

**Independent Auditors' Report
and Related Financial Statements
For the Year Ended June 30, 2010**

CITY OF WEIRTON, WEST VIRGINIA

A Class II Municipality

in Hancock and Brooke Counties, West Virginia

**Teed & Associates, PLLC
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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, 2010

<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, 2010

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

Library Parking Fund

OTHER FUND TYPES

Internal Service Fund

Pension Trust

Agency Fund

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, 2010, 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, 2010, 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 March 24, 2011, 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 54 through 56 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 performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The combining schedules on pages 58 and 59 and the accompanying schedule of expenditures of federal awards on page 61 are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Charleston, West Virginia
March 24, 2011

CITY WEIRTON, WEST VIRGINIA

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

For the Year Ended June 30, 2010

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, 2010.

The fiscal year ending June 30, 2010, is the seventh 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. The implementation of GASB34 changed the way in which government financial statements are recorded and presented. Readers of the financial statements now have government-wide financial statements, which report the City as a whole, and distinguish governmental activities from business-type activities.

The government-wide statements include the statement of net 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 06/30/2010	Fiscal Year Ending 06/30/2009	Change
Total Assets:			
Capital	\$38,631,014	\$35,788,443	\$2,842,571
Other	10,433,762	9,064,492	1,369,270
	<u>49,064,776</u>	<u>44,852,935</u>	<u>4,211,841</u>
Total Liabilities:			
Current	3,552,052	2,487,494	1,064,558
Non-current	20,445,662	19,265,317	1,180,345
	<u>23,997,714</u>	<u>21,752,811</u>	<u>2,244,903</u>
Total Net Asset:			
Capital Net of Debt	26,827,318	26,741,533	85,785
Restricted	1,836,049	1,770,699	65,350
Unrestricted	(3,596,305)	(5,412,108)	1,815,803
	<u>25,067,062</u>	<u>23,100,124</u>	<u>1,966,938</u>
Program Revenues:			
Charges for Services	10,794,124	10,172,951	621,173
Operating Grants	1,356,572	1,577,655	(221,083)
Capital Grants	1,796,689	1,302,217	494,472

	Fiscal Year Ending 06/30/2010	Fiscal Year Ending 06/30/2009	Change
General Revenues:			
Property Taxes	2,794,277	2,695,246	99,031
B&O Taxes	2,071,941	2,144,061	(72,120)
Excise Tax on Utilities	1,146,642	1,130,494	16,148
Other Taxes	502,480	398,766	103,714
Other	914,731	1,062,490	(147,759)
Total Revenues	21,377,456	20,483,880	893,576
Expenses:			
General Government	2,727,268	2,787,525	(60,257)
Public Safety	5,778,025	5,656,596	121,429
Highways and Streets	2,696,860	4,016,068	(1,319,208)
Health and Sanitation	890,223	1,212,558	(322,335)
Culture and Recreation	204,781	203,675	1,106
Social Services	60,085	13,940	46,145
Community Development	-	-	-
Interest on Long Term Debt	22,506	29,752	(7,246)
Water Board	3,038,189	3,047,774	(9,585)
Sanitary Board	2,162,561	2,142,908	19,653
Park Board	1,114,397	1,165,814	(51,417)
Library Board	714,929	688,168	26,761
Parking Authority	694	694	0
Total Expenses	19,410,518	20,965,472	(1,554,954)
Change in Net Assets	1,966,938	(481,592)	2,448,530
Prior Period Adjustment: Ending Change in Net Assets:	1,966,938	(481,592)	0
Ending Net Assets:	\$25,067,062	\$23,100,124	\$1,966,938

Discussion of Financial Position and Results of Operations

Observing government-wide, fiscal year ending June 30, 2010 resulted with an increase in **TOTAL NET ASSETS**.

Total Assets increased by \$4,211,841 with Capital Assets increasing by \$2,842,571 and all other assets increasing by \$1,369,270. A corresponding increase of \$2,244,903 occurred in Total Liabilities (\$1,064,558 current; \$1,180,345 non-current). Total Net Assets have increased by \$1,966,938.

