

CITY OF WEIRTON, WEST VIRGINIA

A CLASS II MUNICIPALITY

FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

**CITY OF WEIRTON, WEST VIRGINIA
FINANCIAL STATEMENTS
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**CITY OF WEIRTON, WEST VIRGINIA
MUNICIPAL OFFICIALS
YEAR ENDED JUNE 30, 2008**

<u>Office</u>	<u>Name</u>	<u>Term</u>
	<u>Elective</u>	
Mayor:	Mark E. Harris	07/01/07 - 06/30/11
Council Members:	Ron Jones	07/01/07 - 06/30/11
	Harold Miller	07/01/07 - 06/30/11
	Fred Marsh	07/01/07 - 06/30/11
	George E. Ash, Sr.	07/01/07 - 06/30/11
	George Kondik	07/01/07 - 06/30/11
	David Dalrymple	07/01/07 - 06/30/11
	Max Fijewski	07/01/07 - 06/30/11
	<u>Appointive</u>	
City Manager:	Gary J. DuFour	07/01/07 - 06/30/11
City Clerk:	Nicole M. Davis	07/01/07 - 06/30/11
City Solicitor:	Vince Gurrera	07/01/07 - 06/30/11

Ware & Hall, PLLC

Certified Public Accountants

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William L. Hall, CPA

Members of
American Institute of
Certified Public Accountants
WV Society of Certified Public Accountants

To the Honorable Mayor and
City Council
City of Weirton, West Virginia

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 City of Weirton, West Virginia, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Weirton, West Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Weirton, West Virginia as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2009, on our consideration of City of Weirton, West Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, defined benefit pension trusts information, and budgetary comparison information on pages 4 through 8 and 58 through 64, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Weirton West Virginia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Weirton, West Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Warr & Hall PLLC

Huntington, West Virginia
June 2, 2009

**CITY OF WEIRTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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, 2008.

The fiscal year ending June 30, 2008, is the fifth 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 GASB34. 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. GASB34 changed, quite drastically, 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 assets and the statement of activities. These two statements report the City's net assets and changes in them. This is an important part of analysis because net assets are 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. GASB34 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.)

The next area will focus on highlighting, condensing, and comparing some of the key financial information from the government-wide financial statements.

	Fiscal Year Ending 6-30-08	Fiscal Year Ending 6-30-07	Change
Total Assets:			
Capital	\$ 36,096,023	\$ 32,423,958	\$ 3,672,065
Other	<u>9,751,349</u>	<u>9,338,107</u>	<u>413,242</u>
	<u>45,847,372</u>	<u>41,762,065</u>	<u>4,085,307</u>
Total Liabilities:			
Current	3,053,616	2,843,814	209,802
Non-current	<u>19,212,040</u>	<u>15,887,730</u>	<u>3,324,310</u>
	<u>22,265,656</u>	<u>18,731,544</u>	<u>3,534,112</u>
Total Net Assets:			
Capital Net of Debt	25,226,215	24,408,621	817,594
Restricted	2,263,736	2,115,610	148,126
Unrestricted	<u>(3,908,235)</u>	<u>(3,493,710)</u>	<u>(414,525)</u>
	<u>23,581,716</u>	<u>23,030,521</u>	<u>551,195</u>
Program Revenues:			
Charges for Services	10,177,443	10,255,098	(77,655)
Operating Grants	1,496,955	2,175,216	(678,261)
Capital Grants	851,371	640,256	211,115
General Revenues:			
Property Taxes	2,616,458	2,781,602	(165,144)
B&O Taxes	2,047,298	2,075,139	(27,841)
Excise Tax on Utilities	1,126,043	1,193,316	(67,273)
Other Taxes	517,604	769,984	(252,380)
Other	<u>1,187,466</u>	<u>454,903</u>	<u>732,563</u>
Total Revenues	<u>20,020,638</u>	<u>20,345,514</u>	<u>(324,876)</u>
Expenses:			
General Government	3,393,883	3,180,964	212,919
Public Safety	5,595,165	5,083,337	511,828
Highways and Streets	2,478,945	2,062,700	416,245
Health and Sanitation	880,041	856,117	23,924
Culture and Recreation	194,075	288,731	(94,656)
Social Services	46,217	6,230	39,987
Community Development	-0-	477,149	(477,149)
Interest-LTD	65,508	27,433	38,075
Water Board	2,921,703	3,191,659	(269,956)
Sanitary Board	2,006,856	1,915,188	91,668
Park Board	1,091,177	1,040,304	50,873
Library Board	645,074	624,017	21,057
Parking Authority	<u>799</u>	<u>826</u>	<u>(27)</u>
Total Expenses	<u>19,319,443</u>	<u>18,754,655</u>	<u>564,788</u>
Change in Net Assets	701,195	1,590,859	(889,664)
Prior Period Adjustment	<u>(150,000)</u>	<u>1,714,888</u>	<u>(1,864,888)</u>
Ending Change in Net Assets	<u>551,195</u>	<u>3,305,747</u>	<u>(2,754,552)</u>
Ending Net Assets	\$ <u>23,581,716</u>	\$ <u>23,030,521</u>	\$ <u>551,195</u>

Discussion of Financial Position and Results of Operations

Looking government-wide, fiscal year ending June 30, 2008, did result in an increase in total **NET ASSETS**. It reflects a continued trend, as with fiscal year ending June 30, 2007, where net assets also increased. Strength came from a continued increase in capital and other assets. Other assets increased largely due to the increase in investments. The increase in net capital assets comes largely from the business-type activities. (Detail of changes in capital assets can be found in Note 6.)

While strengths may have occurred in the asset categories, they are also offset by increases in the **LIABILITIES**. Total liabilities have increased. This was largely due to the increase in bond payments with business-type activities and pension obligations with governmental activities.

Changes in net assets can further be analyzed by looking at **GOVERNMENT-WIDE REVENUES AND EXPENSES**.

Overall, net **PROGRAM REVENUES** decreased, with a net increase coming from only capital grants. Under charges for services, the primary government category shows a net decrease with a slight increase only with public safety; the business-type category shows a net decrease, with increases only with parks, library and parking. Under operating grants, both the primary government category and the business-type category show net decreases. Under capital grants, the primary government category shows a net decrease with a decrease in all categories; the business-type category shows a net increase with the increases in water, sewer and parks.

Overall net **EXPENSES** increased with a net increase in primary government and a net decrease in business-type activities. Program revenues are covering slightly more than 64 percent of the functions or activities of the City. General revenues are covering the other 36 percent. This is a decline from fiscal year ending June 30, 2007, showing that the City once again must utilize additional general revenues to meet expenditures.

Fund Level Analysis

Major Governmental Funds:

The **General Fund** experienced a net reduction in the fund balance approaching \$226,100 for the fiscal year ended June 30, 2008. Revenues are down over \$583,000 from the previous fiscal year, and this figure includes the impact of \$620,004 generated this year by video lottery and table gaming. A good sign is that expenditures show a net decrease from the prior year by over \$886,000.

The **Coal Severance Fund** experienced a net reduction in the fund balance approaching \$15,000 for the fiscal year ended June 30, 2008. Revenues are up slightly over last year. However, expenditures have increased over last year with the introduction of capital leases for public safety that were previously paid out of the General Fund.

Major Proprietary Funds:

The **Water Fund** experienced operating income for the fiscal year ending June 30, 2008 of approximately \$42,000 less than the prior year. However, expenses were down by approximately \$250,000 from the prior year. Expenses decreased much higher than revenues decreased resulting in a higher operating income. Income before contributions and transfers is over \$207,000 higher than the previous fiscal year.

The **Sanitary Fund** experienced operating income for the fiscal year ended June 30, 2008 of approximately \$26,000 less than the prior year. Expenditures also increased over the prior year by approximately \$68,000. Income before contributions and transfers is over \$119,000 lower than the previous fiscal year.

The **Board of Parks Fund** is experiencing smaller operational losses and smaller losses before capital contributions and transfers. Net assets have increased. The Park Board must also perform the same analysis as the Water and the Sanitary Boards.

Fiduciary Funds–Pension Trusts:

This detail can be found in the other supplementary information section of this report.

Both the Policemen’s and the Firemen’s Pension and Relief Funds saw a negative change in net assets.

The decrease in net investment income was the driving force behind this negative outcome.

(See Note 13)

Analysis of Significant Budget Variations

Revenues:

Total taxes – Unfavorable

Although property and other taxes came in slightly above budget, B&O taxes and excise taxes on utilities did not meet their budget expectations. Total tax revenues were over \$336,000 below estimated budget.

Other revenue – Unfavorable

The other revenue sources also proved unfavorable, including licenses and permits, fines and forfeitures, investment income, charges for services, intergovernmental programs and reimbursements. Total revenues for the year were over 1.3 million dollars below estimated budget, with intergovernmental programs making up over \$905,000 of that shortage. Video lottery, table gaming and some other revenue proceeds did come in over the anticipated budget.

Expenditures:

All categories – Favorable with the exception of social services.

Discussion of Significant Capital Assets and Long-Term Debt

Please refer to Note 6 – Capital Assets, and Note 8 – Long-term Debt, for detailed changes.

Capital Assets – Governmental activities:

Increases were noted in the categories of infrastructure and furniture, machinery, and equipment. Under infrastructure, multiple streets were paved and improved. Various items under furniture, machinery, and equipment were purchased. The overall capital asset net increase before depreciation was approximately \$1.53 million.

Capital Assets - Business-type activities:

The overall capital assets net increase before depreciation was over \$4.36 million. Buildings and Improvements, Infrastructure, General Plant, and Furniture, Machinery and Equipment all had increases.

Overall, Primary Government net capital assets increased, reflecting the need to upgrade and/or replace aging equipment.

Long-term debt – Governmental activities:

The overall long-term debt balance showed a decrease from the prior fiscal year. This is due largely to the retirement of prior obligations.

Discussion of Significant Capital Assets and Long-Term Debt (Continued)

Long-term debt - Business-type activities:

Long-term debt balances increased from the prior fiscal year due to bond issues by the Water and Sanitary Boards for ongoing projects. (See note 17).

Currently Known Facts, Decisions and Conditions

Disclosure of any significant litigations, contingencies, or commitments can be found in Notes 15 and 16.

As discussed in the fund level analysis, the City's General Fund continues in a state of uncertainty. Revenues are flat or declining, while the cost of providing steady or increasing levels of service to the citizens continues on an upswing. The challenge continues for the City administration to continue to provide these now "expected" levels of service. We are seeing more of the same in the fiscal year 2008-2009. Revenues remain flat. The municipal service fee continues to be used for regular street paving, but not for new infrastructure.

The City administration continues to look for new sources of funding such as state and federal grants, but those sources of funding are extremely competitive. 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.

There have been further negative changes with a primary industrial employer in the community which have included reductions in operations and reductions in staffing. This continues to negatively impact the General Fund through further reductions in the B&O tax on manufacturing and also on money collected for the municipal service fee. The subject company has also requested reductions in their property valuations, which if approved would also reduce revenues.

The Weirton City Council finalized its 2009-2010 fiscal year budget in March 2009. Reduced revenue expectations will provide for basic service operations and some street paving.

The City of Weirton should adopt 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, 2009. (See Note 14)

The Weirton Area Water Board has requested and Weirton City Council has approved a rate increase to be implemented beginning in the 3rd or 4th quarter of 2009. It is a two-step increase with the second tier rates to be implemented upon completion of the capital improvements. It is anticipated that the Weirton Sanitary Board and/or the Weirton Sanitation Department may also be seeking further rate increases. This is to be determined.

Contacting the City's Financial Management

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

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,167,597	\$ 1,718,345	\$ 3,885,942
Investments	100,070	942,285	1,042,355
Interest receivable	32	51	83
Taxes receivable, net	992,120	-0-	992,120
Accounts receivable, net	566,511	1,187,715	1,754,226
Grants receivable	146,708	183,249	329,957
Internal balances	(19,512)	19,512	-0-
Due from fiduciary funds	102,151	-0-	102,151
Inventories	-0-	84,952	84,952
Prepays	-0-	31,774	31,774
Other assets	<u>27,596</u>	<u>-0-</u>	<u>27,596</u>
TOTAL CURRENT ASSETS	<u>4,083,273</u>	<u>4,167,883</u>	<u>8,251,156</u>
Non-current Assets			
Restricted assets:			
Cash and cash equivalents	-0-	1,413,396	1,413,396
Deferred debt expense, net	-0-	86,797	86,797
Capital assets:			
Land and construction in progress	855,697	1,066,357	1,922,054
Other capital assets, net of accumulated depreciation	<u>14,235,519</u>	<u>19,938,450</u>	<u>34,173,969</u>
TOTAL NON-CURRENT ASSETS	<u>15,091,216</u>	<u>22,505,000</u>	<u>37,596,216</u>
TOTAL ASSETS	<u>19,174,489</u>	<u>26,672,883</u>	<u>45,847,372</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET ASSETS (CONTINUED)
JUNE 30, 2008

