

**Independent Auditors' Report
and Related Financial Statements
For the Year Ended June 30, 2009**

CITY OF WEIRTON, WEST VIRGINIA

A Class II Municipality

in Hancock and Brooke Counties, West Virginia

**Teed & Associates, PLLC
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Charleston, West Virginia 25304
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CITY OF WEIRTON, WEST VIRGINIA

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CITY OF WEIRTON, WEST VIRGINIA

Municipal Officials

For the Year Ended June 30, 2009

<u>Office</u>	<u>Name</u>	<u>Term</u>
	Elective	
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
	Appointed	
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

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Funds

For the Year Ended June 30, 2009

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Fund
Coal Severance Tax

PROPRIETARY FUND TYPES

Enterprise Funds
Water Fund
Sewer Fund
Board of Park Commissioners Fund

OTHER FUND TYPES

Internal Service Fund
Pension Trust
Agency Fund

Teed & Associates, PLLC

Certified Public Accountants

Established 1992

Member, American Institute of Certified Public Accountants
Member, West Virginia Society of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Weirton, West Virginia (City), as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the City as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The City has not adopted the provisions of Government Accounting Standards Board Statement (GASB) Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) and has not recorded obligations for OPEB. Accounting principles generally accepted in the United States of America require adequate OPEB obligations be recorded. The amount by which this departure would affect the liabilities, expenses, and fund balances of the City is not reasonably determinable.

In our opinion, except for the effects of not recording OPEB obligations as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and City Council
City of Weirton
Weirton, West Virginia
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In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 5 through 11 and 53 through 55 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 the basic financial statements of the City. The combining and individual non-major 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 the 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 the City. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards accompanying information have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Teed & Associates, PLLC

Charleston, West Virginia
June 10, 2010

CITY WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

For the Year Ended June 30, 2009

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, 2009.

The fiscal year ending June 30, 2009, is the sixth 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. GASB 34 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.)

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

	Fiscal Year Ending 06/30/2009	Fiscal Year Ending 06/30/2008	Change
Total Assets:			
Capital	\$35,788,443	\$36,096,023	\$(307,580)
Other	9,064,492	9,751,349	(686,857)
	<u>44,852,935</u>	<u>45,847,372</u>	<u>(994,437)</u>
Total Liabilities:			
Current	2,487,494	3,053,616	(566,122)
Non-current	19,265,317	19,212,040	53,277
	<u>21,752,811</u>	<u>22,265,656</u>	<u>(512,845)</u>
Total Net Asset:			
Capital Net of Debt	26,741,533	25,226,215	1,515,318
Restricted	1,770,699	2,263,736	(493,037)
Unrestricted	(5,412,108)	(3,908,235)	(1,503,873)
	<u>\$23,100,124</u>	<u>\$23,581,716</u>	<u>\$ (481,592)</u>

	Fiscal Year Ending 06/30/2009	Fiscal Year Ending 06/30/2008	Change
Program Revenues:			
Charges for Services	\$10,172,951	\$10,177,443	\$(4,492)
Operating Grants	1,577,655	1,496,955	80,700
Capital Grants	1,302,218	851,371	450,846
General Revenues:			
Property Taxes	2,695,246	2,616,458	78,788
B&O Taxes	2,144,061	2,047,298	96,763
Excise Tax on Utilities	1,130,494	1,126,043	4,451
Other Taxes	398,766	517,604	(118,838)
Other	1,062,490	1,187,466	(124,976)
Total Revenues	<u>20,483,880</u>	<u>20,020,638</u>	<u>463,242</u>
Expenses:			
General Government	2,787,525	3,393,883	(606,358)
Public Safety	5,656,596	5,595,165	61,431
Highways and Streets	4,016,068	2,478,945	1,537,123
Health and Sanitation	1,212,558	880,041	332,517
Culture and Recreation	203,675	194,075	9,600
Social Services	13,940	46,217	(32,277)
Community Development	-	-	-
Interest on Long Term Debt	29,752	65,508	(35,756)
Water Board	3,047,774	2,921,703	126,071
Sanitary Board	2,142,908	2,006,856	136,052
Park Board	1,165,814	1,091,177	74,637
Library Board	688,168	645,074	43,094
Parking Authority	694	799	(105)
Total Expenses	<u>20,965,472</u>	<u>19,319,443</u>	<u>1,646,029</u>

Overall net **EXPENSES** increased with a net increase in primary government and a net increase in business-type activities.

Program revenues are covering approximately 64 percent of the functions or activities of the City, with general revenues covering the other 36 percent. This is consistent with fiscal year ending June 30, 2008, showing that the City must continue to utilize additional general revenues to meet expenditures.

Fund Level Analysis

Major Governmental Funds:

The **General Fund** experienced a net increase in the fund balance approaching \$477,744 for the fiscal year ended June 30, 2009. Revenues have increased over \$1,140,000 from the previous fiscal year. Expenditures also show a net increase from the prior year by over \$412,000.

The **Coal Severance Fund** experienced a net increase in the fund balance approaching \$43,000 for the fiscal year ended June 30, 2009. Revenues are up slightly over last year and expenditures have decreased with the absence of capital leases for public safety that were being funded.

Major Proprietary Funds:

The **Water Fund** experienced operating income for the fiscal year ending June 30, 2009 of approximately \$61,477 less than the prior year. Expenses were up by approximately \$92,146 from the prior year. The loss before contributions and transfers is over \$205,000 lower than the previous fiscal year.

The **Sanitary Fund** experienced operating income for the fiscal year ended June 30, 2009 of approximately \$26,000 less than the prior year. Expenditures also increased over the prior year by approximately \$87,560. Income before contributions and transfers is over \$216,000 lower than the previous fiscal year.

The **Board of Parks Fund** is experiencing larger operational losses and larger losses before capital contributions and transfers. Net assets have increased \$710,238 over the prior fiscal year. 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 below budget, B&O taxes and excise taxes on utilities did exceed their budget expectations. Total tax revenues were approximately \$38,000 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 1.35 million dollars below estimated budget. Video lottery, table gaming and some other revenue proceeds did come in over the anticipated budget.

Expenditures:

All categories – Favorable with the exception of general government and 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 furniture, machinery, and equipment. Various items under furniture, machinery, and equipment were purchased. The overall capital asset net increase before depreciation was approximately \$441,000.

Capital Assets - Business-type activities:

The overall capital assets net increase before depreciation was over \$1.2 million. Construction in Progress, Buildings and Improvements, Infrastructure, General Plant, and Furniture, Machinery and Equipment all had increases.

Overall, Primary Government net capital assets decreased.

Long-term debt – Governmental activities:

The overall long-term debt balance showed an increase from the prior fiscal year. This is due largely to lease obligations.

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 17.

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 2009-2010. 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 are further negative impacts with slow economic conditions and an unsteady employment outlook. This has a potential negative impact the General Fund through reductions in the B&O tax on manufacturing and also on money collected for the municipal service fee.

The Weirton City Council finalized its 2010-2011 fiscal year budget in March 2010. Reduced revenue expectations will provide for basic service operations and some street paving.

The City of Weirton will 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, 2010. (See Note 14)

The Weirton Area Water Board requested and Weirton City Council approved a rate increase to be implemented during the 3rd quarter of 2009. It is a two-step increase with the second tier rates to be implemented upon completion of the capital improvements.

The Weirton Sanitary Board requested and Weirton City Council approved a rate increase to be implemented during the 3rd quarter of 2010.