The increase in Total Net Assets includes increases of \$85,785 Capital Net of Debt, \$65,350 Restricted and \$1,815,803 Unrestricted.

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

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

Overall, net **PROGRAM REVENUES** increased, with increases in Services Charges of \$621,173 and in Capital Grants and Contributions of \$494,472 and a decrease in Operating Grants and Contributions of \$221,083.

GENERAL REVENUES show increases in Property Tax collections of \$99,031, Excise Tax of \$16,148 and Other Taxes of \$103,714. B&O Taxes show a decrease of \$72,120 and all other revenues a decrease of \$147,759. Total General Revenues were up \$893,576 over the prior fiscal year.

TOTAL EXPENSES for the year were down from the prior fiscal year with reductions in General Government Expenses of \$60,257, Highways & Streets of \$1,319,208, Health & Sanitation of \$322,335, Interest on LTD of \$7,246, Water Board of \$9,585, and Park Board of \$51,417. Expense increases occurred with Public Safety of \$121,429, Culture and Recreation of \$1,160, Social Services of \$46,145, Sanitary Board of \$19,653 and Library Board of \$26,761. Total Expenses were down \$1,554,954 over the prior fiscal year.

Overall net **EXPENSES** decreased with net decreases in both primary government business-type activities.

Program revenues are covering approximately 62 percent of the functions or activities of the City, with general revenues are covering the other 38 percent. This is consistent with fiscal year ending June 30, 2009, 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 decrease in the fund balance approaching \$132,575 for the fiscal year ended June 30, 2010. Both revenues and expenses were down from the prior year by \$930,527 and \$795,719 respectively. However, other financing sources were up by \$475,511 providing for the net change in ending fund balance.

The **Coal Severance Fund** experienced a net increase in the fund balance approaching \$42,904 for the fiscal year ended June 30, 2010. Both revenues and expenses are down over the previous fiscal year by \$3,115 and \$1,408 respectively.

Major Proprietary Funds:

The **Water Fund** experienced operating income for the fiscal year ending June 30, 2010 of approximately \$729,165 more than the prior year. Expenses were up by approximately \$17,843 from the prior year. Income before contributions and transfers is approximately \$709,080 more than the previous fiscal year.

The **Sanitary Fund** experienced operating income for the fiscal year ended June 30, 2010 of approximately \$68,807 more than the prior year. Expenditures also increased over the prior year by approximately \$20,425. Income before contributions and transfers is about \$43,656 lower than the previous fiscal year.

The **Board of Parks Fund** experienced operating income for the fiscal year ended June 30, 2010 of approximately \$24,519 more than the prior year. Expenditures decreased over the prior year by approximately \$51,417. The loss before contributions and transfers is about \$81,396 lower than the previous fiscal year. Net assets have increased \$102,935 over the prior fiscal year.

Fiduciary Funds—Pension Trusts:

This detail can be found in the other supplementary information section of this report. The Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund both show increases in net assets of \$267,198 and \$1,008,013 respectively. (See Note 14)

Currently Known Facts, Decisions and Conditions

Disclosure of any significant litigations, contingencies, or commitments can be found in Notes 16, 17 and 18.

As discussed in the fund level analysis, the City's General Fund continues to be uncertain. Revenues remains flat, while the cost of providing steady or increasing levels of service to the citizens continues. The challenge remains for the City's Administration to continue to provide these "expected" levels of service, and this will continue during the fiscal year 2010-2011.

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

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

The Weirton City Council will finalize its 2011-2012 fiscal year budget in March 2011. Reduced revenue expectations will continue to provide for basic service operations and some street paving.

The City of Weirton will continue with the pursuit of the necessary steps for the adoption of the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEBs) for the fiscal year ending June 30, 2011. (See Note 15)

The Weirton Area Water Board requested and Weirton City Council approved a rate increase which was 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 which should be completed during the 2nd quarter of 2011.

