discount Rate Assumption	1% Increase
\$ 31,692,826	\$ 26,978,696	\$ 23,171,919

Actuarial Methods and Assumptions

The net pension liability is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. According to the most recent actuarial report as of July 1, 2013, the average annual salary for benefits was \$45,060. There were 46 pensioners as of June 30, 2014 receiving an average of \$29,122 in pension benefits with expected cost-of-living increases up to 3%.

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

Investment rate of return:

7/1/2013	5.0%
7/1/2014	5.0%

General inflation rate: 3.0%

Expected salary increase: 4.0% general and wage inflation adjustment plus service-based increase of 9.0% for one year of service, 4.5% for two years of service, 2.0% for three and four years of service, and 1.0% thereafter

Post-retirement COLA 3.0% on first \$ 15,000 of annual benefit and on the accumulated supplemental pension for prior years

Increase in state insurance premium tax allocation 2% for year 1 and 3% on and after year 2

Cost method: Entry Age Normal, Level-Percentage-of-Pay
The sponsor finances benefits using the Alternative policy as defined by state statute. This policy does not directly amortize the unfunded actuarial liability. The policy is projected to result in a depletion of plan assets for the closed plan by 2022.
30-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 27 years remaining as of July 1, 2013.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Policemen's Pension and Relief Fund (Continued)

Asset method: Market Value

Turnover: Sample Rates:
Age 25-10% Age 35-4% Age 45-2% Age 50-0%

Retirement: Sample Rates:
Age 50-51-45% Age 52-54-30% Age 55-45% Age 56-35%
Age 57-55% Age 58-100%

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

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

Percent Married: 90%

Spouse Age: Females 3 years younger than males

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

Funded Ratio as of Valuation Date (1)	Liquidity Ratio (2)	Equity Exposure (3)	Projected Funded Ratio after 15 years	Proposed Discount Rate
60% or more	10	50% or more	70% or more	7.0%
40% or more	8	40% or more	60% or more	6.5%
30% or more	6	30% or more	50% or more	6.0%
15% or more	4	n/a	40% or more	5.5%
Less than 15%	n/a	n/a	Less than 40%	5.0%

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

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

(3) Based on investment policy.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund

Plan Description

Unless otherwise indicated, The Firemen's Pension and Relief Fund information in this Note is provided as of the latest actuarial valuation, July 1, 2013 and GASB Statement No. 67 Plan Reporting and Accounting Schedules at measurement date of June 30, 2014.

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

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

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

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

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

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

As of July 1, 2013 membership of the plan is as follows:

Retirees and Beneficiaries	18
Inactive, Nonretired Members	-
Active Members	23
Total	<u>41</u>

Funding Policies

Eligible firemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible firemen hired after January 1, 2010 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2014 was \$983,476. The total employee contribution was \$80,120.

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

The minimum required contribution of the City and State, according to the July 1, 2013 actuarial report, was \$563,823. Actual contributions were \$563,823 for the year ended June 30, 2014.

Investment Details

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

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

Credit Risk – The City's investment policy does not specify that investments must be rated at a specified level. As of June 30, 2014, 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.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

Credit and Interest Rate Risks – At June 30, 2014, the City’s credit rating and average maturities on its money markets and bond mutual funds are as follows:

Interest Rate and Credit Risk Ratings

	<u>Maturity Range</u>	<u>Credit Quality Rating Range</u>
Money markets	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

Target Allocation and Expected Annualized Returns – At June 30, 2014, the City’s target allocation percentages and expected annualized returns on its major asset classes are as follows:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Expected Annualized Returns</u>
Common Stocks-Large Cap	42.0%	8.0%
Common Stocks-Mid Cap	3.0%	9.0%
Common Stocks-Small Cap	6.5%	9.0%
International Equity	8.5%	9.0%
Fixed Income	40.0%	5.5%

Money Weighted Rate of Return – The Firemen’s Pension and Relief Fund money weighted return for the twelve month period ending June 30, 2014 is 15.70%.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

As of June 30, 2014, the Firemen's Pension and Relief Fund held the following investments

Money markets	\$ 11,361
Government agency obligations	197,591
Corporate obligations	1,712,864
Municipal obligations	921,860
Mutual funds	5,591,762
Common stock	103,152
Total	<u>\$ 8,538,590</u>

Net Pension Liability

The components of net pension liability for the Firemen's Pension and Relief Fund at June 30, 2014 are as follows:

Total pension liability	\$ 11,628,649
Less-Plan fiduciary net position	<u>8,673,134</u>
Plan net pension liability	<u>\$ 2,955,515</u>
Plan fiduciary net position as a percentage of total pension liability	74.58%
Single discount rate	7.000%

Single Discount Rate - A single discount rate of 7.000% was used to measure the total pension liability as of June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.000%, and the municipal bond rate of 4.290%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, until plan year end 2022. Therefore, the single discount rate of 7.000% was applied to all periods of projected benefit payments to determine the total pension liability.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

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

1% Decrease	Discount Rate Assumption	1% Increase
\$ 4,383,146	\$ 2,955,515	\$ 1,769,890

Actuarial Methods and Assumptions

The net pension liability is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. According to the most recent actuarial report as of July 1, 2013, the average annual salary for benefits was \$42,760. There were 19 pensioners as of June 30, 2014 receiving an average of \$31,581 in pension benefits with expected cost-of-living increases up to 3%.

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

Investment rate of return:

7/1/2013	7.0%
7/1/2014	7.0%

General inflation rate: 3.0%

Expected salary increase: 4.0% general and wage inflation adjustment plus service-based increase of 9.0% for one year of service, 4.5% for two years of service, 2.0% for three and four years of service, and 1.0% thereafter

Post-retirement COLA 3.0% on first \$ 15,000 of annual benefit and on the accumulated supplemental pension for prior years

Increase in state insurance premium tax allocation 2% for year 1 and 3% on and after year 2

Cost method:

Entry Age Normal, Level-Percentage-of-Pay

The sponsor finances benefits using the Alternative policy as defined by state statute. This policy does not directly amortize the unfunded actuarial liability. The policy is projected to fully finance the closed group actuarial liability by 2031.

30-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 27 years remaining as of July 1, 2013.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Firemen's Pension and Relief Fund (Continued)

Asset method: Market Value

Turnover: Sample Rates:
Age 25-10% Age 35-4% Age 45-2% Age 50-0%

Retirement: Sample Rates:
Age 50-51-45% Age 52-54-30% Age 55-45% Age 56-35%
Age 57-55% Age 58-100%

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

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

Percent Married: 90%

Spouse Age Females 3 years younger than males

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

Funded Ratio as of Valuation Date (1)	Liquidity Ratio (2)	Equity Exposure (3)	Projected Funded Ratio after 15 years	Proposed Discount Rate
60% or more	10	50% or more	70% or more	7.0%
40% or more	8	40% or more	60% or more	6.5%
30% or more	6	30% or more	50% or more	6.0%
15% or more	4	n/a	40% or more	5.5%
Less than 15%	n/a	n/a	Less than 40%	5.0%

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

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

(3) Based on investment policy.

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

Annual Pension Cost and Net Pension Obligation

Annual Pension Cost and Trend Information

Policemen's Pension and Relief Fund

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 1,625,918	54%	\$ 11,667,852
2013	\$ 1,574,272	58%	\$ 10,918,625
2012	\$ 1,560,014	55%	\$ 10,253,437

Firemen's Pension and Relief Fund

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 433,363	130%	\$ 1,957,601
2013	\$ 546,812	75%	\$ 2,088,060
2012	\$ 532,868	66%	\$ 1,949,759

Net Pension Obligation

The City's annual pension cost and net pension obligation are as follows:

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Total
Annual required contribution	\$ 1,536,682	\$ 396,427	\$ 1,933,109
Interest on net pension obligation	545,931	146,165	692,096
ARC adjustment	(456,695)	(109,228)	(565,923)
Annual pension cost	1,625,918	433,364	2,059,282
Less: employer contributions	(876,691)	(563,823)	(1,440,514)
Change in pension obligation	749,227	(130,459)	618,768
Net Pension Obligation at June 30, 2013	10,918,625	2,088,060	13,006,685
Net Pension Obligation at June 30, 2014	<u>\$ 11,667,852</u>	<u>\$ 1,957,601</u>	<u>\$ 13,625,453</u>

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

14. Retirement Plans (Continued)

West Virginia Public Employees Retirement System (PERS)

Plan Description

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

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

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 14.0%.

<u>Year</u>	<u>Employer Contributions</u>	<u>Percentage Contributed</u>
2014	\$ 605,809	100%
2013	\$ 556,867	100%
2012	\$ 576,625	100%

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

15. Other Post Employment Benefits

Because the City participates in the PERS, retirees have the option of choosing to participate in the WV Public Employees Insurance Agency (PEIA). The plan provides medical and prescription drug coverage and retiree group insurance coverage to participants. The retiree's insurance premium is dependent on the number of years worked. Since the City is not a participant in PEIA, a fee is charged to the City for each of the retirees who choose this option. The fee charged to the City is determined by PEIA. The expense for 2014 totaled \$236,025.