	Primary Government		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 391,352	\$ 555,674	\$ 947,026
Wages and benefits payable	151,166	81,309	232,475
Compensated absences, current	86,524	164,887	251,411
Lease obligations payable, current	344,295	27,195	371,490
Deferred revenue	228,609	337,541	566,150
Bond interest payable, current	-0-	66,054	66,054
Bonds payable, current	<u>-0-</u>	<u>619,010</u>	<u>619,010</u>
TOTAL CURRENT LIABILITIES	<u>1,201,946</u>	<u>1,851,670</u>	<u>3,053,616</u>
Non-current Liabilities			
Compensated absences, non-current	361,455	-0-	361,455
Lease obligations payable, non-current	222,285	28,406	250,691
Security deposit	25,000	-0-	25,000
Net pension obligation	8,859,480	-0-	8,859,480
Bonds payable, non-current	<u>-0-</u>	<u>9,715,414</u>	<u>9,715,414</u>
TOTAL NON-CURRENT LIABILITIES	<u>9,468,220</u>	<u>9,743,820</u>	<u>19,212,040</u>
TOTAL LIABILITIES	<u>10,670,166</u>	<u>11,595,490</u>	<u>22,265,656</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,524,636	10,701,579	25,226,215
Restricted for:			
Debt service	-0-	1,244,791	1,244,791
Maintenance	-0-	168,605	168,605
Other purposes	850,340	-0-	850,340
Unrestricted	<u>(6,870,653)</u>	<u>2,962,418</u>	<u>(3,908,235)</u>
TOTAL NET ASSETS	<u>\$ 8,504,323</u>	<u>\$ 15,077,393</u>	<u>\$ 23,581,716</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General government	\$ 3,393,883	\$ 320,913	\$ 621,812	\$ 25,472	\$ (2,425,686)
Public safety	5,595,165	2,447,159	217,557	54,248	(2,876,201)
Highways and streets	2,478,945	834,147	277,634	94,982	(1,272,182)
Health and sanitation	880,041	950,668	34,558	-0-	105,185
Culture and recreation	194,075	-0-	71,704	-0-	(122,371)
Social services	46,217	-0-	55,678	-0-	9,461
Interest on long-term debt	65,508	-0-	7,000	-0-	(58,508)
TOTAL GOVERNMENTAL ACTIVITIES	<u>12,653,834</u>	<u>4,552,887</u>	<u>1,285,943</u>	<u>174,702</u>	<u>(6,640,302)</u>
Business-Type Activities:					
Water	2,921,703	3,003,311	-0-	189,487	271,095
Sewer	2,006,856	2,078,589	-0-	194,284	266,017
Parks	1,091,177	532,346	211,012	292,898	(54,921)
Library	645,074	10,150	-0-	-0-	(634,924)
Parking	799	160	-0-	-0-	(639)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>6,665,609</u>	<u>5,624,556</u>	<u>211,012</u>	<u>676,669</u>	<u>(153,372)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 19,319,443</u>	<u>\$ 10,177,443</u>	<u>\$ 1,496,955</u>	<u>\$ 851,371</u>	<u>\$ (6,793,674)</u>

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	Primary Government		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
CHANGE IN NET ASSETS:			
Net (expense) revenue	\$ <u>(6,640,302)</u>	\$ <u>(153,372)</u>	\$ <u>(6,793,674)</u>
General Revenues:			
Taxes:			
Property taxes	2,616,458	-0-	2,616,458
B&O taxes	2,047,298	-0-	2,047,298
Excise tax on utilities	1,126,043	-0-	1,126,043
Other taxes	517,604	-0-	517,604
Video lottery and table gaming	620,004	-0-	620,004
Unrestricted investment income	86,243	95,406	181,649
(Loss) on disposition of assets	-0-	(5,395)	(5,395)
Other	217,923	173,285	391,208
Transfers	<u>(736,706)</u>	<u>736,706</u>	<u>-0-</u>
TOTAL GENERAL REVENUES AND TRANSFERS	<u>6,494,867</u>	<u>1,000,002</u>	<u>7,494,869</u>
CHANGE IN NET ASSETS	(145,435)	846,630	701,195
NET ASSETS, BEGINNING, AS RESTATED	<u>8,649,758</u>	<u>14,230,763</u>	<u>22,880,521</u>
NET ASSETS, ENDING	\$ <u>8,504,323</u>	\$ <u>15,077,393</u>	\$ <u>23,581,716</u>

**CITY OF WEIRTON, WEST VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	Coal Severance <u>Tax</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,162,089	\$ 41,429	\$ 922,681	\$ 2,126,199
Investments	100,070	-0-	-0-	100,070
Taxes receivable, net	956,280	24,815	11,025	992,120
Accounts receivable, net	499,393	-0-	-0-	499,393
Grants receivable	96,203	-0-	50,505	146,708
Interest receivable	32	-0-	-0-	32
Due from other funds	71,635	537	-0-	72,172
Due from fiduciary funds	102,151	-0-	-0-	102,151
Deposits and prepaids	<u>27,596</u>	<u>-0-</u>	<u>-0-</u>	<u>27,596</u>
TOTAL ASSETS	\$ <u>3,015,449</u>	\$ <u>66,781</u>	\$ <u>984,211</u>	\$ <u>4,066,441</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 354,393	\$ -0-	\$ 8,425	\$ 362,818
Wages and benefits payable	151,166	-0-	-0-	151,166
Compensated absences	86,524	-0-	-0-	86,524
Due to other funds	63,271	-0-	48,947	112,218
Security deposit	-0-	-0-	25,000	25,000
Deferred revenue	<u>373,561</u>	<u>24,815</u>	<u>129,305</u>	<u>527,681</u>
TOTAL LIABILITIES	<u>1,028,915</u>	<u>24,815</u>	<u>211,677</u>	<u>1,265,407</u>
Fund Balances				
Reserved for:				
Prepaid expenses	27,596	-0-	-0-	27,596
Unreserved reported in:				
General fund	1,958,938	-0-	-0-	1,958,938
Special revenue funds	<u>-0-</u>	<u>41,966</u>	<u>772,534</u>	<u>814,500</u>
TOTAL FUND BALANCES	<u>1,986,534</u>	<u>41,966</u>	<u>772,534</u>	<u>2,801,034</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>3,015,449</u>	\$ <u>66,781</u>	\$ <u>984,211</u>	\$ <u>4,066,441</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CITY OF WEIRTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Total Fund Balance - Total Governmental Funds \$ 2,801,034

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

Capital assets of \$28,199,728, net of accumulated depreciation of \$13,108,512, used in Governmental Activities are not current financial resources and therefore are not reported in the Fund Financial Statements, but are reported in the Governmental Activities of the Statement of Net Assets. 15,091,216

Certain other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds. These include deferred property taxes of \$95,596 and other taxes of \$203,476. 299,072

The assets and liabilities 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 Assets. 100,516

The non-current portion of compensated absences are not due and payable in the current period and are not reported in the funds, but are included in the Governmental Activities of the Statement of Net Assets. (361,455)

Long-term net pension obligations are not due and payable in the current period and are not reported in the funds. (8,859,480)

Capital lease obligations do not require the use of current financial resources and, therefore, are reported only in the Statement of Net Assets. (566,580)

Net Assets of Governmental Activities in the Statement of Net Assets. \$ 8,504,323

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 2,666,690	\$ -0-	\$ 83,546	\$ 2,750,236
B&O taxes	1,903,224	-0-	-0-	1,903,224
Excise tax on utilities	1,126,043	-0-	-0-	1,126,043
Other taxes	420,986	77,216	-0-	498,202
Licenses, permits and fees	136,224	-0-	9,112	145,336
Fines and forfeitures	85,872	-0-	-0-	85,872
Investment income	67,800	869	17,491	86,160
Charges for services	4,146,101	-0-	-0-	4,146,101
Video lottery and table gaming	620,004	-0-	-0-	620,004
Program income	-0-	-0-	5,000	5,000
Intergovernmental programs	874,795	-0-	541,130	1,415,925
Contributions	-0-	-0-	39,720	39,720
Other	<u>217,923</u>	<u>-0-</u>	<u>-0-</u>	<u>217,923</u>
TOTAL REVENUES	<u>12,265,662</u>	<u>78,085</u>	<u>695,999</u>	<u>13,039,746</u>
EXPENDITURES				
Current:				
General government	2,825,279	59,915	200,466	3,085,660
Public safety	4,752,185	88,767	55,382	4,896,334
Highways and streets	3,099,451	-0-	87,805	3,187,256
Health and sanitation	821,679	-0-	-0-	821,679
Culture and recreation	107,596	-0-	51,836	159,432
Social services	11,496	-0-	34,721	46,217
Debt service:				
Capital leases - principal	383,123	8,603	142,731	534,457
Capital leases - interest	<u>57,230</u>	<u>1,074</u>	<u>7,204</u>	<u>65,508</u>
TOTAL EXPENDITURES	<u>12,058,039</u>	<u>158,359</u>	<u>580,145</u>	<u>12,796,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>207,623</u>	<u>(80,274)</u>	<u>115,854</u>	<u>243,203</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING				
SOURCES (USES)				
Transfers from other funds	\$ 30,000	\$ -0-	\$ 50,000	\$ 80,000
Transfers to other funds	(780,750)	-0-	(35,956)	(816,706)
Capital financing	<u>317,030</u>	<u>65,313</u>	<u>-0-</u>	<u>382,343</u>
NET OTHER FINANCING SOURCES (USES)	<u>(433,720)</u>	<u>65,313</u>	<u>14,044</u>	<u>(354,363)</u>
NET CHANGE IN FUND BALANCES	<u>(226,097)</u>	<u>(14,961)</u>	<u>129,898</u>	<u>(111,160)</u>
Fund Balance, Beginning as previously reported	2,362,631	56,927	642,636	3,062,194
Prior period adjustment	<u>(150,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>(150,000)</u>
Fund balances - beginning as restated	<u>2,212,631</u>	<u>56,927</u>	<u>642,636</u>	<u>2,912,194</u>
FUND BALANCE, ENDING	\$ <u>1,986,534</u>	\$ <u>41,966</u>	\$ <u>772,534</u>	\$ <u>2,801,034</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF 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
YEAR ENDED JUNE 30, 2008**

Net Change in Fund Balances - Total Governmental Funds \$ (111,160)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of \$1,528,754 exceeded depreciation of \$1,225,808 in the current period. 302,946

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. These include the increase in other taxes of \$163,476 and decreases in property taxes of \$133,778. 29,698

Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which capital lease payments of \$534,457 exceeded capital lease obligations of \$382,343. 152,114

Net pension obligation represents long-term debt activity which is presented on the government-wide financial statements, not the fund financial statements. (632,701)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These result in a net increase in compensated absences of \$10,270 and a net decrease in PEIA liability of \$76,920. 66,650

An internal service fund is used by management to charge gasoline to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. 47,018

Change in net assets of governmental activities \$ (145,435)

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008**

	<u>Water Board</u>	<u>Sanitary Board</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 406,025	\$ 624,167
Investments	-0-	-0-
Accounts receivable, net	579,923	588,044
Interest receivable	-0-	-0-
Grants receivable	183,249	-0-
Due from other funds	62,496	5,222
Inventories	84,952	-0-
Prepays	<u>9,245</u>	<u>18,751</u>
TOTAL CURRENT ASSETS	<u>1,325,890</u>	<u>1,236,184</u>
Restricted Assets:		
Cash and cash equivalents	<u>1,109,140</u>	<u>304,256</u>
TOTAL RESTRICTED ASSETS	<u>1,109,140</u>	<u>304,256</u>
Non-current Assets:		
Deferred debt expense, net	61,403	25,394
Capital assets:		
Land and construction in progress	457,817	240,510
Other capital assets, net of accumulated depreciation	<u>9,014,998</u>	<u>9,127,058</u>
TOTAL NON-CURRENT ASSETS	<u>9,534,218</u>	<u>9,392,962</u>
TOTAL ASSETS	<u>11,969,248</u>	<u>10,933,402</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

<u>Board of Park Commissioners</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund - Gasoline</u>
\$ 420,730	\$ 267,423	\$ 1,718,345	\$ 41,398
625,000	317,285	942,285	-0-
7,122	12,626	1,187,715	67,118
51	-0-	51	-0-
-0-	-0-	183,249	-0-
-0-	-0-	67,718	20,534
-0-	-0-	84,952	-0-
<u>-0-</u>	<u>3,778</u>	<u>31,774</u>	<u>-0-</u>
<u>1,052,903</u>	<u>601,112</u>	<u>4,216,089</u>	<u>129,050</u>
<u>-0-</u>	<u>-0-</u>	<u>1,413,396</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>1,413,396</u>	<u>-0-</u>
-0-	-0-	86,797	-0-
6,000	362,030	1,066,357	-0-
<u>1,343,740</u>	<u>452,654</u>	<u>19,938,450</u>	<u>-0-</u>
<u>1,349,740</u>	<u>814,684</u>	<u>21,091,604</u>	<u>-0-</u>
<u>2,402,643</u>	<u>1,415,796</u>	<u>26,721,089</u>	<u>129,050</u>

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2008**

	<u>Water Board</u>	<u>Sanitary Board</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 415,715	\$ 97,571
Wages and benefits payable	22,819	26,413
Due to other funds	35,357	9,709
Compensated absences, current	71,617	57,864
Capital lease obligation, current	-0-	27,195
Deferred revenue	<u>-0-</u>	<u>-0-</u>
TOTAL CURRENT LIABILITIES	<u>545,508</u>	<u>218,752</u>
Liabilities Payable From Restricted Assets:		
Bond interest payable, current	59,126	6,928
Bonds payable, current	<u>445,572</u>	<u>173,438</u>
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>504,698</u>	<u>180,366</u>
Non-Current Liabilities:		
Capital lease obligation, non-current	-0-	28,406
Bonds payable, non-current	<u>6,195,166</u>	<u>3,520,248</u>
TOTAL NON-CURRENT LIABILITIES	<u>6,195,166</u>	<u>3,548,654</u>
TOTAL LIABILITIES	<u>7,245,372</u>	<u>3,947,772</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,893,480	5,643,675
Restricted for debt service	958,470	286,321
Restricted for maintenance	150,670	17,935
Unrestricted	<u>721,256</u>	<u>1,037,699</u>
TOTAL NET ASSETS	<u>\$ 4,723,876</u>	<u>\$ 6,985,630</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

<u>Board of Park Commissioners</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund - Gasoline</u>
\$ 31,377	\$ 11,011	\$ 555,674	\$ 28,534
19,560	12,517	81,309	-0-
2,885	255	48,206	-0-
10,931	24,475	164,887	-0-
-0-	-0-	27,195	-0-
<u>271,235</u>	<u>66,306</u>	<u>337,541</u>	<u>-0-</u>
<u>335,988</u>	<u>114,564</u>	<u>1,214,812</u>	<u>28,534</u>
-0-	-0-	66,054	-0-
<u>-0-</u>	<u>-0-</u>	<u>619,010</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>685,064</u>	<u>-0-</u>
-0-	-0-	28,406	-0-
<u>-0-</u>	<u>-0-</u>	<u>9,715,414</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>9,743,820</u>	<u>-0-</u>
<u>335,988</u>	<u>114,564</u>	<u>11,643,696</u>	<u>28,534</u>
1,349,740	814,684	10,701,579	-0-
-0-	-0-	1,244,791	-0-
-0-	-0-	168,605	-0-
<u>716,915</u>	<u>486,548</u>	<u>2,962,418</u>	<u>100,516</u>
\$ <u>2,066,655</u>	\$ <u>1,301,232</u>	\$ <u>15,077,393</u>	\$ <u>100,516</u>