It is anticipated that the Weirton Sanitation Department may also be seeking a rate increase. 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 WEIRTON, WEST VIRGINIA

Statement of Net Assets

June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 1,800,016	\$ 1,394,358	\$ 3,194,374
Investments	485,290	1,033,838	1,519,128
Taxes receivable, net	803,141	-	803,141
Accounts receivable	492,713	987,151	1,479,864
Grants receivable	442,360		442,360
Interest receivable	35	51	86
Internal balance	87,587	(87,587)	-
Inventories	-	75,848	75,848
Other assets	53,062	17,905	70,967
Restricted assets	-	1,478,724	1,478,724
Land and construction in progress	855,697	1,141,084	1,996,781
Capital assets, net	13,554,109	20,237,553	33,791,662
Total assets	18,574,010	26,278,925	44,852,935
LIABILITIES:			
Accounts payable	226,205	474,133	700,338
Wages and benefits payable	73,027	113,775	186,802
Compensated absences, current	83,026	170,959	253,985
Due to fiduciary funds	119,877	-	119,877
Deferred revenues:	132,935	79,445	212,380
Security deposit	25,000	-	25,000
Lease obligation, current	255,912	28,406	284,318
Bonds payable, current, net of discount	-	706,069	706,069
Compensated absences, non-current	381,536	-	381,536
Lease obligation, non-current	325,864	-	325,864
Net pension obligation	9,549,177	-	9,549,177
Bonds payable, non-current, net of discount	-	9,007,465	9,007,465
Total liabilities	11,172,559	10,580,252	21,752,811
NET ASSETS:			
Invested in capital assets, net	13,828,030	11,636,697	25,464,727
Reserved for:			
Debt service	-	1,263,092	1,263,092
Capital Projects	291,975	-	291,975
Other purposes	-	215,572	215,572
Unrestricted	(6,718,554)	2,583,312	(4,135,242)
Total net assets	\$ 7,401,451	\$ 15,698,673	\$ 23,100,124

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

CITY WEIRTON, WEST VIRGINIA

Statement of Activities

For the Year Ended June 30, 2009

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Grants & Contributions	Capital	Primary Government		Total
				Grants & Contributions	Governmental Activities	Business Activities	
Primary government:							
Governmental activities:							
General government	\$2,787,525	\$ 511,344	\$ 824,106	\$ 3,667	\$(1,448,408)	\$ -	\$(1,448,408)
Public safety	5,656,596	2,383,055	103,611	95,577	(3,074,353)	-	(3,074,353)
Highways and streets	4,016,068	856,549	169,163	408,557	(2,581,799)	-	(2,581,799)
Health and sanitation	1,212,558	943,335	-	-	(269,223)	-	(269,223)
Culture and recreation	203,675	-	173,650	-	(30,025)	-	(30,025)
Social services	13,940	-	76,698	-	62,758	-	62,758
Interest	29,752	-	-	-	(29,752)	-	(29,752)
Total governmental activities	<u>13,920,114</u>	<u>4,694,283</u>	<u>1,347,228</u>	<u>507,801</u>	<u>(7,370,802)</u>	<u>-</u>	<u>(7,370,802)</u>
Total primary government	<u>13,920,114</u>	<u>4,694,283</u>	<u>1,347,228</u>	<u>507,801</u>	<u>(7,370,802)</u>	<u>-</u>	<u>(7,370,802)</u>
Business-type activities							
Water Board	3,047,774	2,942,117	-	45,241	-	(60,416)	(60,416)
Sanitary Board	2,142,908	2,017,832	-	64,028	-	(61,048)	(61,048)
Park Board	1,165,814	507,042	-	685,147	-	26,375	26,375
Library	688,168	11,408	230,427	-	-	(446,333)	(446,333)
Parking	694	269	-	-	-	(425)	(425)
Total business activities	<u>\$7,045,358</u>	<u>\$5,478,668</u>	<u>\$ 230,427</u>	<u>\$ 794,416</u>	<u>(7,370,802)</u>	<u>(541,847)</u>	<u>(541,847)</u>
General revenues:							
Ad valorem property taxes					2,541,553	153,693	2,695,246
B&O Taxes					2,144,061	-	2,144,061
Gas and oil severance taxes					1,130,494	-	1,130,494
Other taxes					398,766	-	398,766
Video lottery and table gaming					871,042	-	871,042
Unrestricted investment earnings					20,380	17,025	37,405
Other					154,579	63,804	218,383
Gain (loss) on sale of asset					(36,926)	(27,414)	(64,340)
Transfer					(956,019)	956,019	-
Total general revenues					<u>6,267,930</u>	<u>1,163,127</u>	<u>7,431,057</u>
Changes in net assets					(1,102,872)	621,280	(481,592)
Net assets at beginning of year					<u>8,504,323</u>	<u>15,077,393</u>	<u>23,581,716</u>
Total net assets					<u>\$ 7,401,451</u>	<u>\$ 15,698,673</u>	<u>\$23,100,124</u>

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

CITY WEIRTON, WEST VIRGINIA

Balance Sheet – Governmental Funds

For the Year Ended June 30, 2009

	<u>General</u>	<u>Coal Severance</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash	\$ 656,553	\$ 80,314	\$ 980,745	\$ 1,717,612
Investments	483,053	-	-	483,053
Taxes receivable, net	803,141	-	-	803,141
Accounts receivable	458,205	-	-	458,205
Grants receivable	424,431	-	17,929	442,360
Interest receivable	35	-	-	35
Due from (to) other funds	144,871	4,556	-	149,427
Deposits and prepaid	53,062	-	-	53,062
Total assets	<u>\$ 3,023,351</u>	<u>\$ 84,870</u>	<u>\$ 998,674</u>	<u>\$ 4,106,895</u>
LIABILITIES:				
Accounts payable	\$ 190,367	\$ -	\$ 4,675	\$ 195,042
Wages and benefits payable	73,027	-	-	73,027
Compensated absences	83,026	-	-	83,026
Due to (from) other funds	63,050	-	17,344	80,394
Due to fiduciary funds	119,877	-	-	119,877
Deferred revenues:	29,726	-	132,935	162,661
Security deposit	-	-	25,000	25,000
OPEB	-	-	-	-
Total liabilities	<u>559,073</u>	<u>-</u>	<u>179,954</u>	<u>739,027</u>
FUND BALANCES:				
Reserve for capital projects	-	-	291,975	291,975
Reserve for deposits and prepaid	53,062	-	-	53,062
Unreserved	2,411,216	84,870	526,745	3,022,831
Total fund balances	<u>2,464,278</u>	<u>84,870</u>	<u>818,720</u>	<u>3,367,868</u>
Total liabilities and fund balances	<u>\$ 3,023,351</u>	<u>\$ 84,870</u>	<u>\$ 998,674</u>	<u>\$ 4,106,895</u>

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

CITY WEIRTON, WEST VIRGINIA

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

June 30, 2009

Net assets of governmental funds	\$ 3,367,868
Capital assets of \$28,640,865 net of accumulated depreciation of \$14,231,059 used in governmental activities are not financial resources and therefore are not in the funds	14,409,806
Long-term net pension obligations are not due and payable in the current period and therefore are not reported in the funds	(9,549,177)
The assets and liabilities of certain internal service funds are not included in the financial statements, but are included in the governmental activities of the statement of net assets	106,541
The non-current portion of compensated absences are not due and payable in the current period and are not reported in the funds	(381,537)
Certain revenues are not available to fund current expenditures and therefore deferred in the governmental funds (deferred revenues)	29,726
Capital lease obligations do not require the use of current financial resources and therefore are reported only in the statement of net assets	<u>(581,776)</u>
Net assets of governmental activities	<u>\$ 7,401,451</u>

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

CITY WEIRTON, WEST VIRGINIA

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

For the Year Ended June 30, 2009

	General Fund	Coal Severance	Other Governmental Funds	Total
REVENUES:				
Property Taxes	\$ 2,559,584	\$ -	\$ 47,839	\$ 2,607,423
B&O taxes	2,288,135	-	-	2,288,135
Excise tax on utilities	1,130,494	-	-	1,130,494
Other taxes	357,669	100,499	-	458,168
Fines and forfeitures	115,338	-	17,889	133,227
Licenses, permits, and fees	357,874	-	-	357,874
Intergovernmental	1,506,624	-	341,950	1,848,574
Charges for services	4,043,347	-	-	4,043,347
Video lottery and table gaming	871,042	-	-	871,042
Investment income	15,301	256	4,777	20,334
Contributions	-	-	6,453	6,453
Other	160,945	-	-	160,945
Total revenues	<u>13,406,353</u>	<u>100,755</u>	<u>418,908</u>	<u>13,926,016</u>
EXPENDITURES:				
General government	2,539,343	34,626	219,036	2,793,005
Public safety	4,724,190	-	33,083	4,757,273
Highways and streets	3,523,192	-	3,080	3,526,272
Health and sanitation	1,138,009	-	-	1,138,009
Culture and recreation	78,814	-	81,295	160,109
Social Services	13,640	-	300	13,940
Debt Services				
Capital lease - principal	425,740	21,328	-	447,068
Capital lease - interest	27,855	1,897	-	29,752
Total expenditures	<u>12,470,783</u>	<u>57,851</u>	<u>336,794</u>	<u>12,865,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>935,570</u>	<u>42,904</u>	<u>82,114</u>	<u>1,060,588</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	462,265	-	-	462,265
Transfers in	30,000	-	-	30,000
Transfers (out)	(950,091)	-	(35,928)	(986,019)
Total other financing sources (uses)	<u>(457,826)</u>	<u>-</u>	<u>(35,928)</u>	<u>(493,754)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	477,744	42,904	46,186	566,834
Fund balance at beginning of year	<u>1,986,534</u>	<u>41,966</u>	<u>772,534</u>	<u>2,801,034</u>
Fund balance at end of year	<u>\$ 2,464,278</u>	<u>\$ 84,870</u>	<u>\$ 818,720</u>	<u>\$ 3,367,868</u>