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

15. Other Post Employment Benefits (Continued)

GASB Statement No. 45 – 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.

16. Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category.

	General Fund
Property taxes	<u>\$ 61,608</u>

17. Contingencies

Litigation

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

Federal and State Grants

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

City of Weirton, West Virginia
Notes to Financial Statements
June 30, 2014

18. Concentration of Credit Risk

The General Fund bills Weirton residents and businesses a police and fire service fee and a refuse fee. The Water and Sanitary Boards are suppliers of water and sewer services to the residents and businesses of Weirton, West Virginia. The Board of Park Commissions offers memberships to its recreational facilities to the residents of the Weirton, West Virginia area. The Gasoline Fund supplies gas and oil to various entities in addition to other funds of the City. These services, memberships and goods are provided on a credit basis without requiring collateral or any other security. At June 30, 2014, the City's accounts receivable on the statement of net position pertaining to these services were \$2,085,997.

19. Risks and Uncertainties

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

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

20. Prior period restatement

Effective July 1, 2013, the City adopted Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities, as a result the beginning net position for the Water Board and the Sanitary Board were restated. Shown below is the change in each major fund's net position and the total change in the governmental and business-type activities net position.

The decrease in net position represents the unamortized value of the bond issuance costs that are no longer amortized over the useful life of the bonds, but expensed in the period incurred.

	Net position, as previously stated at July 1, 2013	Change in net position	Net position, as restated at July 1, 2013
Water Board	<u>\$ 9,004,953</u>	<u>\$ (63,386)</u>	<u>\$ 8,941,567</u>
Sanitary Board	<u>\$ 7,238,578</u>	<u>\$ (19,019)</u>	<u>\$ 7,219,559</u>
Governmental	<u>\$ 5,888,615</u>	<u>\$ 1,126,713</u>	<u>\$ 7,015,328</u>
Business-Type	<u>\$ 20,221,810</u>	<u>\$ (1,209,118)</u>	<u>\$ 19,012,692</u>

Required Supplementary Information

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014**

Employer Defined Benefit Plans

Policemen's Pension and Relief Fund

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

Fiscal year end June 30		2014	
Total Pension Liability			
Service cost	\$	692,087	
Interest on the total pension liability		1,409,584	
Benefit changes		-	
Difference between expected and actual experience assumption changes		1,226,117	
Benefit payments		(1,368,711)	
Refunds		-	
Net change in total pension liability		1,959,077	
Total Pension Liability- beginning		29,541,357	
Total Pension Liability- ending (a)		\$ 31,500,434	
Plan Fiduciary Net Position			
Employer contributions	\$	876,690	
Employee contributions		158,156	
Pension plan net investment income		641,466	
Benefit payments		(1,368,711)	
Refunds		-	
Pension plan administrative expense		(2,764)	
Other		-	
Net change in plan fiduciary net position		304,837	
Plan fiduciary net position- beginning		4,216,901	
Plan fiduciary net position- ending (b)		\$ 4,521,738	
Net pension liability (a) - (b)		\$ 26,978,696	
Plan fiduciary net position as a percentage of total pension liability		14.35%	
Covered employee payroll		1,622,175	
Net pension liability as a percentage of covered employee payroll		1663.12%	

II. Schedule of Net Pension Liability - Multiyear

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 31,500,434	\$ 4,521,738	\$ 26,978,696	14.35%	\$ 1,622,175	1633.12%

III. Schedule of Contributions - Multiyear

Fiscal Year Ending June 30	Actuarially Determined Contribution (a)	Employer Contribution (b)	State Contribution (c)	Percentage Contributed [(b)+(c)]/(a)	Covered Payroll (f)	Actual Contribution as a % of Covered Payroll
2013	\$ 1,477,051	\$ 546,064	\$ 363,021	62%	\$ 1,593,506	57%
2014	\$ 1,536,682	\$ 514,687	\$ 362,003	57%	\$ 1,622,175	54%

Money Weighted Rate of Return – The Policemen's Pension and Relief Fund's money weighted return for the 12 month period ending June 30, 2014 is 15.80%.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014**