The Weirton Sanitary Board requested, and Weirton City Council approved, a rate increase which was implemented during the 3rd quarter of 2010. It is probable that the Sanitary Board will request an additional rate increase either during the end of the 2010-2011 fiscal year or the beginning of the 2011-2012 fiscal year due to a corrective action compliance order received from the West Virginia Department of Environmental Protection pertaining to an area in the northwest area of the City.

It is anticipated that the Weirton Sanitation (Rubbish) Department may be seeking a rate increase during the 3rd quarter of 2011. This is to be determined.

Contacting the City's Financial Management

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Net Assets

June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 1,895,402	\$ 2,019,799	\$ 3,915,201
Investments	1,010,405	969,565	1,979,970
Taxes receivable, net	916,091	-	916,091
Accounts receivable	461,004	1,197,784	1,658,788
Bond proceeds receivable	-	150,192	150,192
Grants receivable	58,174	183,568	241,742
Interest receivable	-	51	51
Due to (from) other funds	76,000	(76,000)	-
Inventories	-	47,810	47,810
Other assets	24,666	15,838	40,504
Restricted assets	-	1,483,411	1,483,411
Land and construction in progress	855,697	3,680,317	4,536,014
Capital assets, net	<u>14,075,872</u>	<u>20,019,128</u>	<u>34,095,000</u>
Total assets	<u>19,373,311</u>	<u>29,691,463</u>	<u>49,064,774</u>
LIABILITIES:			
Accounts payable	407,144	1,182,006	1,589,150
Wages and benefits payable	141,033	127,662	268,695
Unearned revenues	125,805	49,946	175,751
Security deposit	25,000	-	25,000
Lease obligation, current	204,820	-	204,820
Bonds payable, current, net of discount	-	726,803	726,803
Compensated absences	396,121	165,711	561,832
Lease obligation, non- current	173,634	-	173,634
Net pension obligation	10,374,002	-	10,374,002
Bonds payable, non- current, net of discount	-	9,898,026	9,898,026
Total liabilities	<u>11,847,559</u>	<u>12,150,154</u>	<u>23,997,713</u>
NET ASSETS:			
Invested in capital assets, net	14,553,115	13,074,616	27,627,731
Reserved for:			
Debt service	-	1,290,801	1,290,801
Capital Projects	352,638	-	352,638
Other purposes	-	189,610	189,610
Unrestricted	<u>(7,380,001)</u>	<u>2,986,283</u>	<u>(4,393,718)</u>
Total net assets	<u>\$ 7,525,752</u>	<u>\$ 17,541,310</u>	<u>\$ 25,067,062</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Activities

For the Year Ended June 30, 2010

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,727,268	\$ 325,070	\$ 610,756	\$ -	\$ (1,791,442)	\$ -	\$ (1,791,442)
Public safety	5,778,025	2,384,505	101,767	105,864	(3,185,889)	-	(3,185,889)
Highways and streets	2,696,860	841,520	383,945	269,380	(1,202,015)	-	(1,202,015)
Health and sanitation	890,223	940,884	-	69,217	119,878	-	119,878
Culture and recreation	204,781	-	27,150	-	(177,631)	-	(177,631)
Social services	60,085	-	38,142	-	(21,943)	-	(21,943)
Interest	22,506	-	-	-	(22,506)	-	(22,506)
Total governmental activities	<u>12,379,748</u>	<u>4,491,979</u>	<u>1,161,760</u>	<u>444,461</u>	<u>(6,281,548)</u>	<u>-</u>	<u>(6,281,548)</u>
Business-type activities							
Water Board	3,038,190	3,671,282	-	1,079,028	-	1,712,120	1,712,120
Sanitary Board	2,162,560	2,086,639	-	110,159	-	34,238	34,238
Park Board	1,114,396	531,561	-	163,041	-	(419,794)	(419,794)
Library	714,929	12,662	194,812	-	-	(507,455)	(507,455)
Parking	694	-	-	-	-	(694)	(694)
Total business activities	<u>\$ 7,030,769</u>	<u>\$ 6,302,144</u>	<u>\$ 194,812</u>	<u>\$ 1,352,228</u>	<u>(6,281,548)</u>	<u>818,415</u>	<u>818,415</u>
General revenues:							
Ad valorem property taxes					2,622,772	171,505	2,794,277
B&O Taxes					2,071,941	-	2,071,941
Gas and oil severance taxes					1,146,642	-	1,146,642
Other taxes					502,480	-	502,480
Video lottery and table gaming					819,237	-	819,237
Unrestricted investment earnings					10,931	35,850	46,781
Other					37,527	31,027	68,554
Gain (loss) on sale of asset					-	(19,841)	(19,841)
Transfer					(805,681)	805,681	-
Total general revenues					<u>6,405,849</u>	<u>1,024,222</u>	<u>7,430,071</u>
Changes in net assets					124,301	1,842,637	1,966,938
Net assets at beginning of year					<u>7,401,451</u>	<u>15,698,673</u>	<u>23,100,124</u>
Total net assets					<u>\$ 7,525,752</u>	<u>\$ 17,541,310</u>	<u>\$ 25,067,062</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Balance Sheet – Governmental Funds