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

CITY WEIRTON, WEST VIRGINIA

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

For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds:	\$ 566,834
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 depreciation and loss on disposal of capital assets of \$1,168,076 and \$36,926, respectively, exceeded capital outlays of \$523,591 in the current period.	(681,411)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. These consist of decreases in B &O taxes, property taxes, and other taxes of \$144,074, \$65,870, and \$59,402, respectively.	(269,346)
Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which new capital leases of \$462,265 exceeded capital lease payments of \$447,069.	(15,196)
Net pension obligation represents long-term debt activity, which is presented on the government-wide financial statements, but not the fund financial statements.	(689,697)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. These result in a net increase in compensated absences of \$19,528.	(20,082)
An internal service fund is used by management to charge the cost of gasoline to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>6,026</u>
Change in net assets of governmental activities	<u>\$ (1,102,872)</u>

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

CITY WEIRTON, WEST VIRGINIA

Statement of Net Assets – Proprietary Funds

June 30, 2009

	Water	Sanitary	Board of Park Commissions
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 356,834	\$ 522,851	\$ 309,100
Investments	-	-	746,364
Accounts Receivable, net	562,480	403,319	5,921
Due from other funds	-	27,021	-
Interest receivable	-	-	51
Inventories	75,848	-	-
Prepays	-	15,197	-
Total current assets	<u>995,162</u>	<u>968,388</u>	<u>1,061,436</u>
Restricted assets:			
Cash and cash equivalents	<u>1,176,165</u>	<u>302,559</u>	-
Total restricted assets	1,176,165	302,559	-
Non current assets			
Land and construction in progress	515,866	254,053	9,135
Capital assets, net	<u>8,827,131</u>	<u>9,124,195</u>	<u>1,806,026</u>
Total capital assets	<u>9,342,997</u>	<u>9,378,248</u>	<u>1,815,161</u>
Total assets	11,514,324	10,649,195	2,876,597
LIABILITIES:			
Current liabilities:			
Accounts payable	361,832	39,601	64,186
Wages and benefits payable	51,504	25,827	22,931
Due to other funds	138,320	-	737
Compensated absences, current	70,919	65,687	11,850
Deferred revenue	47,960	-	-
Capital lease obligation, current	-	28,406	-
Total current liabilities	670,535	159,521	99,704
Bond interest payable, current	522,497	183,572	-
Bonds payable, current (net of debt discount)	<u>5,675,509</u>	<u>3,331,956</u>	-
Total long-term liabilities	<u>6,198,006</u>	<u>3,515,528</u>	-
Total liabilities	6,868,541	3,675,049	99,704
NET ASSETS:			
Invested in capital assets, net of related debt	3,144,991	5,862,720	1,815,160
Restricted for debt service	969,593	293,499	-
Restricted for other purposes	206,572	9,000	-
Unrestricted	<u>324,627</u>	<u>808,927</u>	<u>961,733</u>
Total net assets	<u>\$ 4,645,783</u>	<u>\$ 6,974,146</u>	<u>\$ 2,776,893</u>

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

CITY WEIRTON, WEST VIRGINIA

Statement of Net Assets – Proprietary Funds – continued

June 30, 2009

	Parking & Library	Total	Internal Service Gasoline
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 205,573	\$ 1,394,358	\$ 82,404
Investments	287,474	1,033,838	2,238
Accounts Receivable, net	15,432	987,152	34,508
Due from other funds	24,619	51,640	18,599
Interest receivable	-	51	-
Inventories	-	75,848	-
Prepays	2,708	17,905	-
Total current assets	535,806	3,560,792	137,749
Restricted assets:			
Cash and cash equivalents	-	1,478,724	-
Total restricted assets	-	1,478,724	-
Non current assets			
Land and construction in progress	362,030	1,141,084	-
Capital assets, net	480,201	20,237,553	-
Total capital assets	842,231	21,378,637	-
Total assets	1,378,037	26,418,153	137,749
LIABILITIES:			
Current liabilities:			
Accounts payable	8,514	474,133	31,163
Wages and benefits payable	13,513	113,775	-
Due to other funds	171	139,228	45
Compensated absences, current	22,503	170,959	-
Deferred revenue	31,485	79,445	-
Capital lease obligation, current	-	28,406	-
Total current liabilities	76,186	1,005,946	31,208
Bond interest payable, current	-	706,069	-
Bonds payable, current (net of debt discount)	-	9,007,465	-
Total long-term liabilities	-	9,713,534	-
Total liabilities	76,186	10,719,480	31,208
NET ASSETS:			
Invested in capital assets, net of related debt	842,231	11,665,102	-
Restricted for debt service	-	1,263,092	-
Restricted for other purposes	-	215,572	-
Unrestricted	459,620	2,554,907	106,541
Total net assets	\$ 1,301,851	\$ 15,698,673	\$ 106,541

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

CITY WEIRTON, WEST VIRGINIA

Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds

June 30, 2009

	<u>Water</u>	<u>Sanitary</u>	<u>Board of Park Commissions</u>
OPERATING REVENUES			
Charges for services:			
Fees for services	\$ 2,895,405	\$ 2,017,832	\$ 443,864
Library fines	-	-	-
Sales and commissions	-	-	63,178
Lease and rental income	46,712	-	-
Internal service charges	-	-	-
Total charge for services	<u>2,942,117</u>	<u>2,017,832</u>	<u>507,042</u>
Property taxes-levy	-	-	-
Operating grants and contributions	-	-	-
Total Operating revenues	<u>2,942,117</u>	<u>2,017,832</u>	<u>507,042</u>
EXPENSES:			
Personal services	1,291,473	1,078,384	556,481
Maintenance, and contractual services	909,054	589,951	364,330
Materials and supplies	232,949	78,352	32,632
Depreciation	319,161	319,477	212,370
Total expenses	<u>2,752,637</u>	<u>2,066,164</u>	<u>1,165,813</u>
Operating (loss)	<u>189,480</u>	<u>(48,332)</u>	<u>(658,771)</u>
Nonoperating revenues (expenses):			
Investment Income	14,567	7,040	23,552
Interest on bonds and lease obligations	(291,483)	(75,469)	-
Amortization	(3,654)	(1,275)	-
Gain (loss) on disposal of capital assets	-	(26,208)	(1,206)
Other revenue	4,997	31,490	923
Total nonoperating revenues (expenses)	<u>(275,573)</u>	<u>(64,422)</u>	<u>23,269</u>
Operating revenues over (under) expenses before capital contributions			
Capital grants and contributions	(86,093)	(112,754)	(635,502)
Transfers from other funds	8,000	101,270	685,147
	<u>-</u>	<u>-</u>	<u>660,593</u>
Change in net assets	(78,093)	(11,484)	710,238
Net assets at beginning of year	<u>4,723,876</u>	<u>6,985,630</u>	<u>2,066,655</u>
Net assets at end of year	<u>\$ 4,645,783</u>	<u>\$ 6,974,146</u>	<u>\$ 2,776,893</u>

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

CITY WEIRTON, WEST VIRGINIA

Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds - continued

June 30, 2009

	Parking & Library	Total	Internal Service Gasoline
OPERATING REVENUES			
Charges for services:			
Fees for services	\$ 269	\$ 5,357,370	\$ -
Library fines	11,407	11,407	-
Sales and commissions	-	63,178	-
Lease and rental income	-	46,712	-
Internal service charges	-	-	499,867
Total charge for services	<u>11,676</u>	<u>5,478,667</u>	<u>499,867</u>
Property taxes-levy	153,693	153,693	-
Operating grants and contributions	<u>230,427</u>	<u>230,427</u>	-
Total Operating revenues	<u>395,796</u>	<u>5,862,787</u>	<u>499,867</u>
EXPENSES:			
Personal services	388,094	3,314,432	-
Maintenance, and contractual services	142,775	2,006,110	-
Materials and supplies	110,947	454,880	493,887
Depreciation	<u>47,047</u>	<u>898,055</u>	-
Total expenses	<u>688,863</u>	<u>6,673,477</u>	<u>493,887</u>
Operating (loss)	<u>(293,067)</u>	<u>(810,690)</u>	<u>5,980</u>
Nonoperating revenues (expenses):			
Investment Income	(28,134)	17,025	45
Interest on bonds and lease obligations	-	(366,952)	-
Amortization	-	(4,929)	-
Gain (loss) on disposal of capital assets	-	(27,414)	-
Other revenue	<u>26,394</u>	<u>63,804</u>	-
Total nonoperating revenues (expenses)	<u>(1,740)</u>	<u>(318,466)</u>	<u>45</u>
Operating revenues over (under) expenses before capital contributions			
	(294,807)	(1,129,156)	6,025
Capital grants and contributions	-	794,417	-
Transfers from other funds	<u>295,426</u>	<u>956,019</u>	-
Change in net assets	619	621,280	6,025
Net assets at beginning of year	<u>1,301,232</u>	<u>15,077,393</u>	<u>100,516</u>
Net assets at end of year	<u>\$ 1,301,851</u>	<u>\$ 15,698,673</u>	<u>\$ 106,541</u>