Employer Defined Benefit Plans

Firemen's Pension and Relief Fund

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

Fiscal year end June 30		2014	
Total Pension Liability			
Service cost	\$	275,216	
Interest on the total pension liability		780,380	
Benefit changes		-	
Difference between expected and actual experience assumption changes		-	
Benefit payments		(600,032)	
Refunds		-	
Net change in total pension liability		455,564	
Total Pension Liability- beginning		11,173,085	
Total Pension Liability- ending (a)	\$	11,628,649	
Plan Fiduciary Net Position			
Employer contributions	\$	563,823	
Employee contributions		80,120	
Pension plan net investment income		1,162,109	
Benefit payments		(600,032)	
Refunds		-	
Pension plan administrative expense		(8,950)	
Other		-	
Net change in plan fiduciary net position		1,197,070	
Plan fiduciary net position- beginning		7,476,064	
Plan fiduciary net position- ending (b)	\$	8,673,134	
Net pension liability (a) - (b)	\$	2,955,515	
Plan fiduciary net position as a percentage of total pension liability		74.58%	
Covered employee payroll		983,476	
Net pension liability as a percentage of covered employee payroll		300.52%	

II. Schedule of Net Pension Liability - Multiyear

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 11,628,649	\$ 8,673,134	\$ 2,955,515	74.58%	\$ 983,476	300.52%

III. Schedule of Contributions - Multiyear

Fiscal Year Ending June 30	Actuarially Determined Contribution (a)	Employer Contribution (b)	State Contribution (c)	Percentage Contributed [(b)+(c)]/(a)	Covered Payroll (f)	Actual Contribution as a % of Covered Payroll
2013	\$ 518,823	\$ 201,850	\$ 206,660	79%	\$ 918,877	44%
2014	\$ 396,427	\$ 215,978	\$ 347,845	142%	\$ 983,476	57%

Money Weighted Rate of Return – The Firemen's Pension and Relief Fund's money weighted return for the 12 month period ending June 30, 2014 is 15.70%.

See accompanying notes to the financial statements.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014**

Notes to the Required Supplementary Information- Defined Benefit Pension Trusts

Policemen's Pension and Relief Fund

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

Measurement date	June 30, 2014, measurement date based on actuarial liabilities as of July 1, 2013.
Actuarial cost method	Entry Age Normal, Level-Percentage-of-Pay
Actuarial value of assets	Market value
Contribution policy and amortization method	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings, are not expected to fully fund the projected actuarial liability for current plan members, and assets for the closed plan are projected to be depleted by 2022.
Actuarial assumptions:	
Investment rate of return	5.000% per year
GASB 67/68 discount rate	4.471% per year at June 30, 2014, and 4.770% at June 30, 2013
Projected salary increases	9.0% with one year of service, 4.5% with two years of service, 2.0% with three to four years of service and 1.0% after
Cost of living increases	3.00% on first \$ 15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.

See accompanying notes to the financial statements.

**City of Weirton, West Virginia
Defined Benefit Pension Trusts
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014**