For the Year Ended June 30, 2010

	<u>General</u>	<u>Coal Severance</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash	\$ 470,132	\$ 93,856	\$ 1,236,148	\$ 1,800,136
Investments	1,008,162	-	-	1,008,162
Taxes receivable, net	887,408	27,655	1,028	916,091
Accounts receivable	427,797	-	-	427,797
Grants receivable	33,320	-	24,854	58,174
Due from (to) other funds	38,649	4,556	(11,844)	31,361
Deposits and prepaid	24,666	-	-	24,666
Total assets	<u>\$ 2,890,134</u>	<u>\$ 126,067</u>	<u>\$ 1,250,186</u>	<u>\$ 4,266,387</u>
LIABILITIES:				
Accounts payable	\$ 352,299	\$ -	\$ 18,653	\$ 370,952
Wages and benefits payable	141,033	-	-	141,033
Unearned revenues	-	-	125,805	125,805
Deferred revenues	65,099	-	-	65,099
Security deposit	-	-	25,000	25,000
Total liabilities	<u>558,431</u>	<u>-</u>	<u>169,458</u>	<u>727,889</u>
FUND BALANCES:				
Reserve for capital projects	-	-	352,638	352,638
Reserve for deposits and prepaid	24,666	-	-	24,666
Unreserved	2,307,037	126,067	728,090	3,161,194
Total fund balances	<u>2,331,703</u>	<u>126,067</u>	<u>1,080,728</u>	<u>3,538,498</u>
Total liabilities and fund balances	<u>\$ 2,890,134</u>	<u>\$ 126,067</u>	<u>\$ 1,250,186</u>	<u>\$ 4,266,387</u>

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

CITY OF WEIRTON, WEST VIRGINIA

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

June 30, 2010

Net assets of governmental funds	\$ 3,538,498
Capital assets of \$30,323,716 net of accumulated depreciation of \$15,392,146 used in governmental activities are not financial resources and therefore are not in the funds	14,931,570
Long-term net pension obligations are not due and payable in the current period and therefore are not reported in the funds	(10,374,002)
The assets and liabilities of internal service fund is are not included in the financial statements, but are included in the governmental activities of the statement of net assets	139,163
The non-current portion of compensated absences are not due and payable in the current period and are not reported in the funds	(396,121)
Certain revenues are not available to fund current expenditures and therefore deferred in the governmental funds (deferred revenues taxes)	65,098
Capital lease obligations do not require the use of current financial resources and therefore are reported only in the statement of net assets	<u>(378,454)</u>
Net assets of governmental activities	<u>\$ 7,525,752</u>