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

CITY WEIRTON, WEST VIRGINIA

Statement of Cash Flows – Proprietary Funds

For the Year Ended June 30, 2009

	Enterprise Funds		
	Water	Sanitary	Park Commissions
Cash flows from operating activities:			
Cash received from customers	\$ 3,022,056	\$ 2,113,080	\$ 508,243
Cash paid to suppliers and employees	(1,028,462)	(638,091)	(363,865)
Cash paid to employees and professionals	(1,263,486)	(1,071,147)	(551,192)
Payments for internal services	(46,112)	(26,658)	(3,435)
Other operating revenues	-	-	-
Net cash provided (used) by operating activities	<u>683,996</u>	<u>377,184</u>	<u>(410,249)</u>
Cash flows from other operating activities:			
Other non-operating revenues	<u>4,997</u>	<u>31,490</u>	<u>923</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	-	-	660,593
Cash flows from financing activities:			
Acquisition and construction of capital assets	(189,343)	(356,365)	(678,997)
Proceeds from issue of bonds	2,101	12,760	-
Principal paid on long term debt	(441,919)	(200,633)	-
Interest paid on long-term debt	(295,774)	(75,758)	-
Capital contributions and grants	<u>239,209</u>	<u>101,270</u>	<u>413,912</u>
Net cash (used) by financing activities	<u>(685,726)</u>	<u>(518,726)</u>	<u>(265,085)</u>
Cash flows from investing activities:			
Purchase of investments	-	-	(121,364)
Investments income	<u>14,567</u>	<u>7,040</u>	<u>23,552</u>
Net cash provided (used) by investing activities	<u>14,567</u>	<u>7,040</u>	<u>(97,812)</u>
Net increase (decrease) in cash and equivalents	17,834	(103,012)	(111,630)
Cash and equivalents, beginning	<u>1,515,165</u>	<u>928,422</u>	<u>420,730</u>
Cash and equivalents, ending	<u>\$ 1,532,999</u>	<u>\$ 825,410</u>	<u>\$ 309,100</u>
Reconciliation of operating Income			
Operating income (loss)	\$ 189,480	\$ (48,332)	\$ (658,771)
Adjustments:			
Depreciation	319,161	319,477	212,370
(Increase) decrease in accounts receivable	17,443	184,726	1,201
(Increase) decrease in due from other funds	62,496	(31,508)	-
(Increase) decrease in inventory	9,104	-	-
(Increase) decrease in prepaid	9,245	3,554	-
Increase (decrease) in accounts payable	(53,883)	(57,970)	31,810
Increase (decrease) in wages and benefits	28,685	(586)	4,370
Increase (decrease) in due to other funds	102,963	-	(2,148)
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in compensated absence	(698)	7,823	919
Total adjustments	<u>494,516</u>	<u>425,516</u>	<u>248,522</u>
Net cash provided (used) by operating activities	<u>\$ 683,996</u>	<u>\$ 377,184</u>	<u>\$ (410,249)</u>

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

CITY WEIRTON, WEST VIRGINIA

Statement of Cash Flows – Proprietary Funds

For the Year Ended June 30, 2009

	Enterprise Funds		Internal
	Parking & Library	Total	Service Gasoline
Cash flows from operating activities:			
Cash received from customers	\$ 8,870	\$ 5,652,249	\$ 534,457
Cash paid to suppliers and employees	(255,549)	(2,285,967)	(491,258)
Cash paid to employees and professionals	(387,098)	(3,272,923)	-
Payments for internal services	(1,656)	(77,861)	-
Other operating revenues	349,299	349,299	-
Net cash provided (used) by operating activities	<u>(286,134)</u>	<u>364,797</u>	<u>43,199</u>
Cash flows from other operating activities:			
Other non-operating revenues	26,394	63,804	-
Cash flows from non-capital financing activities:			
Transfers from other funds	270,807	931,400	-
Cash flows from financing activities:			
Acquisition and construction of capital assets	(74,595)	(1,299,300)	-
Proceeds from issue of bonds	-	14,861	-
Principal paid on long term debt	-	(642,552)	-
Interest paid on long-term debt	-	(371,532)	-
Capital contributions and grants	-	754,391	-
Net cash (used) by financing activities	<u>(74,595)</u>	<u>(1,544,132)</u>	<u>-</u>
Cash flows from investing activities:			
Purchase of investments	-	(121,364)	(18)
Investments income	1,677	46,836	45
Net cash provided (used) by investing activities	<u>1,677</u>	<u>(74,528)</u>	<u>27</u>
Net increase (decrease) in cash and equivalents	(61,851)	(258,659)	43,226
Cash and equivalents, beginning	267,424	3,131,741	39,178
Cash and equivalents, ending	<u>\$ 205,573</u>	<u>\$ 2,873,082</u>	<u>\$ 82,404</u>
Reconciliation of operating income			
Operating income (loss)	\$ (293,067)	\$ (810,690)	\$ 5,980
Adjustments:			
Depreciation	47,047	898,055	-
(Increase) decrease in accounts receivable	(2,806)	200,564	32,610
(Increase) decrease in due from other funds	-	30,988	1,980
(Increase) decrease in inventory	-	9,104	-
(Increase) decrease in prepaid	1,070	13,869	-
Increase (decrease) in accounts payable	(2,497)	(82,540)	2,629
Increase (decrease) in wages and benefits	996	33,465	-
Increase (decrease) in due to other funds	(84)	100,731	-
Increase (decrease) in deferred revenue	(34,821)	(34,821)	-
Increase (decrease) in compensated absence	(1,972)	6,072	-
Total adjustments	<u>6,933</u>	<u>1,175,487</u>	<u>37,219</u>
Net cash provided (used) by operating activities	<u>\$ (286,134)</u>	<u>\$ 364,797</u>	<u>\$ 43,199</u>

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

CITY WEIRTON, WEST VIRGINIA

Statement of Net Assets - Fiduciary and Agency Funds

For the Year Ended June 30, 2009

	<u>Policeman Pension</u>	<u>Fireman Pension</u>	<u>Pension Trust Total</u>	<u>Agency Fund</u>
ASSETS:				
Cash and cash equivalents	\$ 204,141	\$ 42,526	\$ 246,667	\$ 70,622
Insurance premium tax allocation receivable	353,620	170,442	524,062	-
Due from (to) other funds	79,717	40,160	119,877	-
Investment at fair value				
Common stock	1,517,870	2,404,638	3,922,508	-
Bond mutual funds	<u>1,678,901</u>	<u>2,284,242</u>	<u>3,963,143</u>	-
Total assets	<u>\$ 3,834,249</u>	<u>\$ 4,942,008</u>	<u>\$ 8,776,257</u>	<u>\$ 70,622</u>
LIABILITIES:				
Due to other funds	\$ -	\$ -	\$ -	\$ 15,717
Deferred revenue	<u>23,593</u>	-	<u>23,593</u>	<u>54,905</u>
Total liability	<u>23,593</u>	-	<u>23,593</u>	<u>\$ 70,622</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
	<u>\$ 3,810,656</u>	<u>\$ 4,942,008</u>	<u>\$ 8,752,664</u>	

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

CITY WEIRTON, WEST VIRGINIA

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2009

	<u>Policeman Pension</u>	<u>Fireman Pension</u>	<u>Total</u>
ADDITIONS:			
Contributions			
Employer	\$ 326,183	\$ 153,988	\$ 480,171
Plan Members	133,711	68,626	202,337
Insurance premium tax allocation	<u>353,620</u>	<u>170,442</u>	<u>524,062</u>
Total contributions	813,514	393,056	1,206,570
Investments income			
Interest and dividends	217,197	281,329	498,526
Net realized and unrealized gains (loss)	(1,131,414)	(1,527,042)	(2,658,456)
Less investment expense	<u>(12,857)</u>	<u>(11,933)</u>	<u>(24,790)</u>
Net investment income	<u>(927,074)</u>	<u>(1,257,646)</u>	<u>(2,184,720)</u>
Total additions	<u>(113,560)</u>	<u>(864,590)</u>	<u>(978,150)</u>
DEDUCTIONS			
Benefits	1,285,560	400,894	1,686,454
Administrative	<u>2,521</u>	<u>10,402</u>	<u>12,923</u>
Total expenditures	<u>1,288,081</u>	<u>411,296</u>	<u>1,699,377</u>
Excess (deficiency) of additions over (under) deductions	<u>(1,401,641)</u>	<u>(1,275,886)</u>	<u>(2,677,527)</u>
Fund balance at beginning of year	<u>5,212,297</u>	<u>6,217,894</u>	<u>11,430,191</u>
Fund balance at end of year	<u>\$ 3,810,656</u>	<u>\$ 4,942,008</u>	<u>\$ 8,752,664</u>

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

CITY WEIRTON, WEST VIRGINIA

Notes to the Combined Financial Statements

For the Year Ended June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of Weirton, West Virginia (the City), are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2009.