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	<u>Water Board</u>	<u>Sanitary Board</u>
OPERATING REVENUES		
Charges for services:		
Fees for services	\$ 2,995,804	\$ 2,078,589
Library fines	-0-	-0-
Parking fees	-0-	-0-
Concessions, merchandise sales and commissions	-0-	-0-
Internal service charges	<u>-0-</u>	<u>-0-</u>
TOTAL CHARGES FOR SERVICES	2,995,804	2,078,589
Lease and rental income	7,507	-0-
Other	<u>283</u>	<u>4,666</u>
TOTAL OPERATING REVENUES	<u>3,003,594</u>	<u>2,083,255</u>
OPERATING EXPENSES		
Personal services	1,264,521	1,030,378
Maintenance, operations, and contractual services	716,522	493,229
Materials and supplies	233,332	74,748
Depreciation	<u>446,116</u>	<u>380,249</u>
TOTAL OPERATING EXPENSES	<u>2,660,491</u>	<u>1,978,604</u>
Operating income (loss)	<u>343,103</u>	<u>104,651</u>
NON-OPERATING REVENUE (EXPENSES)		
Grant income	-0-	-0-
Investment income	42,342	28,480
Interest on bonds, notes and lease obligations	(259,339)	(28,146)
Amortization	(1,873)	(106)
Gain (loss) on disposition of assets	<u>(4,950)</u>	<u>(1,443)</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(223,820)</u>	<u>(1,215)</u>
Income (loss) before contributions and transfers	119,283	103,436
Capital contributions, grants	183,249	-0-
Capital contributions, other	6,238	194,284
Transfers from other funds	<u>-0-</u>	<u>-0-</u>
Change in net assets	308,770	297,720
Total net assets, beginning	<u>4,415,106</u>	<u>6,687,910</u>
Total net assets, ending	\$ <u>4,723,876</u>	\$ <u>6,985,630</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

<u>Board of Park Commissioners</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund - Gasoline</u>
\$ 476,707	\$ -0-	\$ 5,551,100	\$ -0-
-0-	10,150	10,150	-0-
-0-	160	160	-0-
17,361	-0-	17,361	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>495,670</u>
494,068	10,310	5,578,771	495,670
38,278	-0-	45,785	-0-
<u>200</u>	<u>168,136</u>	<u>173,285</u>	<u>-0-</u>
532,546	178,446	5,797,841	495,670
551,843	362,816	3,209,558	-0-
301,003	129,612	1,640,366	-0-
47,356	107,724	463,160	448,735
<u>190,975</u>	<u>45,721</u>	<u>1,063,061</u>	<u>-0-</u>
<u>1,091,177</u>	<u>645,873</u>	<u>6,376,145</u>	<u>448,735</u>
<u>(558,631)</u>	<u>(467,427)</u>	<u>(578,304)</u>	<u>46,935</u>
-0-	211,012	211,012	-0-
15,591	8,993	95,406	83
-0-	-0-	(287,485)	-0-
-0-	-0-	(1,979)	-0-
<u>1,400</u>	<u>(402)</u>	<u>(5,395)</u>	<u>-0-</u>
<u>16,991</u>	<u>219,603</u>	<u>11,559</u>	<u>83</u>
(541,640)	(247,824)	(566,745)	47,018
66,419	-0-	249,668	-0-
226,479	-0-	427,001	-0-
<u>458,256</u>	<u>278,450</u>	<u>736,706</u>	<u>-0-</u>
209,514	30,626	846,630	47,018
<u>1,857,141</u>	<u>1,270,606</u>	<u>14,230,763</u>	<u>53,498</u>
\$ <u>2,066,655</u>	\$ <u>1,301,232</u>	\$ <u>15,077,393</u>	\$ <u>100,516</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008**

	<u>Water Board</u>	<u>Sanitary Board</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 2,851,537	\$ 2,020,415
Cash payments to suppliers for goods and services	(852,979)	(544,454)
Cash payments to employees and professional contractors for services	(1,333,875)	(1,027,034)
Payments for internal services	(32,899)	(18,805)
Other operating revenues	<u>7,790</u>	<u>4,666</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>639,574</u>	<u>434,788</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating grants received	-0-	-0-
Transfers from other funds	<u>-0-</u>	<u>-0-</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>-0-</u>	<u>-0-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(940,682)	(3,494,341)
Proceeds from issue of bonds	547,512	2,873,097
Principal paid on bonds and notes and capital lease obligations	(321,644)	(68,858)
Interest paid on bonds and notes and capital lease obligations	(263,715)	(21,218)
Proceeds from disposals of capital assets	-0-	-0-
Capital contributions	6,238	27,774
Capital grants received	<u>-0-</u>	<u>-0-</u>
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(972,291)</u>	<u>(683,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-0-	-0-
Proceeds from sale of investments	-0-	-0-
Investment income	<u>42,342</u>	<u>28,480</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>42,342</u>	<u>28,480</u>
Net increase (decrease) in cash and cash equivalents	(290,375)	(220,278)
Cash and cash equivalents at July 1, 2007	1,805,540	1,148,701
Cash and cash equivalents at June 30, 2008	\$ <u>1,515,165</u>	\$ <u>928,423</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

<u>Board of Park Commissioners</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund - Gasoline</u>
\$ 535,595 (248,478)	\$ 16,774 (212,647)	\$ 5,424,321 (1,858,558)	\$ 477,419 (455,960)
(607,526)	(395,172)	(3,363,607)	-0-
(3,475)	(994)	(56,173)	-0-
<u>200</u>	<u>168,136</u>	<u>180,792</u>	<u>-0-</u>
<u>(323,684)</u>	<u>(423,903)</u>	<u>326,775</u>	<u>21,459</u>
-0-	219,583	219,583	-0-
<u>458,256</u>	<u>278,450</u>	<u>736,706</u>	<u>-0-</u>
<u>458,256</u>	<u>498,033</u>	<u>956,289</u>	<u>-0-</u>
(170,694)	(36,189)	(4,641,906)	-0-
-0-	-0-	3,420,609	-0-
-0-	-0-	(390,502)	-0-
-0-	-0-	(284,933)	-0-
1,435	-0-	1,435	-0-
3,416	-0-	37,428	-0-
<u>305,000</u>	<u>-0-</u>	<u>305,000</u>	<u>-0-</u>
<u>139,157</u>	<u>(36,189)</u>	<u>(1,552,869)</u>	<u>-0-</u>
(915,000)	(20,983)	(935,983)	-0-
290,000	63,718	353,718	-0-
<u>15,591</u>	<u>25,318</u>	<u>111,731</u>	<u>83</u>
<u>(609,409)</u>	<u>68,053</u>	<u>(470,534)</u>	<u>83</u>
(335,680)	105,994	(740,339)	21,542
<u>756,410</u>	<u>161,429</u>	<u>3,872,080</u>	<u>19,856</u>
\$ <u>420,730</u>	\$ <u>267,423</u>	\$ <u>3,131,741</u>	\$ <u>41,398</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2008**

	<u>Water Board</u>	<u>Sanitary Board</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ <u>343,103</u>	\$ <u>104,651</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	446,116	380,249
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(83,911)	(62,434)
(Increase) decrease due from other funds	(60,356)	4,260
(Increase) decrease inventories	25,207	-0-
(Increase) decrease in prepaids	2,937	(5,974)
(Increase) decrease in deposits	-0-	-0-
Increase (decrease) in accounts payable	(12,550)	8,000
Increase (decrease) in wages and benefits payable	(7,427)	3,383
Increase (decrease) in due to other funds	(12,672)	2,692
Increase (decrease) in compensated absences	<u>(873)</u>	<u>(39)</u>
TOTAL ADJUSTMENTS	<u>296,471</u>	<u>330,137</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>639,574</u>	\$ <u>434,788</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Net (decrease) in fair value of investments	\$ <u>-0-</u>	\$ <u>-0-</u>
Construction in progress financed through trade accounts payable	\$ <u>177,965</u>	\$ <u>(578,424)</u>
Net book value of other capital assets written off	\$ <u>4,950</u>	\$ <u>1,443</u>
Noncash capital contribution of capital assets	\$ <u>-0-</u>	\$ <u>-0-</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

<u>Board of Park Commissioners</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund - Gasoline</u>
\$ <u>(558,631)</u>	\$ <u>(467,427)</u>	\$ <u>(578,304)</u>	\$ <u>46,935</u>
190,975	45,721	1,063,061	-0-
1,849	6,464	(138,032)	(9,921)
1,400	-0-	(54,696)	(8,330)
-0-	-0-	25,207	-0-
17,138	536	14,637	-0-
-0-	303	303	-0-
11,561	(2,211)	4,800	(7,225)
8,305	(1,941)	2,320	-0-
1,106	(3,823)	(12,697)	-0-
<u>2,613</u>	<u>(1,525)</u>	<u>176</u>	<u>-0-</u>
<u>234,947</u>	<u>43,524</u>	<u>905,079</u>	<u>(25,476)</u>
\$ <u>(323,684)</u>	\$ <u>(423,903)</u>	\$ <u>326,775</u>	\$ <u>21,459</u>
\$ <u>-0-</u>	\$ <u>(16,014)</u>	\$ <u>(16,014)</u>	\$ <u>-0-</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(400,459)</u>	\$ <u>-0-</u>
\$ <u>35</u>	\$ <u>402</u>	\$ <u>6,830</u>	\$ <u>-0-</u>
\$ <u>223,063</u>	\$ <u>-0-</u>	\$ <u>223,063</u>	\$ <u>-0-</u>

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ <u>404,642</u>	\$ <u>71,052</u>
Investments, at fair value:		
Common stock	5,361,770	-0-
Bond mutual funds	<u>5,769,268</u>	<u>-0-</u>
TOTAL INVESTMENTS	<u>11,131,038</u>	<u>-0-</u>
TOTAL ASSETS	<u>11,535,680</u>	<u>71,052</u>
LIABILITIES		
Accounts payable	3,338	-0-
Unearned revenue	-0-	54,154
Due to other funds	102,151	-0-
Due to other entities	<u>-0-</u>	<u>16,898</u>
TOTAL LIABILITIES	<u>105,489</u>	<u>71,052</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u><u>11,430,191</u></u>	\$ <u><u>-0-</u></u>

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 448,758
Plan members	170,399
Insurance premium tax allocation	<u>541,036</u>
TOTAL CONTRIBUTIONS	<u>1,160,193</u>
Investment income	(579,709)
Less: Investment expense	<u>(60,953)</u>
NET INVESTMENT INCOME	<u>(640,662)</u>
TOTAL ADDITIONS	<u>519,531</u>
DEDUCTIONS	
Benefits	1,558,937
Administrative expenses	<u>14,190</u>
TOTAL DEDUCTIONS	<u>1,573,127</u>
Change in net assets	(1,053,596)
Net assets held in trust for pension benefits:	
Beginning of year	<u>12,483,787</u>
End of year	\$ <u>11,430,191</u>

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION – The accounting and reporting framework and the more significant accounting principles and practices of City of Weirton, West Virginia (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, 2008.

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

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

<u>Related Organizations</u>	<u>Brief Description of Activities and Relationship to the City</u>
City of Weirton Housing Authority	Administer Federal funding and/or other financing for improvement of housing conditions in the City. The five citizens who serve as the governing board are approved by the City Council. The City has no significant influence over the management, budget, or policies of the Housing Authority. The Authority reports independently.
City of Weirton Transit Authority	Administer Federal funding and/or other financing for operating a bus transportation system in the City. The eleven citizens who serve as the governing board are approved by the City Council. The City has no significant influence over the management, budget, or policies of the Transit Authority. The Authority reports independently.
City of Weirton Redevelopment Authority	Administer Federal funding and/or other financing for the redevelopment of real estate within the City. The six citizens who serve as the governing board are approved by the City Council. The City has no significant influence over the management, budget, or policies of the Redevelopment Authority. The Authority reports independently.

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

FUND FINANCIAL STATEMENTS - Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, that do not conflict with GASB pronouncements in both the government-wide and proprietary fund financial statements.

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

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan. See Note 13.

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

Major revenue sources susceptible to accrual include: property taxes, excise taxes on utilities, B&O taxes, hotel taxes, wine, liquor and private club taxes, video lottery and table games proceeds, refuse fees, municipal service fees, police and fire service fees, and intergovernmental revenues. In general, other revenues are recognized when cash is received. See Note 4 for related information.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Liabilities payable from restricted assets current in nature are reported with current liabilities in the government-wide financial statements. See Note 5 for information describing restricted assets.

FUND TYPES AND MAJOR FUNDS - The following describes fund types and major funds:

Governmental Funds - The City reports the following major governmental funds:

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

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

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS (CONTINUED)

Proprietary Funds - The City reports the following major enterprise funds:

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

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

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

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

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

Pension Trust Funds - report fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. The City's pension trust funds are limited to uniformed employees (policemen and firemen). See Note 13.

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.

CASH AND INVESTMENTS - The City's cash and investment policies are governed by state statute. The Finance Director manages the City's investments with the exception of the pension trust funds which are managed by the trustees of the plans and the investments of the Board of Park Commissioners and Library which are managed by their respective directors.

The City does not maintain cash and investment pools. Non-pooled cash and investments are separately held and reflected in their respective funds as "cash and cash equivalents" and "investments," some of which are restricted assets. For additional information concerning restricted accounts, see Note 5. Legal restrictions and the City's policies governing deposits and investments are discussed in Note 3.

For purposes of the statement of cash flows, the City reporting entity generally considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents unless considered to be held for investment purposes.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note 3.