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

Firemen's Pension and Relief Fund

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

Measurement date	June 30, 2014, measurement date based on actuarial liabilities as of July 1, 2013.
Actuarial cost method	Entry Age Normal, Level-Percentage-of-Pay
Actuarial value of assets	Market value
Contribution policy and amortization method	The sponsor finances benefits using the Alternative funding policy as defined in state statute. Sponsor contributions are equal to 107 percent of the prior year contribution. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state and member contributions along with projected investment earnings, are expected to fully fund the projected actuarial liability for current plan members by 2031.
Actuarial assumptions:	
Investment rate of return	7.000% per year
GASB 67/68 discount rate	7.000% per year at June 30, 2014, and 7.000% at June 30, 2013
Projected salary increases	9.0% with one year of service, 4.5% with two years of service, 2.0% with three to four years of service and 1.0% after
Cost of living increases	3.00% on first \$ 15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual
General Fund
Required Supplementary Information
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts,	Budget to GAAP	Actual Amounts,	Variance with Final
	Original	Final	Budgetary Basis	Differences	GAAP Basis	Budget - Positive (Negative)
Revenues						
Taxes:						
Property taxes	\$ 2,628,362	\$ 2,631,362	\$ 2,692,261	\$ -	\$ 2,692,261	\$ (60,899)
B&O	2,015,000	2,150,000	1,969,366	-	1,969,366	180,634
Excise tax on utilities	1,125,000	1,250,000	1,175,782	-	1,175,782	74,218
Other taxes	560,500	566,500	616,709	-	616,709	(50,209)
Total taxes:	6,328,862	6,597,862	6,454,118	-	6,454,118	143,744
Fines and forfeitures	123,000	111,000	96,777	-	96,777	14,223
Licenses, permits, and fees	235,000	230,000	240,474	-	240,474	(10,474)
Intergovernmental	1,356,644	1,394,925	1,085,031	-	1,085,031	309,894
Charges for services	4,113,896	4,323,217	4,281,313	-	4,281,313	41,904
Video lottery and table gaming proceeds	635,000	635,000	609,068	-	609,068	25,932
Charges to other funds	79,464	79,464	79,464	(79,464)	-	-
Investment income	6,500	7,500	9,821	-	9,821	(2,321)
Reimbursements	50,000	50,000	73,443	(73,443)	-	(23,443)
Other	100,000	100,000	114,322	-	114,322	(14,322)
Total revenues before prior year fund balance	13,028,366	13,528,968	13,043,831	(152,907)	12,890,924	485,137
Prior year fund balance (1)	2,060,000	1,925,377	-	-	-	1,925,377
Total revenues and prior year fund balance	15,088,366	15,454,345	13,043,831	(152,907)	12,890,924	2,410,514
Expenditures						
Current:						
General government	3,596,276	3,644,581	2,844,472	(138,515)	2,705,957	800,109
Public Safety	5,591,276	5,766,661	5,566,619	(39,163)	5,527,456	200,042
Highway and streets	3,789,878	3,800,398	3,489,755	(14,107)	3,475,648	310,643
Health and sanitation	1,032,818	1,154,587	1,058,471	(111,884)	946,587	96,116
Culture and recreation	1,063,118	1,073,118	1,082,263	(863,118)	219,145	(9,145)
Social Services	15,000	15,000	2,061	-	2,061	12,939
Debt Service:						
Principal	-	-	-	144,480	144,480	-
Interest and other charges	-	-	-	6,280	6,280	-
Total expenditures	15,088,366	15,454,345	14,043,641	(1,016,027)	13,027,614	1,410,704
Excess (deficiency) of revenues over (under) expenditures	-	-	(999,810)	863,120	(136,690)	999,810

City of Weirton, West Virginia
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual
General Fund
Required Supplementary Information (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	229,815	229,815	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(863,118)	(863,118)	-
Net other financing sources (uses)	-	-	-	(633,303)	(633,303)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(999,810)	229,817	(769,993)	
Fund balances - beginning	2,060,000	1,925,377	2,794,082	-	2,794,082	
Less prior year fund balance budgeted	(2,060,000)	(1,925,377)	-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 1,794,272	\$ 229,817	\$ 2,024,089	

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

Adjustments to Generally Accepted Accounting Principals

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

- 1) Contributions to the Board of Park Commissions and Library Funds, reported as expenditures as opposed to transfers to other funds. 863,118
- 2) Other reimbursements reported as reimbursements as opposed to netting with general government expenditures. 152,907
- 3) Capital leases not recognized in accordance with generally accepted accounting principles. Payments are not reported as debt service payments. Proceeds from new leases are also not recognized. The effect is as follows:

Net increases in (reduced by debt payments while, being increased by expenses for new leases):	
Debt service - principal	144,480
Debt service - interest	6,280
Net decreases in (reduced by debt payments while, being increased by expenses for new leases):	
Health and Sanitation	(111,884)
Public Safety	(24,770)

City of Weirton, West Virginia
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual
Coal Severance Fund
Required Supplementary Information
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual	Variance
	Original	Final	Budgetary Basis	Differences	GAAP Basis	
Revenues						
Other taxes	\$ 102,000	\$ 102,000	\$ 75,611	\$ -	\$ 75,611	\$ (26,389)
Investment income	500	500	59	-	59	(441)
Total revenues before prior year fund balance	102,500	102,500	75,670	-	75,670	(26,830)
Prior year fund balance (1)	20,143	48,454	-	-	-	(48,454)
Total revenues and prior year fund balance	122,643	150,954	75,670	-	75,670	(75,284)
Expenditures						
General government	40,000	68,311	41,577	-	41,577	26,734
Public safety	60,931	60,931	82,322	(78,807)	3,515	57,416
Social Services	21,712	21,712	-	-	-	21,712
Debt Service:						
Principal	-	-	-	76,634	76,634	(76,634)
Interest and other charges	-	-	-	2,173	2,173	(2,173)
Total expenditures	122,643	150,954	123,899	-	123,899	27,055
Excess (deficiency) of revenues over (under) expenditures	-	-	(48,229)	-	(48,229)	(48,229)
Other Financing Sources (Uses)						
Proceeds from capital leases	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(48,229)	-	(48,229)	(48,229)
Fund balance, beginning	20,143	48,454	48,454	-	48,455	
Less prior year fund balance budgeted	(20,143)	(48,454)	-	-	-	
Fund balance, ending	\$ -	\$ -	\$ 225	\$ -	\$ 226	