B. Component Units/Reporting Entity

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

C. Related Organizations

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

City of Weirton Housing Authority

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

City of Weirton Transit Authority

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

City of Weirton Redevelopment Authority

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

D. Government-Wide Financial Statements

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

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

E. Fund Financial Statements

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

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

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

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

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

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

G. 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.

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

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

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

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

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

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

H. Cash and Investments

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

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

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using quoted market prices. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note 3.

I. Inventories and Prepaids

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

Prepaids 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.

J. Capital Assets and Depreciation

The City's property, plant, equipment, and proprietary fund infrastructure and governmental fund infrastructure purchased or constructed after June 30, 1980, with useful lives of more than one year are stated at historical cost, or estimated historical cost if actual cost is unavailable, and are comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund

financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. During fiscal year 2007, the City implemented the transition provision of GASB #34 related to the retroactive reporting of infrastructure assets. Infrastructure recorded by the City includes roads/streets, alleys, bridges, trails, and trail bridges.

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 known.

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.

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

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

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

L. Estimates

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

M. Compensated Absences

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

NOTE 2. BUDGETARY INFORMATION

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

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

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State statute requires deposits to be fully collateralized. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the Director of Finance (Director for the Board of Park Commissioners and Library). State statute restricts un-invested cash in pension trust funds to an estimated amount not to exceed ninety days of benefit payments and administrative costs.

As of June 30, 2009, \$3,922,950 of the City’s bank balances was exposed to custodial credit risk as follows:

Collateralized by securities held by the
pledging financial institution \$ 3,922,950

Investments – As of June 30, 2009, the City had the following investments:

Type of Investments	Fair Value/ Carrying Value	Cost	Average Credit Quality/ Ratings (1)	Weighted Average Days To Maturity (2)
PRIMARY GOVERNMENT				
Investments:				
Money Market	\$ 485,290	\$ 485,290	AAA	N/A
Certificates of Deposit	746,365	725,001	N/A	55
Bond Mutual Funds	164,519	156,070	N/A	N/A
Equity Mutual Funds	122,953	186,930	N/A	N/A
Municipal Bond Commission	<u>1,263,092</u>	<u>1,263,092</u>	AAA	N/A
Total Investments (Non-fiduciary)	<u>2,782,219</u>	<u>2,816,383</u>		
FIDUCIARY FUNDS				
Cash & Money Market:				
Money Market Funds	38,419	38,419		
Common Stock:				
Domestic	3,922,510	3,789,990	N/A	N/A
Bond Mutual Funds:				
Domestic	<u>3,963,143</u>	<u>4,677,029</u>	N/A	N/A
Total Fiduciary Investments	<u>7,924,072</u>	<u>8,505,438</u>		
Grand Total Investments	<u>\$ 10,706,291</u>	<u>\$ 11,321,821</u>		

(1) Ratings are provided where applicable to indicate associated risk. N/A indicated 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 on the following table:

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Total
Money markets	\$ 18,079	\$ 20,340	\$ 38,419
Domestic common stock	1,517,870	2,404,639	3,922,510
Bond mutual funds	1,678,901	2,284,242	3,963,143
Total investments	<u>\$ 3,214,850</u>	<u>\$ 4,709,221</u>	<u>\$ 7,924,072</u>

Primary Government Investment Policies:

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

- (1) Any direct obligation of, or obligation guaranteed as to the payment of both principal and interest by, the United States of America;
- (2) Any evidence of indebtedness issued by any United States government agency guaranteed as to the payment of both principal and interest, directly or indirectly, by the United States of America;
- (3) Any evidence of indebtedness issued by the federal national mortgage association to the extent such indebtedness is guaranteed by the government national mortgage association;
- (4) Any evidence of indebtedness that is secured by a first lien deed of trust or mortgage upon real property situate within the State of West Virginia, if the payment thereof is substantially insured or guaranteed by the United States of America or any agency thereof;
- (5) Direct and general obligations of the State of West Virginia;
- (6) Any undivided interest in a trust, the corpus of which is restricted to mortgages of real property and, unless all of such property is situate within the State of West Virginia and insured, such trust at the time of the acquisition of such undivided interest, is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating pooled mortgage trusts;
- (7) Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association: Provided, That any such security is, at the time of its acquisition, rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: Provided, however, That if any commercial paper or any such security will mature within one year from the date of its issuance, it shall, at the time of its acquisition, be rated in one of the two

highest rating grades by any such nationally known agency and commercial paper or other evidence of indebtedness of any private corporation or association shall be purchased only upon the written recommendation from an investment advisor that has over three hundred million dollars in other funds under its management;

- (8) Negotiable certificates of deposit issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized;
- (9) Interest earning deposits including certificates of deposit, with any duly designated State of West Virginia depository, which deposits are fully secured by a collaterally secured bond; and
- (10) Mutual funds registered with the Securities and Exchange Commission which have assets in excess of three hundred million dollars.

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

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

Pension Trust Investment Policies

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

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

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

Monies invested are subject to the following restrictions and conditions:

- (a) Fixed income securities shall at no time exceed ten percent of the total assets of the pension fund, which are issued by one issuer, other than the United States government or agencies thereof, whereas this limit shall not apply;
- (b) At no time shall the equity portion of the portfolio exceed fifty percent of the total portfolio. Furthermore, the debt or equity securities of any one company or association shall not exceed five percent with a maximum of fifteen percent in any one industry;
- (c) Any investments in equities shall be subject to the following additional guidelines:
 - (1) Equity mutual funds shall be no sales load (front or back) and no contingent deferred sales charges shall be allowed. The total annual operating expense ratio shall not exceed one and three-quarter percent for any mutual fund;
 - (2) The stated investment policy requires one hundred percent of the equities of the portfolio be that of securities listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ National Market;
 - (3) Equity mutual funds may be only of the following fund description stated purpose: growth funds, growth and income funds, equity income funds, index funds; utilities, funds, balanced funds and flexible portfolio funds;
 - (4) The equity value of investments shall not exceed twenty-five percent of the total portfolio for the first twelve months; thereafter no more than five percent of the total portfolio be invested in equity securities per calendar quarter up to the maximum of fifty percent;

- (d) The board of trustees of each fund shall obtain an independent performance evaluation of the funds at least annually and such evaluation shall consist of comparisons with other funds having similar investment objectives for performance results with appropriate market indices;
- (e) Each entity conducting business for each pension fund, shall fully disclose all fees and costs of transactions conducted on a quarterly basis. Entities conducting business in mutual funds for and on behalf of each pension fund, shall timely file revised prospectus and normal quarterly and annual Securities Exchange Commission reporting documents with the board of trustees of each pension fund.

Both plans address custodial credit risk similarly with policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items; and provides periodic accounting to the respective pension boards. The pension trust funds hold \$3,922,510 in common stock, \$3,963,143 in bond mutual funds, and \$38,419 in money markets which are held by the investment counterparty, in the name of the pension fund or the City.

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

NOTE 4. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

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

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

	Water Board	Sanitary Board	Board of Park Commissioners	Enterprise Funds	Total
Accounts receivable	\$ 648,586	\$ 643,568	\$ 5,922	\$ 15,431	\$ 1,313,507
Less: Allowance for uncollectible accounts	<u>(86,106)</u>	<u>(240,250)</u>	<u>-</u>	<u>-</u>	<u>(326,356)</u>
Net accounts receivable	<u>\$ 562,480</u>	<u>\$ 403,319</u>	<u>\$ 5,922</u>	<u>\$ 15,431</u>	<u>\$ 987,151</u>
Uncollectible amounts netted with revenue	<u>\$ 56,947</u>	<u>\$ 35,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,160</u>

The Board of Park Commissioners Fund and Other Enterprise Funds report deferred revenue of \$47,960 - and \$31,485, respectively, for grant revenue received in advance of incurring qualifying expenses.