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

CAPITAL ASSETS AND DEPRECIATION - The City's property, plant, equipment, and proprietary fund infrastructure and governmental fund infrastructure purchased or constructed after June 30, 1980 with useful lives of more than one year are stated at historical cost, or estimated historical cost, if actual cost is unavailable, and are comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

During fiscal year 2007, the city implemented the transition provisions of GASB 34, to retroactively report governmental activities infrastructure assets (e.g. roads/streets, alleys, bridges, trails, and trail bridges) and land holdings acquired after June 30, 1980 in the accompanying government-wide financial statements as described in Note 6.

The City has not valued or capitalized all of its library books, reference material, and historical treasures. Generally accepted accounting principles require these assets be capitalized. The effect of this departure from generally accepted accounting principles is not considered to be material by management.

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

For information describing capital assets, see Note 6.

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND

DISCOUNTS/PREMIUMS - In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The 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.

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

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

NOTE 2 - BUDGETARY INFORMATION

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

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

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

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 2 - BUDGETARY INFORMATION (CONTINUED)

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

For discussion of deposit and investment policy and other related information see Note 1.

DEPOSITS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State statute requires deposits to be fully collateralized. Deposited funds may be invested in certificates of deposit issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the Director of Finance (Director for the Board of Park Commissioners and Library). State statute restricts uninvested cash in pension trust funds to an estimated amount not to exceed ninety days of benefit payments and administrative costs.

As of June 30, 2008, \$3,852,228 of the City's bank balances of \$5,122,647 were exposed to custodial credit risk as follows:

Bank balances not covered by depository insurance:	
Uncollateralized	\$ 346,816
Collateralized by securities held by the pledging financial institution	<u>3,505,412</u>
	<u>\$ 3,852,228</u>

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

As of June 30, 2008, the City's reporting entity had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Effective Duration (2)</u>	<u>Weighted Average Days To Maturity (2)</u>
PRIMARY GOVERNMENT					
Non-pooled Investments:					
Certificates of Deposit	\$ 725,070	\$ 724,000	N/A		55
Fixed Income Mutual Fund	153,603	149,807	N/A		N/A
Equity Mutual Fund	<u>163,682</u>	<u>185,746</u>	N/A		N/A
 Total Primary Government Investments (Non-fiduciary)	 <u>1,042,355</u>	 <u>1,059,553</u>			
FIDUCIARY FUNDS					
Common Stock:					
Domestic	5,361,770	5,157,719	N/A		N/A
Fixed Income Mutual Fund	<u>5,769,268</u>	<u>6,042,305</u>	N/A		N/A
 Total Fiduciary Investments	 <u>11,131,038</u>	 <u>11,200,024</u>			
 Grand Total Investments	 \$ <u>12,173,393</u>	 \$ <u>12,259,577</u>			

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable or not available.

(2) Interest rate risk is estimated using either duration or weighted average days to maturity. N/A indicates not applicable or not available.

The composition of pension trust fund investments at fair value is shown in the following table:

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>	<u>Total</u>
Domestic common stock	\$ 2,780,784	\$ 2,580,986	\$ 5,361,770
Fixed income mutual funds	<u>2,376,300</u>	<u>3,392,968</u>	<u>5,769,268</u>
 Total investments	 \$ <u>5,157,084</u>	 \$ <u>5,973,954</u>	 \$ <u>11,131,038</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENT POLICIES

Primary Government

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the Finance Director (Director for Board of Park Commissioners and Library). Investing is performed in accordance with investment policies prescribed by state statutes. City funds may be invested in:

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

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

PENSION TRUST POLICY

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

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

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

PENSION TRUST POLICY (CONTINUED)

- (7) Equity - Common stocks, securities convertible into common stocks, or warrants and rights to purchase such securities; Provided, That each shall be listed on the NYSE, ASE or are traded on the National OTC Market and listed on the NASDAQ National Market.

Moneys invested are subject to the following restrictions and conditions:

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

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

PENSION TRUST POLICY (CONTINUED)

Both plans address custodial credit risk similarly with policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items; and provides periodic accounting to the respective pension boards. The pension trust funds hold \$221,071 in money market funds and \$5,361,770 in common stock which is held by the investment counterparty, not in the name of the pension fund or the City.

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

NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

ENTERPRISE RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

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

	<u>Major Enterprise Funds</u>				
	Water <u>Board</u>	Sanitary <u>Board</u>	Board of Park <u>Commissioners</u>	Other Enterprise <u>Funds</u>	<u>Total</u>
Accounts Receivable	\$ 831,031	\$ 793,001	\$ 7,122	\$ 12,626	\$ 1,643,780
Less: Allowance for Uncollectible Accounts	<u>(251,108)</u>	<u>(204,957)</u>	<u>-0-</u>	<u>-0-</u>	<u>(456,065)</u>
Net Accounts Receivable	\$ <u>579,923</u>	\$ <u>588,044</u>	\$ <u>7,122</u>	\$ <u>12,626</u>	\$ <u>1,187,715</u>
Uncollectible Amounts Netted With Revenues	\$ <u>26,263</u>	\$ <u>40,758</u>	\$ <u>(126)</u>	\$ <u>-0-</u>	\$ <u>66,895</u>

The Board of Park Commissioners Fund and the Library Fund reported deferred revenue of \$271,235 and \$66,306, respectively for grant revenue received in advance of incurring qualifying expenses.

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE
(CONTINUED)**

GOVERNMENTAL RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

Significant receivables include amounts due from customers for sanitation services, municipal service fees, and police and fire service fees. These receivables are due within one year. Certain funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance is estimated using accounts receivable past due more than 90 days. Related amounts are shown in the following table:

	<u>Major Governmental Funds</u>
	<u>General Fund</u>
Accounts receivable	\$ 893,230
Less: Allowance for Uncollectible Accounts	<u>(393,837)</u>
Net Accounts Receivable	\$ <u>499,393</u>
Uncollectible Amounts Netted with Revenues	\$ <u>(13,975)</u>

**PROPERTY TAXES RECEIVABLE, UNCOLLECTIBLE TAXES, DEFERRED
REVENUE, AND PROPERTY TAX CALENDAR**

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a county may 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. All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5¢); on Class II property, twenty-five cents (25.0¢); and on Class IV property, fifty cents (50.0¢). In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

**NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE
(CONTINUED)**

PROPERTY TAXES RECEIVABLE, UNCOLLECTIBLE TAXES, DEFERRED REVENUE, AND PROPERTY TAX CALENDAR (CONTINUED)

The levy rates levied by City of Weirton, West Virginia, per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2008 were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ 28,800	12.50¢
Class II	242,880,990	25.00¢
Class IV	400,328,093	50.00¢

In the governmental fund financial statements, property taxes receivable are recorded in the General Fund and Tax Increment Financing Fund once the levy is approved. At fiscal year-end, the receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year end, they are recorded as deferred revenue. Deferred property taxes recorded in the accompanying governmental fund financial statements totaled \$95,596. An allowance totaling \$83,343 for uncollectible taxes has been established at year end. The allowance amount is estimated based on past experience.

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

GRANTS RECEIVABLE AND DEFERRED REVENUE

Grants receivable totaling \$146,708 have been recorded for expenses incurred in excess of grant funds received in the General Fund and Community Development Block Grant Fund. Deferred revenues in the governmental fund financial statements also include unearned revenue and revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). Other deferred revenue consists of other taxes and intergovernment revenue received after 60 days in the General and Coal Severance Tax Funds totaling \$203,476 and other revenues received in advance of incurring qualifying expenditures in the General Fund and Public Safety and Development Fund totaling \$228,609. Deferred revenue received after 60 days is fully recognized as revenue in the government-wide statements if eligibility requirements are met.

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 5 - RESTRICTED ASSETS AND RESTRICTED NET ASSETS

Certain proprietary fund assets are restricted for debt service and repair and replacement of capital assets. Total restricted assets, which consist of interest bearing checking accounts and deposits with the West Virginia Municipal Bond Commission, amounted to \$1,413,396.

Net assets restricted for debt service consists of cash on deposit with the Municipal Bond Commission restricted for debt service on revenue bonds. Net assets for maintenance consists of cash accounts restricted for repair and replacement of the water and wastewater facilities. Net assets of governmental funds restricted by enabling legislation for specific purposes include intergovernmental programs, contributions, property taxes from increment financing property, and financial stability funds together totaling \$850,340.

NOTE 6 - CAPITAL ASSETS

CHANGES IN CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, NOT DEPRECIATED			CAPITAL ASSETS, DEPRECIATED					Totals
	Land	Construction In Progress	Land Improvements	Buildings and Improvements	Infrastructure	General Plant	Furniture, Machinery, and Equipment		
Primary Government									
<i>Governmental Activities</i>									
Balance, June 30, 2007	\$ 855,697	\$ -0-	\$ 1,861,641	\$ 7,095,920	\$ 7,632,226	\$ -0-	\$ 9,225,490	\$ 26,670,974	
Increases	-0-	-0-	-0-	-0-	1,048,035	-0-	480,719	1,528,754	
Decreases	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Balance, June 30, 2008	<u>855,697</u>	<u>-0-</u>	<u>1,861,641</u>	<u>7,095,920</u>	<u>8,680,261</u>	<u>-0-</u>	<u>9,706,209</u>	<u>28,199,728</u>	
<i>Accumulated Depreciation</i>									
Balance, June 30, 2007	-0-	-0-	1,693,992	4,036,425	1,286,974	-0-	4,865,313	11,882,704	
Increases	-0-	-0-	52,822	138,906	429,733	-0-	604,347	1,225,808	
Decreases	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Balance, June 30, 2008	<u>-0-</u>	<u>-0-</u>	<u>1,746,814</u>	<u>4,175,331</u>	<u>1,716,707</u>	<u>-0-</u>	<u>5,469,660</u>	<u>13,108,512</u>	
<i>Governmental Activities</i>									
Capital Assets, Net	<u>855,697</u>	<u>-0-</u>	<u>114,827</u>	<u>2,920,589</u>	<u>6,963,554</u>	<u>-0-</u>	<u>4,236,549</u>	<u>15,091,216</u>	
<i>Business-type Activities</i>									
Balance, June 30, 2007	535,383	4,079,741	134,947	8,655,325	32,519,396	1,303,273	3,340,728	50,568,793	
Increases	-0-	3,865,613	-0-	434,076	2,860,368	4,502,928	190,382	11,853,367	
Decreases	-0-	(7,414,380)	-0-	(10,025)	-0-	(3,386)	(62,952)	(7,490,743)	
Balance, June 30, 2008	<u>535,383</u>	<u>530,974</u>	<u>134,947</u>	<u>9,079,376</u>	<u>35,379,764</u>	<u>5,802,815</u>	<u>3,468,158</u>	<u>54,931,417</u>	
<i>Accumulated Depreciation</i>									
Balance, June 30, 2007	-0-	-0-	127,454	4,247,979	25,634,754	554,624	2,368,294	32,933,105	
Increases	-0-	-0-	227	269,483	510,912	72,462	209,977	1,063,061	
Decreases	-0-	-0-	-0-	(9,614)	-0-	(2,131)	(57,811)	(69,556)	
Balance, June 30, 2008	<u>-0-</u>	<u>-0-</u>	<u>127,681</u>	<u>4,507,848</u>	<u>26,145,666</u>	<u>624,955</u>	<u>2,520,460</u>	<u>33,926,610</u>	
<i>Business-type Activities</i>									
Capital Assets, Net	<u>535,383</u>	<u>530,974</u>	<u>7,266</u>	<u>4,571,528</u>	<u>9,234,098</u>	<u>5,177,860</u>	<u>947,698</u>	<u>21,004,807</u>	
Primary Government									
Capital Assets, Net	<u>\$ 1,391,080</u>	<u>\$ 530,974</u>	<u>\$ 122,093</u>	<u>\$ 7,492,117</u>	<u>\$ 16,197,652</u>	<u>\$ 5,177,860</u>	<u>\$ 5,184,247</u>	<u>\$ 36,096,023</u>	

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 - CAPITAL ASSETS (CONTINUED)

COMMITMENTS

Active construction in progress is composed of the following:

	<u>Spent to</u> <u>June 30, 2008</u>	<u>Remaining</u> <u>Commitment</u>
Primary Government		
<i>Business-type Activities:</i>		
Water line extension	\$ 6,761	\$ 23,239
Water plant improvements	333,179	4,397,821
Sewer line extensions	191,034	203,966

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

DEPRECIATION EXPENSE

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

Governmental Activities		Business-type Activities	
General government	\$ 240,849	Water	\$ 446,116
Public safety	339,097	Sewer	380,249
Highways and streets	525,357	Board of Park	
Health and sanitation	66,106	Commissioners	190,975
Culture and recreation	54,399	Library	44,925
		Parking Authority	796

NOTE 7 - LEASE COMMITMENTS

CAPITAL LEASES

The City's outstanding lease agreements include the acquisition of machinery and equipment for the street department at a cost of \$596,514, police cruisers at a cost of \$195,420, fire boat at a cost of \$137,500, a fire truck at a cost of \$366,595 and an excavator for the Sanitary Board at a cost of \$160,100. These leases qualify as capital leases. Amortization expense for these assets is included in depreciation expense as summarized in Note 6.

The debt service for capital leases are:

Year Ending <u>June 30,</u>	<u>Governmental Activities</u> <u>General Fund</u>		<u>Business-Type Activities</u> <u>Sanitary Board</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 344,295	\$ 17,542	\$ 27,195	\$ 2,474
2010	164,511	7,716	28,406	1,264
2011	<u>57,774</u>	<u>1,246</u>	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>566,580</u>	\$ <u>26,504</u>	\$ <u>55,601</u>	\$ <u>3,738</u>

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 - LEASE COMMITMENTS (CONTINUED)

CAPITAL LEASES (CONTINUED)

Interest rates on capital leases vary from 3.86% to 4.59% and are based on the lower of the City's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

Total interest expense for the fiscal year ended June 30, 2008 amounted to \$65,508 for governmental activities and \$3,633 for business-type activities, all of which was expensed.