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

Adjustments to Generally Accepted Accounting Principals

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

Increases in:

- Debt service - principal
- Debt service - interest

Decrease in:

- Public Safety

76,634
2,173

(78,807)

Other Supplementary Information

City of Weirton, West Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
Assets						
Cash and cash equivalents	\$ 300	\$ 1,039,523	\$ 232,788	\$ 379,074	\$ 754	\$ 1,652,439
Investments	-	-	-	522,968	-	522,968
Receivables, net						
Taxes	-	-	-	12,625	-	12,625
Intergovernmental	-	-	-	-	21,035	21,035
Prepaid expenses	-	-	-	3,320	-	3,320
	<u>300</u>	<u>1,039,523</u>	<u>232,788</u>	<u>917,987</u>	<u>21,789</u>	<u>2,212,387</u>
Total assets	<u>\$ 300</u>	<u>\$ 1,039,523</u>	<u>\$ 232,788</u>	<u>\$ 917,987</u>	<u>\$ 21,789</u>	<u>\$ 2,212,387</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 13,891	\$ 7,790	\$ 21,681
Security deposit	-	-	25,000	-	-	25,000
Due to other funds	-	-	-	4,932	13,999	18,931
Compensated absences	-	-	-	25,198	-	25,198
Unearned revenue	-	-	152,505	90,676	-	243,181
Other accrued expenses	-	-	-	6,581	-	6,581
Other payables	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>177,505</u>	<u>141,278</u>	<u>21,789</u>	<u>340,572</u>
Fund Balances						
Restricted for:						
Capital projects	-	1,039,523	-	-	-	1,039,523
Assigned for:						
General expenditures	<u>300</u>	<u>-</u>	<u>55,283</u>	<u>776,709</u>	<u>-</u>	<u>832,292</u>
Total fund balances	<u>300</u>	<u>1,039,523</u>	<u>55,283</u>	<u>776,709</u>	<u>-</u>	<u>1,871,815</u>
	<u>\$ 300</u>	<u>\$ 1,039,523</u>	<u>\$ 232,788</u>	<u>\$ 917,987</u>	<u>\$ 21,789</u>	<u>\$ 2,212,387</u>
Total liabilities and fund balances	<u>\$ 300</u>	<u>\$ 1,039,523</u>	<u>\$ 232,788</u>	<u>\$ 917,987</u>	<u>\$ 21,789</u>	<u>\$ 2,212,387</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
Revenues						
Property taxes	\$ -	\$ 175,944	\$ -	\$ 142,793	\$ -	\$ 318,737
Fees and fines	-	-	-	9,919	-	9,919
Intergovernmental	-	-	25,000	-	191,826	216,826
Investment income	1	2,880	642	59,251	-	62,774
Contributions	-	-	1,252	356,305	-	357,557
Other	-	-	-	1,513	-	1,513
Total revenues	<u>1</u>	<u>178,824</u>	<u>26,894</u>	<u>569,781</u>	<u>191,826</u>	<u>967,326</u>
Expenditures						
Current:						
General government	-	39	25,000	-	112,692	137,731
Public safety	-	-	2,590	-	48,242	50,832
Culture and recreation	-	-	-	705,873	4,495	710,368
Social services	-	-	-	-	26,397	26,397
Total expenditures	<u>-</u>	<u>39</u>	<u>27,590</u>	<u>705,873</u>	<u>191,826</u>	<u>925,328</u>
Excess (deficiency) of revenues over expenditures	<u>1</u>	<u>178,785</u>	<u>(696)</u>	<u>(136,092)</u>	<u>-</u>	<u>41,998</u>
Other Financing Sources (Uses)						
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,118</u>	<u>-</u>	<u>349,118</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,118</u>	<u>-</u>	<u>349,118</u>
Net changes in fund balances	1	178,785	(696)	213,026	-	391,116
Fund balances, beginning	<u>299</u>	<u>860,738</u>	<u>55,979</u>	<u>563,683</u>	<u>-</u>	<u>1,480,699</u>
Fund balances, ending	<u>\$ 300</u>	<u>\$ 1,039,523</u>	<u>\$ 55,283</u>	<u>\$ 776,709</u>	<u>\$ -</u>	<u>\$ 1,871,815</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Combining Statement of Net Position
Nonmajor Proprietary Fund
June 30, 2014