Governmental Receivables and Uncollectible Accounts

Significant receivables include amounts due from customers for sanitation services and police and fire service fee. These receivables are due within one year. Certain funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of un-collectibles. Related amounts are shown in the following table:

	General Fund
Accounts Receivable	\$ 949,505
Less: Allowance for uncollectible accounts	(491,229)
Net Accounts Receivable	<u>\$ 458,205</u>
Uncollectible amounts netted with revenue	<u>\$ 75,855</u>

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

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a county may distain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid. All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, twelve and fifty cents (12.50¢); on Class II property, twenty-five cents (25.00¢); and on Class IV property, fifty (50.00¢). In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The 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, 2009, were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Levy</u>
Class I	-	12.50¢
Class II	242,087,060	25.00¢
Class IV	388,189,320	50.00¢

In the governmental fund financial statements, property taxes receivable are recorded in the General Fund once the levy is approved. At fiscal year-end, the receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year end, they are recorded as deferred revenue. Deferred property taxes recorded in the accompanying governmental fund financial statements totaled \$29,726. An allowance totaling \$128,835 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, net of an allowance, and related revenue include all amounts due the City regardless of when cash is received.

Grants receivable and Deferred Revenue

Revenue is recorded as earned when eligibility requirements are met. Grants receivable totaling \$442,360 has been recorded in the governmental funds for expenses incurred in excess of grant funds received in the General, Tax Increment Financing, and Community Development Block Grant Funds. Deferred revenues in the governmental fund financial statements 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 contribution revenues received in advance of incurring qualifying expenditures in the Public Safety and Development Fund totaling \$132,935. Deferred revenue received after 60 days is fully recognized as revenue in the government-wide statements if eligibility requirements are met.

NOTE 5. RESTRICTED 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 \$1,478,724.

NOTE 6. CAPITAL ASSETS

Commitments -- Active construction in progress is composed of the following:

	Spent to June 30, 2009	Remaining Commitment
Water line extension	\$ 8,122	\$ 21,878
Sewer line extensions	\$ 45,820	\$ 104,180
Plant improvements	\$ 389,870	\$ 4,341,130

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	\$ 229,506	Water	\$ 319,161
Public Safety	323,126	Sewer	319,477
Highways and streets	500,614	Board of Park Commissioners	212,370
Health and sanitation	62,993	Library	46,353
Culture and recreation	51,837	Parking Authority	694
	<u>\$ 1,168,076</u>		<u>\$ 898,055</u>

NOTE 7. CAPITAL LEASE COMMITMENTS

The City's outstanding lease agreements include the acquisition of machinery and equipment for the street department at a cost of \$179,530, sanitation equipment at a cost of \$267,747, police cruisers at a cost of \$220,843, fire boat at a cost of \$137,500, a fire truck at a cost of \$379,352, and sewer equipment at a cost of \$160,100. These leases qualify as capital leases.

The debt service for capital leases is:

Year Ending June 30,	General Fund		Sanitary Board	
	Principal	Interest	Principal	Interest
2010	\$ 255,912	\$ 19,520	\$ 28,406	\$ 1,264
2011	181,062	11,382	-	-
2012	90,919	5,228	-	-
2013	14,382	3,216	-	-
2014	15,241	2,358	-	-
2015-2016	24,261	1,932	-	-
	<u>\$ 581,777</u>	<u>\$ 43,636</u>	<u>\$ -</u>	<u>\$ 1,264</u>

Interest rates on capital leases vary from 3.95% to 5.969% 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, 2009, amounted to \$29,752 for governmental activities and \$2,474 for business-type activities (sanitary board); all of which was expensed.

NOTE 8. LONG-TERM DEBT

Revenue Bonds

Revenue bonds outstanding as of June 30, 2009, consist of debt issued by the City for its water treatment facility. The debt is payable solely from and secured by a pledge of the gross revenues to be derived from the operation of the water treatment plant.

The bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The general bond indenture and its supplements for the water system bonds require the use of revenue, depreciation, operations and maintenance, reserve, construction, renewal and replacement, rebate and sinking fund accounts. The reporting entity is in compliance with all significant requirements of the various bond covenants.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2009.

	Balance June 30, 2008	Additions	Payments	Balance June 30, 2009	Due Within One Year
Governmental Activities					
Compensated absences	\$ 447,979	\$ 16,584	\$ -	\$ 464,563	\$ 83,026
Capital leases payable	566,580	462,265	447,069	581,776	255,911
Total Governmental Activities	1,014,559	478,849	447,069	1,046,339	338,937
Business-type Activities					
Revenue bonds:					
Water Board	6,640,738	2,101	445,572	6,197,267	468,018
Sanitary Board	3,693,686	12,760	173,438	3,533,008	176,933
Total revenue bonds	10,334,424	14,861	619,010	9,730,275	644,951
Capital leases payable:					
Sanitary Board	55,601	-	27,195	28,406	28,406
Compensated absences:					
Water Board	71,617		698	70,919	70,919
Sanitary Board	57,864	7,823		65,687	65,687
Board of Park Commissioners	10,931	919		11,850	11,850
Library	24,475	-	1,972	22,503	22,503
Total Compensated absences	164,887	8,742	2,670	170,959	170,959
Total Business-type Activities	10,554,912	23,603	648,875	9,929,640	844,316
Total Long-term debt	\$ 11,569,471	\$ 502,452	\$ 1,095,944	\$ 10,975,979	\$ 1,183,253

Total interest due within one year on the Business-type activities revenue bonds is \$65,128. Interest on the Water bonds is \$58,489 and interest on the Sanitary bonds is \$6,639.

Additional Debt Disclosure

Outstanding Bonds, Maturity Dates, and Interest Rates

	Amount of <u>Original Issue</u>	Range of Final <u>Maturity Dates</u>	<u>Range of Interest Rates</u>
Revenue Bonds			
Water Board	\$ 9,631,663	2017 - 2028	0% - 8.1% plus 1% administration fee
Sanitary Board	3,749,267	2028	2% plus 1% administration fee
Total	<u>\$ 13,366,069</u>		

Arbitrage Compliance

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

Debt Service Requirements to Maturity

Total interest expense for the fiscal year ended June 30, 2009, amounted to \$366,952 all of which was expensed.

The annual debt service requirements to maturity for bonded debt as of June 30, 2009, are as follows:

Year Ending <u>June 30,</u>	Water Board		Sanitary Board	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 468,018	\$ 281,054	\$ 176,933	\$ 78,341
2011	492,028	257,047	180,497	74,776
2012	517,711	231,362	184,135	71,139
2013	545,206	203,868	187,846	67,429
2014	574,648	174,424	191,631	63,644
2015-2019	2,436,663	387,437	1,017,654	258,716
2020-2025	680,704	95,864	1,124,401	151,968
2026-2028	482,289	25,630	469,911	37,230
	<u>\$ 6,197,267</u>	<u>\$ 1,656,686</u>	<u>\$ 3,533,008</u>	<u>\$ 803,243</u>

See Note 7 for debt service relating to leases.

The Water Board debt discount consists of current and non-current \$4,010 and \$53,740, respectively. The Sanitary Board debt discount consists of current and non-current \$1,275 and \$22,844, respectively. These amounts have been netted against the respective portions of current and non-current bonds payable on the Statements of Net Assets. Amortization expense is \$3,654 and \$1,275 for the Water and Sanitary Board, respectively.

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.

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. INTERFUND RECEIVABLES AND PAYABLES

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

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

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

<u>Fund</u>	Due from <u>Other Funds</u>	<u>Fund</u>	Due to <u>Other Funds</u>
General	\$ 144,871	General	\$ 63,050
Coal Severance	4,556	Public safety	14,328
Internal Service Fund	18,600	Internal Service Fund	45
Sanitary Board	27,021	Community Dev Block Grant	3,016
Library	24,619	Water Fund	138,320
	-	Board of Park Commissioners	737
	-	Other Funds	171
Total Due To	<u>\$ 219,667</u>		<u>\$ 219,667</u>

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 Primary Government reporting entity:

<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	\$ 950,091	Board of Park Commissioners	\$ 660,593
Community Dev Block Grant	35,928	General Fund	30,000
		Library	295,426
	<u>\$ 986,019</u>		<u>\$ 986,019</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	\$ 353,620
City of Weirton Firemen's Pension and Relief Fund	<u>170,442</u>
Total	<u>\$ 524,062</u>

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

NOTE 13. RETIREMENT PLANS

Single Employer Plans - The City 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, 2008, 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 basis of accounting and reporting investment values, see Notes 1 and 3.