NOTE 8 - LONG-TERM DEBT

REVENUE BONDS

Revenue bonds outstanding as of June 30, 2008 consist of debt issued by the City for its water treatment and sewage treatment facilities. The debts are payable solely from and secured by a pledge of the gross revenues to be derived from the operation of the water treatment and sewage treatment plants.

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 water system bonds and sewer bonds require the use of revenue, depreciation, operations and maintenance, reserve, construction, renewal and replacement, rebate and sinking fund accounts. Additionally, the Water Revenue Bonds, Series 2006A Bond Ordinance requires the water board to fix and collect such rates, fees, rentals and other charges for the services and facilities of the system so that in each fiscal year the net revenues will be equal to not less than 115% of the maximum annual debt service on all outstanding bonds. The Board was not in compliance with this covenant for the fiscal year ended June 30, 2008.

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

<u>Description and Purpose</u>	<u>Balance</u> <u>July 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<i>Primary Government</i>					
<i>Governmental Activities</i>					
Compensated Absences	\$ 458,653	\$ -0-	\$ 10,674	\$ 447,979	\$ 86,524
Lease Obligations Payable	<u>718,695</u>	<u>382,343</u>	<u>534,458</u>	<u>566,580</u>	<u>344,295</u>
Total Governmental Activities	<u>1,177,348</u>	<u>382,343</u>	<u>545,132</u>	<u>1,014,559</u>	<u>430,819</u>
<i>Business-type Activities</i>					
Revenue Bonds:					
<u>Major Enterprise Funds</u>					
Water Board	6,414,870	547,512	321,644	6,640,738	445,572
Sanitary Board	<u>863,410</u>	<u>2,873,097</u>	<u>42,821</u>	<u>3,693,686</u>	<u>173,438</u>
Total Revenue Bonds	<u>7,278,280</u>	<u>3,420,609</u>	<u>364,465</u>	<u>10,334,424</u>	<u>619,010</u>

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

CHANGES IN LONG-TERM DEBT (CONTINUED)

	Balance <u>July 1, 2007</u>	Issued	Retired	Balance <u>June 30, 2008</u>	Due Within <u>One Year</u>
Revenue Bonds Interest Payable:					
<u>Major Enterprise Funds</u>					
Water Board	\$ 63,502	\$ 259,339	\$ 263,715	\$ 59,126	\$ 59,126
Sanitary Board	<u>-0-</u>	<u>24,513</u>	<u>17,585</u>	<u>6,928</u>	<u>6,928</u>
Total Revenue Bonds Interest Payable	<u>63,502</u>	<u>283,852</u>	<u>281,300</u>	<u>66,054</u>	<u>66,054</u>
Lease Obligations Payable:					
<u>Major Enterprise Funds</u>					
Sanitary Board	<u>81,638</u>	<u>-0-</u>	<u>26,037</u>	<u>55,601</u>	<u>27,195</u>
Total Lease Obligations Payable	<u>81,638</u>	<u>-0-</u>	<u>26,037</u>	<u>55,601</u>	<u>27,195</u>
Compensated Absences:					
<u>Major Enterprise Funds</u>					
Water Board	72,490	-0-	873	71,617	71,617
Sanitary Board	57,903	-0-	39	57,864	57,864
Board of Park Commissioners	8,318	2,613	-0-	10,931	10,931
<u>Other Enterprise Funds</u>					
Library	<u>26,000</u>	<u>-0-</u>	<u>1,525</u>	<u>24,475</u>	<u>24,475</u>
Total Compensated Absences	<u>164,711</u>	<u>2,613</u>	<u>2,437</u>	<u>164,887</u>	<u>164,887</u>
Total Business-type Activities	<u>7,588,131</u>	<u>3,707,074</u>	<u>674,239</u>	<u>10,620,966</u>	<u>877,146</u>
Total Primary Government Long-term Debt	\$ <u>8,765,479</u>	\$ <u>4,089,417</u>	\$ <u>1,219,371</u>	\$ <u>11,635,525</u>	\$ <u>1,307,965</u>

ADDITIONAL DEBT DISCLOSURE

Outstanding Bonds, Maturity Dates, and Interest Rates

<u>Description and purpose</u>	<u>Amount of Original Issue</u>	<u>Range of Final Maturity Dates</u>	<u>Range of Interest Rates</u>
Primary Government			
<i>Business-type activities</i>			
Revenue bonds:			
<u>Major Enterprise Funds</u>			
Water Board	\$ 9,629,562	2017 - 2028	0% - 8.10% plus 1% administration fee
Sanitary Board	<u>3,736,507</u>	2028	2% plus 1% administration fee
	<u>\$ 13,366,069</u>		

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

ARBITRAGE COMPLIANCE

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

DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements to maturity for bonded debt as of June 30, 2008 are as follows:

Primary Government

Year Ending June 30,	<i>Business-type Activities</i>			
	Major Enterprise Funds			
	Revenue Bonds			
	Water Board	Sanitary Board		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 445,572	\$ 303,503	\$ 173,438	\$ 81,836
2010	468,018	281,054	176,933	78,341
2011	492,028	257,048	180,497	74,776
2012	517,711	231,362	184,135	71,139
2013	545,206	203,868	187,846	67,429
2014 - 2018	2,751,652	533,080	997,553	278,817
2019 - 2023	798,737	110,957	1,102,191	174,178
2024 - 2028	737,252	39,317	1,153,990	58,563
Less: Amount not drawn down	<u>(115,438)</u>	<u>-0-</u>	<u>(462,897)</u>	<u>-0-</u>
Totals	\$ <u>6,640,738</u>	\$ <u>1,960,189</u>	\$ <u>3,693,686</u>	\$ <u>885,079</u>

In May 2006, the city closed on \$2,555,000 water revenue bonds, series 2006A to fund the construction of its Bellview tank. As of June 30, 2008, \$2,439,562 had been drawn down on this issue. In April 2007, the city closed on \$4,199,404 sewer revenue bonds, series 2007A to fund the construction of sewer plant improvements. As of June 30, 2008, \$3,736,507 had been drawn down on this issue.

See Note 7 for debt service relating to leases.

Total interest expense for the fiscal year ended June 30, 2008 amounted to \$283,852, all of which was expensed.

NOTE 9 - RISK MANAGEMENT

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

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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

NOTE 10 - RECEIVABLES AND PAYABLES

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

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

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

<u>Due From</u> <u>Primary Government</u>	<u>Due to</u> <u>Governmental Activities</u>		<u>Due to</u> <u>Business-type Activities</u>				
	<u>Major</u> <u>Governmental</u> <u>Funds</u>		<u>Major Enterprise Funds</u>				
	<u>General</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Water</u> <u>Board</u>	<u>Sanitary</u> <u>Board</u>	<u>Board of</u> <u>Park</u> <u>Commissioners</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Due</u> <u>From</u>
Governmental Activities:							
<u>Major Governmental Funds</u>							
General	\$ -0-	\$ 48,947	\$ 18,633	\$ 2,028	\$ 2,027	\$ -0-	\$ 71,635
Coal Severance Tax	537	-0-	-0-	-0-	-0-	-0-	537
<u>Internal Service Fund</u>	238	-0-	11,502	7,681	858	255	20,534
Business-type Activities:							
<u>Major Enterprise Funds</u>							
Water Board	62,496	-0-	-0-	-0-	-0-	-0-	62,496
Sanitary Board	-0-	-0-	5,222	-0-	-0-	-0-	5,222
Total Due To	\$ 63,271	\$ 48,947	\$ 35,357	\$ 9,709	\$ 2,885	\$ 255	\$ 160,424

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 11 - TRANSFERS AND PAYMENTS

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

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

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

The following schedule reports transfers and payments within the reporting entity:

<u>Transfer From</u> <u>Primary Government</u>	Transfers to Governmental Activities		
	Major Governmental Funds		
	General	Other Governmental Funds	Total Transfers From
Governmental Activities:			
<u>Major Governmental Funds</u>			
General Fund	\$ -0-	\$ 30,000	\$ 30,000
Other Governmental Funds	50,000	-0-	50,000
Business-type Activities:			
<u>Major Enterprise Funds</u>			
Board of Park Commissioners	452,300	5,956	458,256
Other Enterprise Funds	<u>278,450</u>	<u>-0-</u>	<u>278,450</u>
 Total Transfers To	 \$ <u>780,750</u>	 \$ <u>35,956</u>	 \$ <u>816,706</u>

NOTE 12 - REVENUES AND EXPENDITURES - BENEFITS FUNDED BY THE STATE OF WEST VIRGINIA

For fiscal year 2008, the State of West Virginia contributed payments on behalf of City employees as follows:

<u>Plan</u>	<u>Amount</u>
City of Weirton Policemen's Pension and Relief Fund	\$ 368,351
City of Weirton Firemen's Pension and Relief Fund	<u>172,685</u>
Total	\$ <u>541,036</u>

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

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 13 - RETIREMENT PLANS

SINGLE EMPLOYER PLANS

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

Primary Government: Policemen's Pension and Relief Fund provides benefits for all eligible employees of the City's Police Department paid on a full-time basis. Firemen's Pension and Relief Fund provides benefits for all eligible employees of the City's Fire Department paid on a full-time basis. The information contained in this Note is provided as of the latest actuarial valuation, July 1, 2006 for the Policemen's Pension and Relief Fund and July 1, 2007 for the Firemen's Pension and Relief Fund.

Actuarial valuations are performed bi-annually. For additional information relating to investment policy, basis of accounting and reporting investment values, see Notes 1 and 3.

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>
Memberships of the plans are as follows:		
Non-vested active members	29	12
Fully vested active members	10	10
Retirees and beneficiaries currently receiving benefits	42	14
Terminated plan members entitled to but not yet receiving benefits	<u>-0-</u>	<u>-0-</u>
Total	<u>81</u>	<u>36</u>

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer contribution requirements	Statutory alternative funding method - actuarially determined contribution to retain solvency for 15 years, not less than the greatest of: <ul style="list-style-type: none"> • 107% of prior year contribution • the average of contributions for the five years beginning July 1, 1983 • the amount which, when added to member contributions and revenue from the state premium tax, equals the normal cost of the fund. Current year required contributions were \$304,844.	Statutory alternative funding method - actuarially determined contribution to retain solvency for 15 years, not less than the greatest of: <ul style="list-style-type: none"> • 107% of prior year contribution • the average of contributions for the five years beginning July 1, 1983 • the amount which, when added to member contributions and revenue from the state premium tax, equals the normal cost of the fund. Current year required contributions were \$143,914.
Authority establishing contribution obligation and benefit provisions	State Statute	State Statute

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 13 - RETIREMENT PLANS (CONTINUED)

SINGLE EMPLOYER PLANS (CONTINUED)

Plan members contribution requirements	7% of covered payroll	7% of covered payroll
Funding of administrative costs	Investment earnings	Investment earnings
Period required to vest	5 years	5 years
Post-retirement benefit increases	Cost of living adjustments after employee has been retired for 2 years; increased by lower of prior year CPI or 4% unless purchasing power falls below 75% then full CPI is awarded	Cost of living adjustments after employee has been retired for 2 years; increased by lower of prior year CPI or 4% unless purchasing power falls below 75% then full CPI is awarded
Eligibility for distribution	20 years of credited service	20 years of credited service
Provisions for:		
Disability benefits	Yes	Yes
Death benefits	Yes	Yes

Annual Required Contributions

Actuarial assumptions and other information used to determine the annual required contributions (ARC) for both plans are located in the Required Supplementary Information section of the report.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Annual Pension Cost and Net Pension Obligation

Current year annual pension cost, employer contributions, and net pension obligations are as follows:

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>
Annual Required Contribution (ARC)	\$ 823,683	\$ 165,264
Interest on net pension obligation	432,850	87,830
ARC adjustment	<u>(364,852)</u>	<u>(63,315)</u>
Annual pension cost	891,681	189,779
Less: employer contributions	<u>(304,844)</u>	<u>(143,914)</u>
Increase in net pension obligation	\$ <u>586,837</u>	\$ <u>45,865</u>
Net pension obligation at June 30, 2008	\$ <u>7,512,436</u>	\$ <u>1,347,044</u>

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 13 - RETIREMENT PLANS (CONTINUED)

The following summarizes annual pension cost, percentage of annual pension cost contributed, and the net pension obligation at the end of the year for the current and preceding two years.

Fiscal Year	<u>Policemen's Pension and Relief Fund</u>			<u>Firemen's Pension and Relief Fund</u>		
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation(NPO)</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (NPO)</u>
2008	\$ 891,681	34%	\$ 7,512,436	\$ 189,779	76%	\$ 1,347,044
2007	885,781	32%	6,925,599	279,011	48%	1,301,180
2006	777,607	34%	6,324,719	276,464	42%	1,156,668

COST SHARING, MULTI-EMPLOYER PLAN

West Virginia Public Employees Retirement System

All City employees, with the exception of part-time employees and uniformed employees, participate in this state-wide cost sharing, multi-employer defined benefit public employees retirement system which covers employees of the State of West Virginia and its participating political subdivisions. The system is administered by the State of West Virginia and is funded by contributions from participants and employers, and state appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Eligibility to participate	All full time employees by a municipality other than uniformed employees
Authority establishing contribution obligations and benefit provisions	State statute
Plan members' contribution rate	4.5% of covered payroll
City's contribution rate	10.5% of covered payroll
Period required to vest	5 years
Benefits and eligibility for distribution (full-time)	2% of final average (highest 3 years out of the last 10 years) salary multiplied by years of service; 5 years age 60 or at least age 55 with age and service to equal 80

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 13 - RETIREMENT PLANS (CONTINUED)

COST SHARING, MULTI-EMPLOYER PLAN (CONTINUED)

West Virginia Public Employees Retirement System (continued)

Deferred retirement option Yes, 5 years credited service, including at least three years of contributing service age 62

Provisions for:

Cost of living adjustments (normal retirement) No

Death (duty, non-duty, post retirement) Yes

Disability (duty, non-duty) Yes

Cost of living allowances No

Contributions required by State statute (City's portion):

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 401,784	100%
2007	404,759	100%
2006	408,606	100%

Trend and other information showing the progress of the system in accumulating sufficient assets to pay benefits when due is presented in their annual financial report. Copies can be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, S.E., Charleston, WV 25304.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS

Because the City participates in the PERS, retirees have the option of choosing to participate in a cost-sharing, multiemployer, defined benefit other postemployment benefit plan (OPEB plan) through the WV Public Employees Insurance Agency (PEIA). Financial activities of the OPEB plan are accounted for in the Retirement Health Benefit Trust (RHBT). The plan provides the following retiree group insurance coverage to participants: medical and prescription drug coverage. Retiree's insurance premium is dependent on the number of years worked. A premium is charged to the City for each of the retirees who choose this option. The premium charged to the City is determined by PEIA. The expense for 2008 totaled \$339,334.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

The City will adopt the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEBs) for the fiscal year ending June 30, 2009. GASB No. 45 requires the recording of an OPEB obligation that will need to be actuarially determined. In addition, actuarially determined contributions (ARC) in accordance with the GASB requirements will be required, an OPEB obligation and related expense will need to be recorded, and there will be additional disclosures. Management has not completed the complex analysis that will be required to comply with the new standard, accordingly, the City cannot reasonably estimate the impact on the financial statements of the new standard.