	Parking Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 982
Investments	-
Accounts receivable, net	-
Prepaid expenses	-
Total current assets	982
Non-current assets:	
Capital assets:	
Land	304,581
Other capital assets, net of accumulated depreciation	-
Total non-current assets	304,581
Total assets	\$ 305,563
Liabilities	
Current liabilities:	
Accounts payable	\$ -
Wages and benefits payable	-
Due to other funds	-
Compensated absences	-
Deferred revenue	-
Total current liabilities	-
Non-current liabilities:	
Total non-current liabilities	-
Total liabilities	-
Net Position	
Invested in capital assets, net of related debt	304,581
Unrestricted	982
Total net position	\$ 305,563

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2014

	Parking Fund
Operating Revenues	
Charges for services:	
Fees for services	\$ -
Total charges for services	-
Operating grants and contributions	-
Total operating revenues	-
Operating Expenses	
Personal services	-
Operations, maintenance, and contractual services	-
Materials and supplies	-
Depreciation	-
Total operating expenses	-
Operating income (loss)	-
Non-Operating Revenues (Expenses)	
Investment income	3
Other income	-
Total non-operating revenue (expenses)	3
Income (loss) before contributions and transfers	3
Transfers from other funds	-
Change in net position	3
Total net position - beginning	305,560
Total net position - ending	\$ 305,563

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2014

	Parking Fund
Cash flows from Operating Activities:	
Cash received from customers	\$ -
Cash payments to suppliers for goods and services	-
Cash payments to employees and contractors for services	-
Payments for internal services	-
Other operating revenues	-
	-
Net cash provided by (used in) operating activities:	-
Cash Flows from Non-Operating Activities:	
Other non-operating revenues	-
	-
Net cash provided by non-operating activities:	-
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	-
	-
Net cash provided by (used in) non-capital financing activities:	-
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	-
	-
Net cash provided by (used in) capital and related financing activities:	-
Cash Flows from Investing Activities:	
Investment income	3
	3
Net cash provided by (used in) investing activities:	3
Net increase in cash and cash equivalents	3
Cash and cash equivalents, beginning	979
	979
Cash and cash equivalents, ending	\$ 982

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Combining Statement of Cash Flows
Nonmajor Proprietary Fund (Continued)
For the Year Ended June 30, 2014

	Parking Fund
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ -
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	-
Changes in assets and liabilities:	
(Increase) decrease in prepaid expenses	
Increase (decrease) in accounts payable	-
Increase (decrease) in wages and benefits	-
Increase (decrease) in due to other funds	-
Increase (decrease) in unearned revenue	-
Increase (decrease) in compensated absences	-
	-
 Net cash provided by (used in) operating activities:	 \$ -
Non- Cash Investing and Financing Activities:	
 Net increase (decrease) in fair value of investments	 \$ -
Reconciliation of Cash and Cash Equivalents:	
 Cash and cash equivalents	 \$ 982
 Total cash and cash equivalents	 \$ 982

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Pension Trust Funds		Total Pension Trust Funds
	Policemen's Funds	Firemen's Pension	
Assets			
Cash and cash equivalents	\$ 156,221	\$ 142,995	\$ 299,216
Investments, at fair value:			
Money markets	5,648	11,361	17,009
Government agency obligations	123,868	197,591	321,459
Municipal obligations	103,151	103,152	206,303
Corporate obligations	1,085,941	1,712,864	2,798,805
Mutual funds	100,737	921,860	1,022,597
Common stock	2,948,306	5,591,762	8,540,068
Total investments	<u>4,367,651</u>	<u>8,538,590</u>	<u>12,906,241</u>
Total assets	<u>4,523,872</u>	<u>8,681,585</u>	<u>13,205,457</u>
Liabilities			
Withholdings payable	<u>2,134</u>	<u>8,451</u>	<u>10,585</u>
Total liabilities	<u>2,134</u>	<u>8,451</u>	<u>10,585</u>
Net Position			
Net position held in trust for pension benefits	<u>\$ 4,521,738</u>	<u>\$ 8,673,134</u>	<u>\$ 13,194,872</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Policemen's Pension	Firemen's Pension	Total Pension Trust
Additions			
Contributions			
Employer	\$ 514,687	\$ 215,978	\$ 730,665
Plan members	158,156	80,120	238,276
Insurance premium tax allocation	362,003	347,845	709,848
Total contributions	<u>1,034,846</u>	<u>643,943</u>	<u>1,678,789</u>
Investment income:			
Interest and dividends	102,769	176,787	279,556
Net realized and unrealized gains (losses)	557,343	1,013,263	1,570,606
Less: investment expense	<u>(18,647)</u>	<u>(27,942)</u>	<u>(46,589)</u>
Net investment income	<u>641,465</u>	<u>1,162,108</u>	<u>1,803,573</u>
Total additions	<u>1,676,311</u>	<u>1,806,051</u>	<u>3,482,362</u>
Deductions			
Benefits	1,370,833	606,970	1,977,803
Administrative	<u>640</u>	<u>2,013</u>	<u>2,653</u>
Total deductions	<u>1,371,473</u>	<u>608,983</u>	<u>1,980,456</u>
Change in net position	304,838	1,197,069	1,501,906
Net position held in trust for pension benefits			
Beginning of year	<u>4,216,901</u>	<u>7,476,065</u>	<u>11,692,966</u>
End of year	<u>\$ 4,521,738</u>	<u>\$ 8,673,134</u>	<u>\$ 13,194,872</u>