Pension and Relief Fund	Policemen's	Firemen's
Memberships of the plans are as follows:		
Non-vested active members	33	12
Fully vested active members	4	10
Retirees and beneficiaries currently receiving benefits	48	14
Terminated plan members entitled to but not yet receiving benefits	-	-
Total	85	36

The actuarial assumptions are as follows:

	Policemen's	Firemen's
Valuation date:	July 1, 2008	July 1, 2007
Actuarial cost method:	Projected unit credit	Projected unit credit
Amortization method:	Level percent open	Level percent 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	6.68%	6.75%
Project salary increases	10.00% per year for first 3 years, 0.5% thereafter	1.00%
Inflation rate:	3%	3%
Other—cost of living adjustments:	\$15,000 of annual pension is increased by the lesser of inflation and 4% but 75% of purchasing power is maintained.	\$15,000 of annual pension is increased by the lesser of inflation and 4% but 75% of purchasing power is maintained.

Funding Progress is as follows:

Actuarial Evaluation Date	Policemen's Pension and Relief Fund 07/01/08	Firemen's Pension and Relief Fund 07/01/07
Actuarial Value of Assets	\$ 5,279,721	\$ 6,512,132
Actuarial Accrued Liability (AAL)	\$ 23,206,510	\$ 9,015,430
Underfunded (UAAL)	\$ 17,926,789	\$ 2,503,298
Funded Ratio	23%	72%
Covered Payroll	\$ 1,557,890	\$ 915,180
UAAL as a % of Covered Payroll	1151%	274%

The schedule of funding progress included in the required supplementary information immediately following the notes to the financial statements indicates that the actuarial value of the plan assets is (decreasing 15% for the Policemen's Pension and Relief Fund and increasing 29% for the Firemen's Pension and Relief Fund) over time relative to the actuarial accrued liability for both pension plans (increasing 20% for the Policemen's Pension and Relief Fund and increasing 21% for the Firemen's Pension and Relief Fund).

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

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund
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: -107% of prior year contribution -the average of contributions for the five years beginning July 1, 1983	Statutory alternative funding method – actuarially determined contribution to retain solvency for 15 years, not less than the greatest of: -107% of prior year contribution -the average of contributions for the five years beginning July 1, 1983

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund
	-the amount which, when added to member contributions and revenue from the state premium tax, equals the normal cost of the fund.	-the amount which, when added to the member contributions and revenue from the state premium tax, equals the normal cost of the fund
	Current year required contributions were \$326,183	Current year required contributions were \$153,988
Authority establishing contribution obligations and benefit provisions	State statute	State statute
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:

	Policemen's Pension Relief Fund	Firemen's Pension Relief Fund
Annual Required Contribution (ARC)	\$ 896,409	\$ 165,264
Interest on net pension obligation	467,699	90,926
ARC adjustment	<u>(414,883)</u>	<u>(65,546)</u>
Annual pension cost	949,225	190,644
Less: employer contributions	<u>(326,183)</u>	<u>(153,988)</u>
Increase in net pension obligation	<u>\$ 623,042</u>	<u>\$ 36,656</u>
Net pension obligation at June 30, 2009	<u>\$ 8,165,478</u>	<u>\$ 1,383,700</u>

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>		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2009	\$ 979,225	34%	\$ 8,165,478	\$ 190,644	81%	\$ 1,383,700
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

Cost Sharing, Multi-Employer Plan

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, employers, and state appropriations, as necessary.

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

Eligibility to participate	All City full time employees 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 (through June 30, 2009) 11% of covered payroll (effective July 1, 2009)
Period required to vest	5 years
Benefits and eligibility for distribution (full-time)	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (3 highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement option	Yes, 5 years credited service, including at least three years of contributing service age 62
Provisions for:	
Cost of living (normal retirement)	No
Death (duty, non-duty, post retirement)	Yes
Disability (duty, non-duty)	Yes

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

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 413,502	100%
2008	\$ 401,784	100%
2007	\$ 404,759	100%

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

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 fee is charged to the City for each of the retirees who choose this option. The fee charged to the City is determined by PEIA. The expense for 2009 totaled \$252,561.

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

GASB Statement No. 45 – *Statement Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEBs) was required to be implemented by the City for fiscal year 2009. However, the City did not complete the required calculation to determine the annually required contribution (ARC) in accordance with the GASB requirements. As a result, the OPEB liability and related expense have not been recorded within the governmental activities of the statement of net assets and activities, respectively, and the required disclosures have not been made. The amount by which this departure would increase the liabilities and expenses and decrease net assets of the governmental activities is not reasonably determinable.

NOTE 15. CONTINGENCIES

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

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 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 \$491,229 for the General Fund, \$86,106 for the Water Board, \$240,250 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.

NOTE 17. COMMITMENTS

The Weirton Water Board is under 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 cost to complete this upgrade is approximately \$4,731,000. Costs incurred as of June 30, 2009 totaled \$389,870.

The Weirton Water Board committed to a line extension for a total estimated cost of \$30,000. Costs incurred as of June 30, 2009 totaled \$8,122.

The Weirton Sanitary Board committed to the Hanover Township Line Extension for a total estimated cost of \$245,000. Costs incurred as of June 30, 2009 totaled \$45,820.

The Weirton Sanitary Board committed to the East Weirton Line Extension for a total estimated cost of \$150,000. No costs were incurred at June 30, 2009

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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEIRTON, WEST VIRGINIA

Defined Benefit Pension Trusts

For the Year Ended June 30, 2009

I. Schedule of Funding Progress

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2008	\$ 5,279,721	\$ 23,206,510	\$ 17,926,789	23%	\$ 1,557,890	1151%
7/1/2006	\$ 5,590,276	\$ 21,929,940	\$ 16,339,664	25%	\$ 1,587,560	1029%
7/1/2004	\$ 6,074,910	\$ 20,842,460	\$ 14,767,550	29%	\$ 1,482,860	996%
7/1/2002	\$ 6,209,584	\$ 19,325,860	\$ 13,116,276	32%	\$ 1,397,370	939%

Firemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2008	\$ 6,512,132	\$ 9,015,430	\$ 2,503,298	72%	\$ 915,180	274%
7/1/2006	\$ 5,546,711	\$ 9,599,380	\$ 4,052,669	58%	\$ 951,732	426%
7/1/2004	\$ 5,223,880	\$ 8,719,960	\$ 3,496,080	60%	\$ 1,001,830	349%
7/1/2002	\$ 5,044,113	\$ 7,448,950	\$ 2,404,837	68%	\$ 834,031	288%

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
2009	\$ 896,409	37%	\$ 165,264	87%
2008	\$ 823,683	37%	\$ 165,264	87%
2007	\$ 823,683	35%	\$ 260,540	52%
2006	\$ 676,035	39%	\$ 260,540	45%
2005	\$ 676,035	37%	\$ 281,384	42%
2004	\$ 676,076	34%	\$ 281,384	39%
2003	\$ 676,076	32%	\$ 197,082	52%
2002	\$ 553,913	37%	\$ 150,532	59%
2001	\$ 553,913	34%	\$ 85,838	97%
2000	\$ 440,528	40%	\$ 85,838	91%

CITY OF WEIRTON, WEST VIRGINIA

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

For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Revised</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 6,361,632	\$ 6,330,232	\$ 6,335,882	\$ (5,650)
Licenses and permits	225,000	356,050	357,874	(1,824)
Intergovernmental	1,574,705	2,012,473	1,506,624	505,849
Charges for services	4,217,000	4,173,580	4,043,347	130,233
Reimbursements	288,000	185,424	231,545	(46,121)
Charges to other funds	135,388	135,388	145,921	(10,533)
Video lottery	500,000	825,892	871,042	(45,150)
Investment income	85,000	17,000	15,301	1,699
Fines and forfeits	110,500	110,500	115,338	(4,838)
Miscellaneous	77,000	94,663	60,277	34,386
Total revenues	<u>13,574,225</u>	<u>14,241,202</u>	<u>13,683,151</u>	<u>558,051</u>
EXPENDITURES:				
General government	3,694,808	4,026,320	2,737,745	1,288,575
Public safety	5,087,758	5,213,594	4,853,808	359,786
Streets and transportation	4,019,077	4,244,628	3,669,421	575,207
Health and sanitation	1,273,156	1,257,234	901,888	355,346
Culture and recreation	989,426	989,426	1,028,905	(39,479)
Social services	10,000	10,000	13,640	(3,640)
Total expenditures	<u>15,074,225</u>	<u>15,741,202</u>	<u>13,205,407</u>	<u>2,535,795</u>
Total operating income (loss)	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>477,744</u>	<u>1,977,744</u>
Fund balance at beginning of year	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,986,534</u>	<u>486,534</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,464,278</u>	<u>\$ 2,464,278</u>