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

CITY OF WEIRTON, WEST VIRGINIA

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

For the Year Ended June 30, 2010

	General Fund	Coal Severance	Other Governmental Funds	Total
REVENUES:				
Property Taxes	\$ 2,528,317	\$ -	\$ 59,083	\$ 2,587,400
B&O taxes	2,071,941	-	-	2,071,941
Excise tax on utilities	1,146,642	-	-	1,146,642
Other taxes	405,243	97,237	-	502,480
Fines and forfeitures	140,520	-	7,660	148,180
Licenses, permits, and fees	131,681	-	-	131,681
Intergovernmental	1,136,969	-	442,888	1,579,857
Charges for services	4,052,261	-	-	4,052,261
Video lottery and table gaming	819,237	-	-	819,237
Investment income	5,528	403	5,000	10,931
Contributions	-	-	26,365	26,365
Other	37,487	-	-	37,487
Total revenues	<u>12,475,826</u>	<u>97,640</u>	<u>540,996</u>	<u>13,114,462</u>
EXPENDITURES:				
General government	2,311,792	43,389	117,452	2,472,633
Public safety	4,733,316	-	98,613	4,831,929
Highways and streets	3,347,693	-	197,630	3,545,323
Health and sanitation	848,726	-	-	848,726
Culture and recreation	126,477	-	27,150	153,627
Social Services	21,942	-	38,143	60,085
Debt Services				
Capital lease - principal	262,870	12,796	-	275,666
Capital lease - interest	22,248	258	-	22,506
Total expenditures	<u>11,675,064</u>	<u>56,443</u>	<u>478,988</u>	<u>12,210,495</u>
Excess (deficiency) of revenues over (under) expenditures	<u>800,762</u>	<u>41,197</u>	<u>62,008</u>	<u>903,967</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	72,344	-	-	72,344
Transfers in	-	-	200,000	200,000
Transfers (out)	(1,005,681)	-	-	(1,005,681)
Total other financing sources (uses)	<u>(933,337)</u>	<u>-</u>	<u>200,000</u>	<u>(733,337)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	(132,575)	41,197	262,008	170,630
Fund balance at beginning of year	2,464,278	84,870	818,720	3,367,868
Fund balance at end of year	<u>\$ 2,331,703</u>	<u>\$ 126,067</u>	<u>\$ 1,080,728</u>	<u>\$ 3,538,498</u>

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

CITY OF WEIRTON, WEST VIRGINIA

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

For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds: \$ 170,630

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 of \$1,682,851 exceeded depreciation of \$1,161,087 in the current period 521,764

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This consist of property taxes receivable. 35,371

Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which capital leases payments of \$ 275,666 exceeded new capital lease of \$72,344. 203,322

Net pension obligation represents long-term debt activity, which is presented on the government-wide financial statements, but not the fund financial statements. (824,824)

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. (14,584)

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. 32,622

Change in net assets of governmental activities \$ 124,301

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Net Assets – Proprietary Funds

June 30, 2010

	<u>Water</u>	<u>Sanitary</u>	<u>Board of Park Commissioners</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 960,427	\$ 518,581	\$ 238,224
Investments	-	-	686,364
Accounts Receivable, net	689,925	489,012	6,222
Bond proceeds receivable	150,192	-	-
Grant receivable	183,568	-	-
Due from (to) other funds	(59,396)	(11,723)	(4,836)
Interest receivable	-	-	51
Inventories	47,810	-	-
Prepaid	-	13,130	-
Total current assets	<u>1,972,526</u>	<u>1,009,000</u>	<u>926,025</u>
Restricted assets:			
Cash and cash equivalents	<u>1,152,702</u>	<u>330,709</u>	-
Total restricted assets	1,152,702	330,709	-
Non current assets			
Land & construction in progress	2,545,874	763,278	9,135
Capital assets, net	<u>8,722,023</u>	<u>8,851,751</u>	<u>2,005,368</u>
Total capital assets	<u>11,267,897</u>	<u>9,615,029</u>	<u>2,014,503</u>
Total assets	<u>14,393,125</u>	<u>10,954,738</u>	<u>2,940,528</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	1,081,652	58,442	25,664
Wages and benefits payable	60,960	26,867	25,410
Compensated absences	70,598	64,510	9,626
Unearned revenue	-	-	-
Total current liabilities	<u>1,213,210</u>	<u>149,819</u>	<u>60,700</u>
Bond interest payable, current	541,237	185,566	-
Bonds payable, non current (net of debt discount)	<u>6,293,880</u>	<u>3,604,146</u>	-
Total bonds payable	<u>6,835,117</u>	<u>3,789,712</u>	-
Total liabilities	8,048,327	3,939,531	60,700
NET ASSETS:			
Invested in capital assets, net of related debt	4,432,780	5,825,317	2,014,502
Restricted for debt service	993,729	297,072	-
Restricted for other purposes	155,973	33,637	-
Unrestricted	<u>762,316</u>	<u>859,181</u>	<u>865,326</u>
Total net assets	<u>\$ 6,344,798</u>	<u>\$ 7,015,207</u>	<u>\$ 2,879,828</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Net Assets – Proprietary Funds – continued