See accompanying notes to the financial statements.

City of Weirton, West Virginia
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2014

<u>State Grantor/Program Title</u>	<u>Identification Number</u>	<u>State Expenditures</u>
West Virginia Development Office		
Legislative Digest	13LEDA0242	\$ 10,000
Legislative Digest	13LEDA0406	1,000
Legislative Digest	13LEDA0410	3,000
Legislative Digest	11LEDA0470	1,211
Legislative Digest	11LEDA1755-N	10,000
Legislative Digest	13LEDA0411	3,899
Legislative Digest	12LEDA0366	1,991
Legislative Digest	11LEDA0083	3,484
<i>Total West Virginia Development Office</i>		<u>34,585</u>
West Virginia Department of Military Affairs and Public Safety Division		
Pre-Disaster Mitigation Grant -Acquisition Project	N/A	<u>20,688</u>
<i>Total West Virginia Department of Military Affairs and Public Safety Division</i>		<u>20,688</u>
West Virginia Division of Culture and History		
Marland Heights Community Foundation	N/A	<u>5,880</u>
<i>Total West Virginia Division of Culture and History</i>		<u>5,880</u>
Total Expenditures of State Awards		<u><u>\$ 61,153</u></u>

Accompanying Information

City of Weirton, West Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identification Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Community Development Block Grant	14.218	B-11-MC-54-0005	\$ 3,534
Community Development Block Grant	14.218	B-12-MC-54-0005	188,291
<i>Total U.S. Department of H.U.D.</i>			<u>191,825</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	15,000
Edward Byrne Memorial Formula Grant	16.579	09-JAG-23	25,000
<i>Total U.S. Department of Justice</i>			<u>40,000</u>
U.S. Department of Transportation			
<i>Direct Programs:</i>			
Federal Transit Formula Grant	20.507	WV-90-X181-00	10,286
Federal Transit Formula Grant	20.507	WV-90-X199-00	101,217
Federal Transit Formula Grant	20.507	WV-90-X210-00	221,589
			<u>333,092</u>
<i>Pass-through Programs From:</i>			
<u>West Virginia Department of Transportation</u>			
ARRA- Safe Routes to School	20.205	STRS-2011 (048) D	93,284
<i>Total U.S. Department of Transportation</i>			<u>426,376</u>
U.S. Department of Homeland Security			
<i>Direct Programs:</i>			
Pre-Disaster Mitigation Grant - Acquisition Project	97.047	PDMC-PJ-03-WV- 2012-001	62,065
<i>Total U.S. Department of Homeland Security</i>			<u>62,065</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 720,266</u></u>

See accompanying notes to schedule of expenditures of federal awards.

City of Weirton, West Virginia
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2014

1. Basis of Presentation

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

2. Sub-Recipients

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

Weirton Transit Company	\$ 333,092
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428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

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

March 27, 2015

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **City of Weirton**, Brooke County, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2015 wherein we qualified our opinion because the City elected not to record OPEB liability and expense as of and for the year ended June 30, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



Compliance and Other Matters

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

Purpose of this Report

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

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

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



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
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121 E Main St
St. Clairsville, OH 43950
740.695.1569

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

March 26, 2015

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

To the City Council:

Report on Compliance for Each Major Federal Program

We have audited the **City of Weirton's** (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Weirton's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the City's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

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

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



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

**CITY OF WEIRTON
BROOKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(I)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(I)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(I)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(I)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(I)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(I)(vii)</i>	Major Programs (list):	CFDA # 14.218 – Community Development Block Grant CFDA # 20.507 – Federal Transit Formula Grant
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.