NOTE 15 - CONTINGENCIES

LITIGATION

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

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.

NOTE 16 - CONCENTRATION OF CREDIT RISK

The General Fund bills the residents and businesses a police and fire service fee, a municipal fee, and a refuse fee. The Water and Sanitary Boards are suppliers of water and sewer services to the residents and businesses of Weirton, West Virginia. The Board of Park Commissioners offers memberships to its recreational facilities to the residents of the Weirton, West Virginia area. The Gasoline Fund supplies gas and oil to various entities in addition to other funds of the City. These services, memberships and goods are provided on a credit basis without requiring collateral or any other security. Accounts receivable have been adjusted for all known uncollectible accounts. Accounts receivable are recorded net of an allowance for bad debts of \$472,909 for the General Fund, \$251,108 for the Water Board, \$204,957 for the Sanitary Board and \$0 for the Board of Park Commissioners. Accounts receivable for the Gasoline Fund have been adjusted for all known uncollectible accounts. An allowance for bad debts in this fund has not been set up as the amount is not considered material.

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 17 - COMMITMENTS

Water Board:

The Weirton Water Board is under a consent decree by the U.S. Environmental Protection Agency to upgrade its water treatment plant to meet the Enhanced Safe Drinking Water Act Disinfection and Disinfection By-Product Rule. The total estimated construction cost to complete this upgrade is approximately \$4,731,000. Costs incurred as of June 30, 2008 totaled \$333,179.

The Weirton Water Board committed to a line extension for a total estimated cost of \$30,000. Costs incurred as of June 30, 2008 totaled \$6,761.

Sanitary Board:

The Weirton Sanitary Board committed to line extensions as follows:

	<u>Total Estimated Construction Costs</u>	<u>Costs Incurred As Of June 30, 2008</u>
East Weirton Line Extension	\$ 150,000	\$ -0-
Hanover Township Line Extension	<u>245,000</u>	<u>191,034</u>
Total	\$ <u>395,000</u>	\$ <u>191,034</u>

NOTE 18 - RISKS AND UNCERTAINTIES

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

At various times, subsequent to year end, the value of the City's Pension Trust Funds investments declined significantly as a result of volatility in the global financial markets. Future investment returns remain uncertain as the situation in the financial markets continues to evolve, and a decline in investment return could significantly impact future contributions required to maintain benefits.

The actuarial present values of pension benefit obligations in Note 13 are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 19 - CORRECTION OF ERROR

The General Fund fund balance and net assets of governmental activities have been reduced by \$150,000 as of July 1, 2007 to correct an error in previously issued financial statements. This error resulted from the improper recognition of grant revenues in a prior year. The correction had no effect on the reported change in net assets for the current and preceding year.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEIRTON, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008**

I. SCHEDULE OF FUNDING PROGRESS

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/06	\$ 5,590,276	\$ 21,929,940	\$ 16,339,664	25%	\$ 1,587,560	1,029%
07/01/04	6,074,910	20,842,460	14,767,550	29%	1,482,860	996%
07/01/02	6,209,584	19,325,860	13,116,276	32%	1,397,370	939%

Firemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/07	\$ 6,512,132	\$ 9,015,430	\$ 2,503,298	72%	\$ 915,180	274%
07/01/05	5,546,711	9,599,380	4,052,669	58%	951,732	426%
07/01/03	5,223,880	8,719,960	3,496,080	60%	1,001,830	349%

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Policemen's Pension and Relief Fund		Firemen's Pension and Relief Fund	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2008	\$ 823,683	37%	\$ 165,264	87%
2007	823,683	35%	260,541	52%
2006	676,035	39%	260,541	45%
2005	676,035	37%	281,384	42%
2004	676,076	34%	281,384	39%
2003	676,076	32%	197,082	52%
2002	553,913	37%	150,532	59%
2001	553,913	34%	85,838	97%
2000	440,528	40%	85,838	91%
1999	440,528	38%	99,337	79%
1998	539,257	29%	99,337	71%

**CITY OF WEIRTON, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008**

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

	<u>Policemen's Pension and Relief Fund</u>	<u>Firemen's Pension and Relief Fund</u>
Valuation date	7/1/06	7/1/07
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level percentage open	Level percentage open
Amortization period	30 years (level percentage)	30 years (level percentage)
Actuarial asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	6.25%	6.75%
Projected salary increases	10.00% per year for first 3 years, 0.5% thereafter	1.00% per year
Inflation	3.0%	3.0%
Other - cost of living adjustments	\$15,000 of annual pension is increased by the lesser of inflation and 4.00% but 75% of purchasing power is maintained	\$15,000 of annual pension is increased by the lesser of inflation and 4.00% but 75% of purchasing power is maintained

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES					
Taxes:					
Property	\$ 2,658,607	\$ 500	\$ 2,659,107	\$ 2,666,690	\$ 7,583
B&O	2,300,000	(150,000)	2,150,000	1,903,224	(246,776)
Excise tax on utilities	1,310,000	(60,000)	1,250,000	1,126,043	(123,957)
Other	<u>419,000</u>	<u>(25,000)</u>	<u>394,000</u>	<u>420,986</u>	<u>26,986</u>
TOTAL TAXES	6,687,607	(234,500)	6,453,107	6,116,943	(336,164)
Licenses and permits	225,000	-0-	225,000	136,224	(88,776)
Fines and forfeitures	120,500	(10,000)	110,500	85,872	(24,628)
Investment income	85,000	-0-	85,000	67,800	(17,200)
Charges for services	4,298,000	(79,104)	4,218,896	4,146,101	(72,795)
Video lottery and table gaming proceeds	300,000	180,366	480,366	620,004	139,638
Intergovernmental programs	712,923	1,067,000	1,779,923	874,795	(905,128)
Charges to other funds	135,388	-0-	135,388	135,388	-0-
Reimbursements	298,000	(17,200)	280,800	136,265	(144,535)
Other	<u>77,000</u>	<u>-0-</u>	<u>77,000</u>	<u>197,923</u>	<u>120,923</u>
TOTAL REVENUES BEFORE PRIOR YEAR FUND BALANCE	12,939,418	906,562	13,845,980	12,517,315	(1,328,665)
Prior year fund balance (1)	<u>1,450,000</u>	<u>938,178</u>	<u>2,388,178</u>	<u>2,212,631</u>	<u>(175,547)</u>
TOTAL REVENUES AND PRIOR YEAR FUND BALANCE	<u>14,389,418</u>	<u>1,844,740</u>	<u>16,234,158</u>	<u>14,729,946</u>	<u>(1,504,212)</u>
EXPENDITURES					
General government	3,441,818	550,033	3,991,851	3,134,932	856,919
Public safety	5,049,779	70,853	5,120,632	4,672,985	447,647
Highways and streets	3,986,371	1,112,504	5,098,875	3,263,974	1,834,901
Health and sanitation	978,000	117,350	1,095,350	821,679	273,671
Culture and recreation	933,450	(11,000)	922,450	838,346	84,104
Social services	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>	<u>11,496</u>	<u>(1,496)</u>
TOTAL EXPENDITURES	<u>14,394,418</u>	<u>1,844,740</u>	<u>16,239,158</u>	<u>12,743,412</u>	<u>3,495,746</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	<u>(5,000)</u>	<u>-0-</u>	<u>(5,000)</u>	<u>1,986,534</u>	<u>1,991,534</u>

**CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	\$ 5,000	\$ -0-	\$ 5,000	\$ -0-	\$ (5,000)
NET OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>-0-</u>	<u>5,000</u>	<u>-0-</u>	<u>(5,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					
	-0-	-0-	-0-	1,986,534	1,986,534
Fund balance, beginning	1,450,000	938,178	2,388,178	2,212,631	(175,547)
Less prior year fund balance budgeted	<u>(1,450,000)</u>	<u>(938,178)</u>	<u>(2,388,178)</u>	<u>(2,212,631)</u>	<u>175,547</u>
Fund balance, ending	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,986,534</u>	\$ <u>1,986,534</u>

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

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

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

	<u>Amount</u>
1) Contributions to the Board of Park Commissioners, Financial Stability, and Library Funds reported as expenditures as opposed to transfers to other funds	\$ 780,750
2) Payment made by CDBG Fund for general fund netted with public safety as opposed to transfers from other funds.	(30,000)
3) Interfund reimbursements reported as charges to other funds (\$135,388) and reimbursements (\$136,265) as opposed to netting with the expenditures (general government \$259,653 and public safety \$12,000)	

271,653

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (CONTINUED)

	<u>Amount</u>
4) Capital leases not recognized in accordance with generally accepted accounting principles. Payments not reported as debt service payments. The effect is as follows:	
Decrease in:	
Other financing sources - capital financing	\$ 317,030
Debt service - principal	(383,123)
Debt service - interest	(57,230)
Public safety	(61,200)
Other revenue	20,000
Increase in:	
Highways and streets	164,523

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
COAL SEVERANCE TAX FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Original Budget	Revisions	Revised Budget	Actual	Variance
REVENUES					
Intergovernmental	\$ 66,000	\$ -0-	\$ 66,000	\$ 77,216	\$ 11,216
Investment income	<u>600</u>	<u>-0-</u>	<u>600</u>	<u>869</u>	<u>269</u>
TOTAL REVENUES BEFORE PRIOR YEAR FUND BALANCE	66,600	-0-	66,600	78,085	11,485
Prior year fund balance (1)	<u>45,000</u>	<u>11,927</u>	<u>56,927</u>	<u>56,927</u>	<u>-0-</u>
TOTAL REVENUES AND PRIOR YEAR FUND BALANCE	<u>111,600</u>	<u>11,927</u>	<u>123,527</u>	<u>135,012</u>	<u>11,485</u>
EXPENDITURES					
General government	71,597	1,927	73,524	59,915	13,609
Public safety	<u>40,003</u>	<u>10,000</u>	<u>50,003</u>	<u>33,131</u>	<u>16,872</u>
TOTAL EXPENDITURES	<u>111,600</u>	<u>11,927</u>	<u>123,527</u>	<u>93,046</u>	<u>30,481</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	41,966	41,966
Fund balance, beginning	45,000	11,927	56,927	56,927	-0-
Less prior year fund balance budgeted	<u>(45,000)</u>	<u>(11,927)</u>	<u>(56,927)</u>	<u>(56,927)</u>	<u>-0-</u>
Fund balance, ending	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>41,966</u></u>	\$ <u><u>41,966</u></u>

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

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
COAL SEVERANCE TAX FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

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

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

Decrease in:

Other financing sources - capital financing	\$ 65,313
Debt service - principal	(8,603)
Debt service - interest	(1,074)
Public safety	(55,636)

OTHER SUPPLEMENTARY INFORMATION

**CITY OF WEIRTON, WEST VIRGINIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008**

	<u>Youth Job Program</u>	<u>Community Development Block Grant</u>
ASSETS		
Cash and cash equivalents	\$ 292	\$ 258
Taxes receivable, net	-0-	-0-
Grants receivable	<u>-0-</u>	<u>50,505</u>
TOTAL ASSETS	\$ <u>292</u>	\$ <u>50,763</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -0-	\$ 4,576
Security deposit	-0-	-0-
Due to other funds	-0-	46,187
Deferred revenue	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>-0-</u>	<u>50,763</u>
 FUND BALANCES		
Unreserved	<u>292</u>	<u>-0-</u>
TOTAL FUND BALANCES	<u>292</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>292</u>	\$ <u>50,763</u>

<u>Tax Increment Financing</u>	<u>Financial Stability</u>	<u>Public Safety and Development</u>	<u>Total</u>
\$ 242,872	\$ 469,024	\$ 210,235	\$ 922,681
11,025	-0-	-0-	11,025
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>50,505</u>
\$ <u>253,897</u>	\$ <u>469,024</u>	\$ <u>210,235</u>	\$ <u>984,211</u>
\$ -0-	\$ -0-	\$ 3,849	\$ 8,425
-0-	-0-	25,000	25,000
-0-	-0-	2,760	48,947
<u>11,025</u>	<u>-0-</u>	<u>118,280</u>	<u>129,305</u>
<u>11,025</u>	<u>-0-</u>	<u>149,889</u>	<u>211,677</u>
<u>242,872</u>	<u>469,024</u>	<u>60,346</u>	<u>772,534</u>
<u>242,872</u>	<u>469,024</u>	<u>60,346</u>	<u>772,534</u>
\$ <u>253,897</u>	\$ <u>469,024</u>	\$ <u>210,235</u>	\$ <u>984,211</u>