CITY OF WEIRTON, WEST VIRGINIA

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

For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Revised</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 66,000	\$ 66,000	\$ 100,499	\$ 34,499
Investment income	600	600	256	(344)
Total revenues	<u>66,600</u>	<u>66,600</u>	<u>100,755</u>	<u>34,155</u>
EXPENDITURES:				
General government	42,000	42,000	34,625	7,375
Public safety	23,232	23,232	23,226	6
Social services	<u>16,368</u>	<u>16,368</u>	-	<u>16,368</u>
Total expenditures	<u>81,600</u>	<u>81,600</u>	<u>57,851</u>	<u>23,749</u>
Excess (deficiency) of revenues over (under) expenditures	(15,000)	(15,000)	42,904	57,904
Fund balance at beginning of year	<u>15,000</u>	<u>15,000</u>	<u>41,966</u>	<u>26,966</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,870</u>	<u>\$ 84,870</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF WEIRTON, WEST VIRGINIA

Combining Balance Sheet – Non-major Governmental Funds

June 30, 2009

	<u>Youth Job Program</u>	<u>TIF</u>	<u>Financial Stabilization</u>	<u>Public Safety</u>	<u>CDBG</u>	<u>Total</u>
ASSETS:						
Cash	\$ 292	\$ 291,975	\$ 471,380	\$ 216,313	\$ 785	\$ 980,745
Grants receivable	-	-	-	-	17,929	17,929
Total assets	<u>\$ 292</u>	<u>\$ 291,975</u>	<u>\$ 471,380</u>	<u>\$ 216,313</u>	<u>\$ 18,714</u>	<u>\$ 998,674</u>
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ 289	\$ 4,386	\$ 4,675
Security deposit	-	-	-	25,000	-	25,000
Due to (from) other funds	-	-	-	3,016	14,328	17,344
Deferred revenue	-	-	-	132,935	-	132,935
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,240</u>	<u>18,714</u>	<u>179,954</u>
FUND BALANCES:						
Reserved		291,975				291,975
Unreserved	292	-	471,380	55,073	-	526,745
Total fund balance	<u>292</u>	<u>291,975</u>	<u>471,380</u>	<u>55,073</u>	<u>-</u>	<u>818,720</u>
Total Liabilities and Fund Balances	<u>\$ 292</u>	<u>\$ 291,975</u>	<u>\$ 471,380</u>	<u>\$ 216,313</u>	<u>\$ 18,714</u>	<u>\$ 998,674</u>

CITY OF WEIRTON, WEST VIRGINIA

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

June 30, 2009

	Youth Job Program	TIF	Financial Stabilization	Public Safety	CDBG	Total
REVENUES:						
Property taxes	\$ -	\$ 47,839	\$ -	\$ -	\$ -	\$ 47,839
Fees and Fines	-	-	-	17,889	-	17,889
Intergovernmental	-	-	-	-	341,950	341,950
Investment income	-	1,349	2,356	1,072	-	4,777
Contributions	-	-	-	6,453	-	6,453
Total revenues	<u>-</u>	<u>49,188</u>	<u>2,356</u>	<u>25,414</u>	<u>341,950</u>	<u>418,908</u>
EXPENDITURES:						
General government	-	85	-	7,845	211,106	219,036
Public safety	-	-	-	22,842	10,241	33,083
Highways and streets	-	-	-	-	3,080	3,080
Culture and recreation	-	-	-	-	81,295	81,295
Social services	-	-	-	-	300	300
Total expenditures	<u>-</u>	<u>85</u>	<u>-</u>	<u>30,687</u>	<u>306,022</u>	<u>336,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>49,103</u>	<u>2,356</u>	<u>(5,273)</u>	<u>35,928</u>	<u>82,114</u>
OTHER FINANCING (USES)						
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,928)</u>	<u>(35,928)</u>
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,928)</u>	<u>(35,928)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	-	49,103	2,356	(5,273)	-	46,186
Fund balance at beginning of year	<u>292</u>	<u>242,872</u>	<u>469,024</u>	<u>60,346</u>	<u>-</u>	<u>772,534</u>
Fund balance at end of year	<u>\$ 292</u>	<u>\$ 291,975</u>	<u>\$ 471,380</u>	<u>\$ 55,073</u>	<u>\$ -</u>	<u>\$ 818,720</u>

ACCOMPANYING INFORMATION

CITY OF WEIRTON, WEST VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identification Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Community Development Block Grant	14.218	B07-MC-54-0005	\$ 115,549
Community Development Block Grant	14.218	B08-MC-54-0005	271,651
Home Investment Partnerships Program	14.239	M07-DC-540204	<u>61,397</u>
Total U.S. Department of H.U.D.			<u>448,597</u>
U.S. Department of Justice			
<i>Direct Programs:</i>			
Bullet Proof Vest Program	16.607	FY 2004 Reg. Fd.	5,447
COPS Technology Program	16.710	2008-CK-WX-0025	42,343
<i>Pass-Through Programs From:</i>			
<u>West Virginia Department of Military Affairs</u>			
<u>and Public Safety</u>			
Justice Assistance Grant	16.579	N/A	<u>63,369</u>
Total U.S. Department of Justice			<u>111,159</u>
U.S. Department of Transportation			
<i>Direct Programs:</i>			
Federal Transit Formula Grant	20.507	WV-90-X111-00	96
Federal Transit Formula Grant	20.507	WV-90-X131-00	1,800
Federal Transit Formula Grant	20.507	WV-90-X136-00	12,698
Federal Transit Formula Grant	20.507	WV-90-X153-00	<u>151,489</u>
Federal Transit Formula Grant			<u>166,083</u>
<i>Pass-through Programs From:</i>			
<u>West Virginia Department of Transportation</u>			
Highway Planning and Construction	20.205	TEA-OH22(001)E	<u>408,147</u>
Total U.S. Department of Transportation			<u>574,230</u>
U.S. Environmental Protection Agency			
<i>Congressionally Mandated Projects</i>			
<i>Pass-through Programs From:</i>			
<u>West Virginia Department of Environment Protection</u>			
Capitalization Grants for Clean	66.458	N/A	
Water State Revolving Funds			<u>14,861</u>
Total US Environmental Protection Agency			<u>14,861</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,148,848</u>

CITY OF WEIRTON, WEST VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

NOTE 1. Basis of Presentation

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

NOTE 2. Sub-Recipients

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

Weirton Transit Company	<u>\$ 166,083</u>
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Teed & Associates, PLLC

Certified Public Accountants

Established 1992

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Member, West Virginia Society of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities and each major fund of the City of Weirton, West Virginia (the City), as of and for the year ended June 30, 2009 which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 10, 2010. 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 the City'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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 the entity'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 the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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 the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor and City Council, management, pass-through entities, federal awarding agencies, and grantor or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Teed & Associates, PLLC

Charleston, West Virginia
June 10, 2010

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

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

Compliance

We have audited the compliance of the City of Weirton, West Virginia (the City), 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, 2009. The City's major 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 the City's management. Our responsibility is to express an opinion on the City'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 the Board'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 on the Board's compliance with those requirements.

In our opinion, the City 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, 2009.

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

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with 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 the Board'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 employees, 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 any 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 the Mayor and City Council, management, pass-through entities, federal awarding agencies, and grantor or regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Teed & Associates, PLLC
Charleston, West Virginia
June 10, 2010

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2009

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

Name of Federal Program or Cluster

CFDA Number(s)

Community Development Block Grant
Highway Planning and Construction

14.218
20.205

Dollar threshold used to distinguish between Type A and Type B Programs:
Auditee qualified as a low-risk auditee?

\$ 300,000
 Yes No

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Findings and Questioned Costs – continued

For the Year Ended June 30, 2009

Section II – Financial Statement Findings

There are no findings reported.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported.

Section IV – Corrective Action Plan

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

Section V – Summary Schedule of Prior Audit Findings

There were no findings or questioned costs relative to federal awards for the year ended June 30, 2008.