June 30, 2010

	Parking & Library	Total	Internal Service Gasoline
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 302,567	\$ 2,019,799	\$ 95,266
Investments	283,201	969,565	2,243
Accounts Receivable, net	12,626	1,197,785	33,207
Bond proceeds receivable	-	150,192	-
Grant receivable	-	183,568	-
Due from (to) other funds	(45)	(76,000)	44,639
Interest receivable	-	51	-
Inventories	-	47,810	-
Prepaid	2,708	15,838	-
Total current assets	<u>601,057</u>	<u>4,508,608</u>	<u>175,355</u>
Restricted assets:			
Cash and cash equivalents	-	1,483,411	-
Total restricted assets	-	1,483,411	-
Non current assets			
Land & construction in progress	362,030	3,680,317	-
Capital assets, net	439,986	20,019,128	-
Total capital assets	<u>802,016</u>	<u>23,699,445</u>	<u>-</u>
Total assets	<u>1,403,073</u>	<u>29,691,464</u>	<u>175,355</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	16,248	1,182,006	36,192
Wages and benefits payable	14,425	127,662	-
Compensated absences	20,977	165,711	-
Unearned revenue	49,946	49,946	-
Total current liabilities	<u>101,596</u>	<u>1,525,325</u>	<u>36,192</u>
Bond interest payable, current	-	726,803	-
Bonds payable, non current (net of debt discount)	-	9,898,026	-
Total bonds payable	<u>-</u>	<u>10,624,829</u>	<u>-</u>
Total liabilities	<u>101,596</u>	<u>12,150,154</u>	<u>36,192</u>
NET ASSETS:			
Invested in capital assets, net of related debt	802,016	13,074,615	-
Restricted for debt service	-	1,290,801	-
Restricted for other purposes	-	189,610	-
Unrestricted	499,461	2,986,284	139,163
Total net assets	<u>\$ 1,301,477</u>	<u>\$ 17,541,310</u>	<u>\$ 139,163</u>

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

CITY OF WEIRTON, WEST VIRGINIA

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

June 30, 2010

	<u>Water</u>	<u>Sanitary</u>	<u>Board of Park Commissioners</u>
OPERATING REVENUES			
Charges for services:			
Fees for services	\$ 3,378,424	\$ 2,086,639	\$ 463,503
Library fines	-	-	-
Sales and commissions	-	-	68,058
Lease and rental income	292,858	-	-
Internal service charges	-	-	-
Total charge for services	<u>3,671,282</u>	<u>2,086,639</u>	<u>531,561</u>
Property taxes-levy	-	-	-
Operating grants and contributions	-	-	-
Total Operating revenues	<u>3,671,282</u>	<u>2,086,639</u>	<u>531,561</u>
EXPENSES:			
Personal services	1,212,792	1,046,468	554,870
Maintenance, and contractual services	1,010,605	629,793	289,540
Materials and supplies	229,963	95,680	36,925
Depreciation	317,120	314,648	233,061
Total expenses	<u>2,770,480</u>	<u>2,086,589</u>	<u>1,114,396</u>
Operating (loss)	<u>900,802</u>	<u>50</u>	<u>(582,835)</u>
Nonoperating revenues (expenses):			
Investment Income	4,235	3,202	6,182
Interest on bonds and lease obligations	(263,700)	(74,696)	-
Amortization	(4,010)	(1,275)	-
Gain (loss) on disposal of capital assets	(17,833)	(2,008)	-
Other revenue	493	5,629	22,547
Total nonoperating revenues (expenses)	<u>(280,815)</u>	<u>(69,148)</u>	<u>28,729</u>
Operating revenues over (under) expenses before capital contributions	619,987	(69,098)	(554,106)
Capital grants and contributions	1,079,028	110,159	163,041
Transfers from other funds	-	-	494,000
Change in net assets	1,699,015	41,061	102,935
Net assets at beginning of year	<u>4,645,783</u>	<u>6,974,146</u>	<u>2,776,893</u>
Net assets at end of year	<u>\$ 6,344,798</u>	<u>\$ 7,015,207</u>	<u>\$ 2,879,828</u>