**CITY OF WEIRTON, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008**

	<u>Youth Job Program</u>	<u>Community Development Block Grant</u>
REVENUES		
Property taxes	\$ -0-	\$ -0-
Fees and fines	-0-	-0-
Intergovernmental	-0-	540,272
Investment income	6	-0-
Program income	-0-	5,000
Contributions	<u>-0-</u>	<u>-0-</u>
TOTAL REVENUES	<u>6</u>	<u>545,272</u>
EXPENDITURES		
Current:		
General government	-0-	174,954
Public safety	-0-	12,000
Highways and streets	-0-	87,805
Culture and recreation	-0-	51,836
Social services	-0-	34,721
Debt Service:		
Capital leases-principal	-0-	141,000
Capital leases - interest	<u>-0-</u>	<u>7,000</u>
TOTAL EXPENDITURES	<u>-0-</u>	<u>509,316</u>
Excess (deficiency) of revenues over expenditures	<u>6</u>	<u>35,956</u>
OTHER FINANCING SOURCES (USES)		
Transfer from other funds	-0-	-0-
Transfer to other funds	<u>-0-</u>	<u>(35,956)</u>
NET OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>(35,956)</u>
NET CHANGE IN FUND BALANCE	6	-0-
Fund balance, beginning	<u>286</u>	<u>-0-</u>
Fund balance, ending	\$ <u>292</u>	\$ <u>-0-</u>

<u>Tax Increment Financing</u>	<u>Financial Stability</u>	<u>Public Safety and Development</u>	<u>Total</u>
\$ 83,546	\$ -0-	\$ -0-	\$ 83,546
-0-	-0-	9,112	9,112
-0-	-0-	858	541,130
4,090	9,039	4,356	17,491
-0-	-0-	-0-	5,000
<u>-0-</u>	<u>-0-</u>	<u>39,720</u>	<u>39,720</u>
<u>87,636</u>	<u>9,039</u>	<u>54,046</u>	<u>695,999</u>
40	-0-	25,472	200,466
-0-	-0-	43,382	55,382
-0-	-0-	-0-	87,805
-0-	-0-	-0-	51,836
-0-	-0-	-0-	34,721
-0-	-0-	1,731	142,731
<u>-0-</u>	<u>-0-</u>	<u>204</u>	<u>7,204</u>
<u>40</u>	<u>-0-</u>	<u>70,789</u>	<u>580,145</u>
<u>87,596</u>	<u>9,039</u>	<u>(16,743)</u>	<u>115,854</u>
-0-	50,000	-0-	50,000
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(35,956)</u>
<u>-0-</u>	<u>50,000</u>	<u>-0-</u>	<u>14,044</u>
87,596	59,039	(16,743)	129,898
<u>155,276</u>	<u>409,985</u>	<u>77,089</u>	<u>642,636</u>
\$ <u>242,872</u>	\$ <u>469,024</u>	\$ <u>60,346</u>	\$ <u>772,534</u>

**CITY OF WEIRTON, WEST VIRGINIA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2008**

	<u>Library</u>	<u>Parking Facility</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 266,734	\$ 689	\$ 267,423
Investments	317,285	-0-	317,285
Accounts receivable, net	12,626	-0-	12,626
Prepays	<u>3,778</u>	<u>-0-</u>	<u>3,778</u>
TOTAL CURRENT ASSETS	<u>600,423</u>	<u>689</u>	<u>601,112</u>
Non-current assets:			
Capital assets:			
Land	57,449	304,581	362,030
Other capital assets, net of accumulated depreciation	<u>450,957</u>	<u>1,697</u>	<u>452,654</u>
TOTAL NON-CURRENT ASSETS	<u>508,406</u>	<u>306,278</u>	<u>814,684</u>
TOTAL ASSETS	<u>1,108,829</u>	<u>306,967</u>	<u>1,415,796</u>
LIABILITIES			
Current liabilities:			
Accounts payable	11,011	-0-	11,011
Wages and benefits payable	12,517	-0-	12,517
Due to other funds	255	-0-	255
Compensated absences, current	24,475	-0-	24,475
Deferred revenue	<u>66,306</u>	<u>-0-</u>	<u>66,306</u>
TOTAL CURRENT LIABILITIES	<u>114,564</u>	<u>-0-</u>	<u>114,564</u>
NET ASSETS			
Invested in capital assets, net of related debt	508,406	306,278	814,684
Unrestricted	<u>485,859</u>	<u>689</u>	<u>486,548</u>
TOTAL NET ASSETS	<u>\$ 994,265</u>	<u>\$ 306,967</u>	<u>\$ 1,301,232</u>

**CITY OF WEIRTON, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2008**

	<u>Library</u>	<u>Parking Facility</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Library fines	\$ 10,150	\$ -0-	\$ 10,150
Parking fees	<u>-0-</u>	<u>160</u>	<u>160</u>
TOTAL CHARGES FOR SERVICES	10,150	160	10,310
Other	<u>168,136</u>	<u>-0-</u>	<u>168,136</u>
TOTAL OPERATING REVENUES	<u>178,286</u>	<u>160</u>	<u>178,446</u>
OPERATING EXPENSES			
Personal services	362,816	-0-	362,816
Maintenance, operations and contractual services	129,609	3	129,612
Materials and supplies	107,724	-0-	107,724
Depreciation	<u>44,925</u>	<u>796</u>	<u>45,721</u>
TOTAL OPERATING EXPENSES	<u>645,074</u>	<u>799</u>	<u>645,873</u>
Operating (loss)	<u>(466,788)</u>	<u>(639)</u>	<u>(467,427)</u>
NON-OPERATING REVENUE (EXPENSES)			
Grant income	211,012	-0-	211,012
Investment income	8,981	12	8,993
(Loss) on disposal of other capital assets	<u>(402)</u>	<u>-0-</u>	<u>(402)</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>219,591</u>	<u>12</u>	<u>219,603</u>
(Loss) before transfers	<u>(247,197)</u>	<u>(627)</u>	<u>(247,824)</u>
Transfers from other funds	<u>278,450</u>	<u>-0-</u>	<u>278,450</u>
Change in net assets	31,253	(627)	30,626
Total net assets, beginning	<u>963,012</u>	<u>307,594</u>	<u>1,270,606</u>
Total net assets, ending	\$ <u>994,265</u>	\$ <u>306,967</u>	\$ <u>1,301,232</u>

**CITY OF WEIRTON, WEST VIRGINIA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2008**

	<u>Library</u>	<u>Parking Facility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 16,614	\$ 160	\$ 16,774
Cash payments to suppliers for goods and services	(212,644)	(3)	(212,647)
Cash payments to employees and contractors for services	(395,172)	-0-	(395,172)
Payments for internal services	(994)	-0-	(994)
Other operating revenues	<u>168,136</u>	<u>-0-</u>	<u>168,136</u>
 NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	 <u>(424,060)</u>	 <u>157</u>	 <u>(423,903)</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating grants received	219,583	-0-	219,583
Transfers from other funds	<u>278,450</u>	<u>-0-</u>	<u>278,450</u>
 NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	 <u>498,033</u>	 <u>-0-</u>	 <u>498,033</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	<u>(36,189)</u>	<u>-0-</u>	<u>(36,189)</u>
 NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(36,189)</u>	 <u>-0-</u>	 <u>(36,189)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(20,983)	-0-	(20,983)
Proceeds from sale of investments	63,718	-0-	63,718
Investment income	<u>25,306</u>	<u>12</u>	<u>25,318</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>68,041</u>	 <u>12</u>	 <u>68,053</u>
 Net increase in cash and cash equivalents	105,825	169	105,994
Cash and cash equivalents at July 1, 2007	<u>160,909</u>	<u>520</u>	<u>161,429</u>
Cash and cash equivalents at June 30, 2008	\$ <u>266,734</u>	\$ <u>689</u>	\$ <u>267,423</u>

**CITY OF WEIRTON, WEST VIRGINIA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2008**

	<u>Library</u>	<u>Parking Facility</u>	<u>Total</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating (loss)	\$ <u>(466,788)</u>	\$ <u>(639)</u>	\$ <u>(467,427)</u>
Adjustment to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	44,925	796	45,721
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	6,464	-0-	6,464
(Increase) decrease in prepaid expenses	536	-0-	536
(Increase) decrease in deposits	303	-0-	303
(Decrease) increase in accounts payable	(2,211)	-0-	(2,211)
(Decrease) increase in wages and benefits	(1,941)	-0-	(1,941)
(Decrease) increase in due to other funds	(3,823)	-0-	(3,823)
(Decrease) increase in compensated absences	<u>(1,525)</u>	<u>-0-</u>	<u>(1,525)</u>
TOTAL ADJUSTMENTS	<u>42,728</u>	<u>796</u>	<u>43,524</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ <u>(424,060)</u>	\$ <u>157</u>	\$ <u>(423,903)</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Net (decrease) in fair value of investments	\$ <u>(16,014)</u>	\$ <u>-0-</u>	\$ <u>(16,014)</u>
Net book value of other capital assets written off	\$ <u>402</u>	\$ <u>-0-</u>	\$ <u>402</u>

CITY OF WEIRTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Pension Trust Funds</u>		
	Policemen's Pension and <u>Relief</u>	Firemen's Pension and <u>Relief</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ <u>124,451</u>	\$ <u>280,191</u>	\$ <u>404,642</u>
Investments, at fair value:			
Common stock	2,780,784	2,580,986	5,361,770
Bond mutual funds	<u>2,376,300</u>	<u>3,392,968</u>	<u>5,769,268</u>
TOTAL INVESTMENTS	<u>5,157,084</u>	<u>5,973,954</u>	<u>11,131,038</u>
TOTAL ASSETS	<u>5,281,535</u>	<u>6,254,145</u>	<u>11,535,680</u>
LIABILITIES			
Accounts payable	1,814	1,524	3,338
Due to other funds	<u>67,424</u>	<u>34,727</u>	<u>102,151</u>
TOTAL LIABILITIES	<u>69,238</u>	<u>36,251</u>	<u>105,489</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u>5,212,297</u>	\$ <u>6,217,894</u>	\$ <u>11,430,191</u>

CITY OF WEIRTON, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008

	<u>Pension Trust Funds</u>		
	Policemen's Pension and <u>Relief</u>	Firemen's Pension and <u>Relief</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 304,844	\$ 143,914	\$ 448,758
Plan members	109,328	61,071	170,399
Insurance premium tax allocation	<u>368,351</u>	<u>172,685</u>	<u>541,036</u>
TOTAL CONTRIBUTIONS	<u>782,523</u>	<u>377,670</u>	<u>1,160,193</u>
Investment income	(285,576)	(294,133)	(579,709)
Less: investment expense	<u>(30,769)</u>	<u>(30,184)</u>	<u>(60,953)</u>
NET INVESTMENT INCOME	<u>(316,345)</u>	<u>(324,317)</u>	<u>(640,662)</u>
TOTAL ADDITIONS	<u>466,178</u>	<u>53,353</u>	<u>519,531</u>
DEDUCTIONS			
Benefits	1,219,123	339,814	1,558,937
Administrative expenses	<u>6,412</u>	<u>7,778</u>	<u>14,190</u>
TOTAL DEDUCTIONS	<u>1,225,535</u>	<u>347,592</u>	<u>1,573,127</u>
Change in net assets	(759,357)	(294,239)	(1,053,596)
Net assets held in trust for pension benefits			
Beginning of year	<u>5,971,654</u>	<u>6,512,133</u>	<u>12,483,787</u>
End of year	\$ <u>5,212,297</u>	\$ <u>6,217,894</u>	\$ <u>11,430,191</u>

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-through <u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Project Period</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce:				
Pass-through program from:				
Brooke-Hancock-Jefferson Metropolitan Planning Commission Economic Development Support for Planning Organizations	11.302	N/A	01/01/06-06/30/07	\$ <u>858</u>
TOTAL U.S. DEPARTMENT OF COMMERCE				<u>858</u>
U.S. Department of Housing and Urban Development:				
Community Development Block Grant	14.218	B-05-MC-54-0004	07/01/05 - 06/30/08	7,512
Community Development Block Grant	14.218	B-06-MC-54-0004	07/01/06 - 06/30/08	40,516
Community Development Block Grant	14.218	B-07-MC-54-0004	07/01/07 - 06/30/08	<u>492,244</u>
				540,272
Pass-through program from:				
Northern Panhandle Home Consortium First-Time Homebuyer Program	14.239	M-07-DC-54-0204	07/01/07 - 06/30/08	<u>35,254</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>575,526</u>
U.S. Department of Transportation:				
Federal Transit Authority	20.507	WV-90-X085-00	07/01/00 - 06/30/08	889
Federal Transit Authority	20.507	WV-90-X106-00	07/01/04 - 06/30/08	911
Federal Transit Authority	20.507	WV-90-X111-00	01/01/05 - 06/30/08	397
Federal Transit Authority	20.507	WV-90-X115-00	07/01/04 - 06/30/08	7,514
Federal Transit Authority	20.507	WV-90-X131-00	07/01/06 - 06/30/08	11,787
Federal Transit Authority	20.507	WV-90-X136-00	07/01/07 - 06/30/08	44,006
Federal Transit Authority	20.507	WV-90-X138-00	07/01/07 - 06/30/08	<u>89,767</u>
				155,271
Pass-through program from:				
West Virginia Division of Highways Highway Planning and Construction	20.205	U315-WEIR/RT 1.00	07/01/06 - 06/30/08	<u>94,982</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>250,253</u>

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Identifying Number	Project Period	Federal Expenditures
U.S. Environmental Protection Agency:				
Congressionally Mandated Projects	66.202	XP-97337301	08/01/06 - 01/31/09	\$ <u>183,249</u>
Pass-through program from:				
West Virginia Department of Environmental Protection				
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	05/01/06 - 06/30/08	547,512
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	04/01/07 - 06/30/08	<u>2,873,097</u>
				<u>3,420,609</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				<u>3,603,858</u>
U.S. Department of Homeland Security:				
Pass-through program from:				
State of West Virginia Department of Military Affairs and Public Safety				
FEMA-Disaster Grants	97.036	FEMA-1574-DR-WV	01/01/05 - 06/30/08	<u>75,030</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>75,030</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ <u>4,505,525</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of City of Weirton, West Virginia and is presented on the modified 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 Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

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WV Society of Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor
and City Council
Weirton, West Virginia

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 City of Weirton, West Virginia, as of and for the year ended June 30, 2008, which collectively comprise the City of Weirton, West Virginia's basic financial statements and have issued our report thereon dated June 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Weirton, West Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Weirton, West Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Weirton, West Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Weirton, West Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Weirton, West Virginia's financial statements that is more than inconsequential will not be prevented or detected by City of Weirton, West Virginia's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-1 through 08-6 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by City of Weirton, West Virginia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08-1, 08-2, 08-4 and 08-5 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Weirton, West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 08-7.

We noted certain matters that we reported to management of City of Weirton, West Virginia in a separate letter dated June 2, 2009.

City of Weirton, West Virginia's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit City of Weirton, West Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of City Council, management, others within the entity, federal awarding agencies and pass-through entities and the State of West Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Warr & Hall PLLC

Huntington, West Virginia
June 2, 2009

Ware & Hall, PLLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor
and City Council
Weirton, West Virginia

Compliance

We have audited the compliance of City of Weirton, West Virginia with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2008. City of Weirton, West Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Weirton, West Virginia's management. Our responsibility is to express an opinion on City of Weirton, West Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Weirton, West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Weirton, West Virginia's compliance with those requirements.

In our opinion, City of Weirton, West Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of City of Weirton, West Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Weirton, West Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Weirton, West Virginia's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employee's in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of City Council, management, others within the entity, and federal awarding agencies and pass-through entities and the State of West Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Ware & Hall PLLC

Huntington, West Virginia
June 2, 2009

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

**CITY OF WEIRTON, WEST VIRGINIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

There were no findings or questioned costs relative to federal awards for the year ended June 30, 2007.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

A. SUMMARY OF AUDITORS' RESULTS

- 1) The independent auditor's report expresses an unqualified opinion on the financial statements of City of Weirton, West Virginia for the year ended June 30, 2008.
- 2) Six significant deficiencies were identified during the audit of the financial statements of City of Weirton, West Virginia for the year ended June 30, 2008. Significant deficiency 08-1, 08-2, 08-4, and 08-5 were considered to be material weaknesses.
- 3) One instance of noncompliance material to the financial statements of City of Weirton, West Virginia for the year ended June 30, 2008 was noted during the audit.
- 4) No significant deficiencies that were considered to be material weaknesses were identified during the audit of the major federal award programs of City of Weirton, West Virginia for the year ended June 30, 2008.
- 5) The independent auditors' report on compliance for the major federal award programs for City of Weirton, West Virginia for the year ended June 30, 2008 expresses an unqualified opinion on all major federal programs.
- 6) No audit findings were identified which are required to be reported under § .510(a) of OMB Circular A-133.
- 7) The following programs were tested as major programs:

<u>Program</u>	<u>CFDA #</u>
U.S. Department of Transportation Federal Transit Authority	20.507
U.S. Environmental Protection Agency Pass-through West Virginia Department of Environmental Protection Capitalization Grants for Clean Water State Revolving Funds	66.458

- 8) The threshold for distinguishing Type A and B Programs was the greater of \$300,000 or 3% of total federal awards expended by City of Weirton, West Virginia for the year ended June 30, 2008.
- 9) City of Weirton, West Virginia has not qualified as a low-risk auditee under § .530 of OMB Circular A-133 for the year ended June 30, 2008.

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

08-1 Improper Revenue and Expense Recognition

Condition: Instances were noted during our audit where revenue and expenses were recognized in the wrong accounting period. Specifically, the following were noted:

- General Fund - State of West Virginia funds totaling \$150,000 received in 2005 were erroneously recorded as grant revenue in the year received. These funds were not expended until 2008 and, therefore, should have been recorded as deferred revenue until expended in 2008.
- General Fund - B&O taxes totaling \$144,074 not collected within 60 days of the end of the fiscal year were recorded as revenues. These funds did not meet the definition of available and, therefore, should have been recorded as deferred revenue at June 30, 2008.
- General Fund - Prepaid workers compensation expense was overstated by \$71,852 at June 30, 2008. Management failed to write-off that portion of the prepaid premium which had expired as of June 30, 2008.
- Board of Park Commissioners - Grant funds totaling \$116,235 were erroneously recorded as revenue as received during the fiscal year ended June 30, 2008. These funds had not been expended and, therefore, should have been recorded as deferred revenue as of June 30, 2008.
- Library - Grant funds totaling \$25,256 were erroneously recorded as revenue as received during the fiscal year ended June 30, 2008. These funds had not been expended and, therefore, should have been recorded as deferred revenue as of June 30, 2008.

Criteria: Generally accepted accounting principles require grant funds received to be recorded as deferred revenue until earned. Revenues not considered to be available should also be reported as deferred revenue. Prepaid worker's compensation is to be expensed over the term of the premium period.

Cause: The City's internal controls over financial reporting do not include an analysis and review of grant revenues, availability of tax revenues, and prepaid expenses to ensure proper accounting recognition.

Effect: Management's financial statements were required to be adjusted in order for them to be presented in accordance with generally accepted accounting principles.

Recommendation: The City's internal controls over financial reporting should be strengthened to include a review of grant revenues, tax revenues, and prepaid expenses by knowledgeable management personnel for proper recognition in accordance with generally accepted accounting principles.

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

B. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

08-2 Allowance for Uncollectible Accounts

Condition: The allowance for estimated uncollectible police and fire service fees in the General Fund was overstated by approximately \$79,000.

Criteria: Generally accepted accounting principles require receivables to be reported at their estimated net realizable values.

Cause: The City's internal controls over financial reporting do not include an analysis and review of estimated uncollectible police and fire service fees by management.

Effect: Management's financial statements were required to be adjusted in order for them to be presented in accordance with generally accepted accounting principles.

Recommendation: The City's internal controls over financial reporting should be strengthened to include a review of significant accounting estimates embodied in the financial statements by knowledgeable management personnel.

08-3 Special Projects Fund Checking Account

Condition: Donations received for future construction of a skateboard park are maintained in a separate bank account. Account transactions and balances were not incorporated into the City's accounting system. The bank account balance as of June 30, 2008 was \$10,329.

Criteria: Generally accepted accounting principles require all funds for which the City is accountable to be included in the financial reporting entity.

Cause: The City's internal controls over financial reporting do not include periodic reviews to ensure that all funds for which it is accountable are included in the financial reporting entity.

Effect: Management's financial statements were required to be adjusted in order for them to be presented in accordance with generally accepted accounting principles.

Recommendation: The City's internal controls over financial reporting should be strengthened to include a review by knowledgeable management personnel to ensure that all funds for which it is accountable are reported in the financial statements.

08-4 Utility Billings and Other Reimbursements

Condition: Instances were noted during our audit where unmetered revenues and other reimbursements were not billed and received timely. Specifically, the following were noted:

- Sanitary Board - An industrial customer had not been billed for unmetered sewerage treatment since September 30, 2007. The amount not billed as of June 30, 2008 was \$38,749.

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

B. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

08-4 Utility Billings and Other Reimbursements (Continued)

- General Fund - The General Fund failed to bill the Water Board for its share of the City's liability insurance premium for the quarter ended June 30, 2008. The amount not billed was \$8,035.
- General Fund - Reimbursements for retiree health insurance premiums have not been received on a timely basis from the Policemen's and Firemen's Pension and Relief Funds. Reimbursements totaling \$67,424 and \$34,727 were received from the Policemen's and Firemen's Pension and Relief Funds, respectively, in December, 2008 representing payment through June, 2008. No payments have been received for periods ending after June, 2008 through March, 2009.

Criteria: One of the objectives of the system of internal controls over financial reporting is to ensure that all services and reimbursements due are billed, and recorded and collected on a timely basis.

Cause: The City's internal controls over financial reporting did not include comparisons of current revenue and expenses to budgeted and prior year amounts.

Effect: Revenues and expenses of the identified funds were not recognized on a timely basis. In addition, the lack of timely billings/reimbursements adversely affected the cash flows of the Sanitary Board and General Fund.

Recommendation: The City's internal controls over financial reporting should be strengthened to include a review by knowledgeable management personnel to ensure services and reimbursements are billed, recorded, and collected on a timely basis.

08-5 Accounts Receivable and Accounts Payable Cutoff

Condition: Accounts receivable and accounts payable relating to construction projects were not recorded as such in the June 30, 2008 financial statements. Specifically, the following were noted:

- Water Board - Grant revenues totaling \$183,249 and accounts payable totaling \$169,000 related to the water treatment plant upgrade were not accrued as of June 30, 2008.
- Sanitary Board - Reimbursements totaling \$166,510 for costs incurred for a line extension which are reimbursable under terms of a written contract with a third party were not accrued as of June 30, 2008.

Criteria: Generally accepted accounting principles require that revenue be recorded when earned and expenses when incurred.

Cause: The City's internal controls over financial reporting do not include a review of construction projects for amounts earned or liabilities incurred on a timely basis.

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

B. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

08-5 Accounts Receivable and Accounts Payable Cutoff (Continued)

Effect: Management's financial statements were required to be adjusted in order for them to be presented in accordance with generally accepted accounting principles.

Recommendation: The City's internal controls over financial reporting should be strengthened to include a review of construction projects by knowledgeable management personnel for proper recognition of accounts receivable and accounts payable in accordance with generally accepted accounting principles.

08-6 Monthly Financial Statements

Condition: Numerous adjustments were made to the City's accounting records at year end by management to reflect accurate balances in the assets, liabilities, revenue, and expenses. Some of the more significant adjustments were as follows:

- Water Board - Water treatment chemicals purchased during the year totaling \$203,324 were recorded in the inventory general ledger account. A periodic review of inventory on hand and a related adjustment to chemical expenses was not performed until year end.
- Board of Park Commissioners - Capital assets with a fair value of \$234,463 were donated to the Board of Park Commissioners during the year. The fair value of these assets, however, was not capitalized until year end. In addition, depreciation expense totaling \$190,975 was not recorded until year end.
- Library - Capital assets totaling \$34,669 were expensed during the year when purchased. At year end, the costs of these assets were capitalized, current year dispositions totaling \$14,044 and depreciation expense totaling \$44,925 were recorded.
- Board of Park Commissioners - Grant funds were recorded as revenue as received during the year. At year end, \$122,346 was reclassified to deferred revenue.
- Firemen's Pension and Relief Fund - Investment activity was not recorded properly. The year end adjustment to correct had a \$546,565 effect on assets and net income.
- Water Board - the Bellview Tank project which was completed during the year had not been reclassified from construction in process totaling \$2,815,071. In addition, depreciation expense on capital assets totaling \$446,116 was not recorded until year end.
- Sanitary Board - The A.T.A.D. Project which was completed during the year had not been reclassified from construction in process totaling \$4,517,841. In addition, depreciation expense on capital assets totaling \$380,248 was not recorded until year end.
- Policemen's Pension and Relief Fund - Investment activity was not recorded properly. The year end adjustment to correct had a \$274,637 effect on assets and net income.

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

B. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

08-6 Monthly Financial Statements (Continued)

- Various Funds - Amounts due from/to other funds were not reconciled on a monthly basis. The year end adjustments to reconcile the due from/to other funds totaled \$20,814.

Criteria: One of the objectives of internal controls over financial reporting is to provide management with reasonable assurance that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. In addition, timely, accurate and complete financial reporting is an essential management tool in monitoring and controlling operations.

Cause: The City's internal controls over financial reporting do not include an analysis and review of these transactions to ensure proper accounting recognition on a monthly basis.

Effect: The monthly financial statements used in management's and the governing body's decision making process were inaccurate.

Recommendation: The City's internal controls over financial reporting should be strengthened to include a review of these transactions by knowledgeable management personnel to ensure that these transactions are properly recorded and recognized on a monthly basis.

08-7 Water Board Bond Covenants

Condition: The Weirton Area Water Board did not meet the debt service coverage requirements of its bond and loan agreements.

Criteria: The Weirton Area Water Board has entered into bond and loan agreements with the West Virginia Water Development Authority. Those agreements require the Water Board to maintain just and equitable rates and charges sufficient to produce net operating income of at least 115% of the maximum annual debt service on the outstanding bonds of all series, or 110% if the reserve requirement is met for the year.

Cause: The Water Board's rates did not generate the revenue necessary to meet the requirements of the covenant.

Effect: The Water Board is in noncompliance with the rate covenant of its bond and loan agreements.

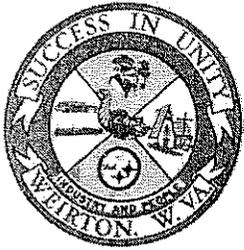
Recommendation: Management should take action to bring the Water Board's net operating income into compliance with the rate covenant of its bond and loan agreements.

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None

CORRECTIVE ACTION PLAN



CITY OF WEIRTON
OFFICE OF THE CITY MANAGER

GARY J. DuFOUR
City Manager

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citymanager@cityofweirton.com

June 12, 2009

Ware & Hall, P.L.L.C
1108 Third Avenue
Post Office Box 819
Huntington, WV 25712-0819

RE: City of Weirton Audit, Fiscal Year 2007-2008 – Schedule of Findings and Questioned
Costs 08-1 – 08-7

Gentlemen:

In response to the above-referenced findings in audited documentation prepared for the fiscal year ended June 30, 2008, the City of Weirton will follow the auditor's recommendations as outlined on the "Schedule of Findings and Questioned Costs" for the following:

- 08-01: Improper Revenue and Expense Recognition
- 08-02: Allowance for Uncollectible Accounts
- 08-03: Special Projects Fund Checking Account
- 08-04: Utility Billings and Other Reimbursement
- 08-05: Accounts Receivable and Accounts Payable Cutoff
- 08-06: Monthly Financial Statements

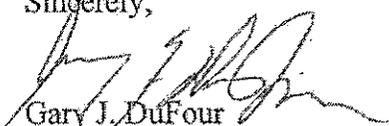
Corrective actions have been implemented and the City's internal controls will continue to be strengthened to include review by knowledgeable management personnel to be better aligned in accordance with generally accepted accounting principles.

08-07: Water Board Bond Covenants

The Weirton City Council has approved a rate increase as requested by the Weirton Area Water Board to meet these requirements.

Should you have any additional questions regarding the above, please do not hesitate to contact my office.

Sincerely,


Gary J. DuFour
City Manager

cc: Thomas J. Maher, Jr., Finance Director