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

CITY OF WEIRTON, WEST VIRGINIA

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

June 30, 2010

	Parking & Library	Total	Internal Service Gasoline
OPERATING REVENUES			
Charges for services:			
Fees for services	\$ -	\$ 5,928,566	\$ -
Library fines	12,662	12,662	-
Sales and commissions	-	68,058	-
Lease and rental income	-	292,858	-
Internal service charges	-	-	485,688
Total charge for services	<u>12,662</u>	<u>6,302,144</u>	<u>485,688</u>
Property taxes-levy	171,505	171,505	-
Operating grants and contributions	194,812	194,812	-
Total Operating revenues	<u>378,979</u>	<u>6,668,461</u>	<u>485,688</u>
EXPENSES:			
Personal services	402,736	3,216,866	-
Maintenance, and contractual services	136,566	2,066,504	-
Materials and supplies	126,480	489,048	453,104
Depreciation	49,841	914,670	-
Total expenses	<u>715,623</u>	<u>6,687,088</u>	<u>453,104</u>
Operating (loss)	<u>(336,644)</u>	<u>(18,627)</u>	<u>32,584</u>
Nonoperating revenues (expenses):			
Investment Income	22,231	35,850	38
Interest on bonds and lease obligations	-	(338,396)	-
Amortization	-	(5,285)	-
Gain (loss) on disposal of capital assets	-	(19,841)	-
Other revenue	2,358	31,027	-
Total nonoperating revenues (expenses)	<u>24,589</u>	<u>(296,645)</u>	<u>38</u>
Operating revenues over (under) expenses before capital contributions	(312,055)	(315,272)	32,622
Capital grants and contributions	-	1,352,228	-
Transfers from other funds	311,681	805,681	-
Change in net assets	(374)	1,842,637	32,622
Net assets at beginning of year	<u>1,301,851</u>	<u>15,698,673</u>	<u>106,541</u>
Net assets at end of year	<u>\$ 1,301,477</u>	<u>\$ 17,541,310</u>	<u>\$ 139,163</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Cash Flows – Proprietary Funds

For the Year Ended June 30, 2010

	Enterprise Funds		
	Water	Sanitary	Board of Park Commissioners
Cash flows from operating activities			
Cash received from customers	\$ 3,534,348	\$ 2,028,890	\$ 529,551
Cash paid to suppliers and employees	(515,750)	(667,107)	(357,182)
Cash paid to employees and professionals	(1,203,657)	(1,046,605)	(554,616)
Payments for internal services	(46,394)	(26,658)	(1,996)
Other operating revenues	-	-	-
Net cash provided (used) by operating activities	<u>1,768,547</u>	<u>288,520</u>	<u>(384,243)</u>
Cash flows from other operating activities:			
Other non-operating revenues	<u>493</u>	<u>5,629</u>	<u>22,547</u>
Cash flows from non-capital financing activities			
Transfers from other funds	-	-	494,000
Cash flows from financing activities			
Acquisition and construction of capital assets	(2,259,853)	(553,436)	(432,403)
Proceeds from issue of bonds	956,197	450,137	-
Principal paid on long term debt	(468,018)	(205,339)	-
Interest paid on long-term debt	(268,970)	(74,991)	-
Capital contributions and grants	<u>847,500</u>	<u>110,158</u>	<u>163,041</u>
Net cash (used) by financing activities	(1,193,144)	(273,471)	(269,362)
Cash flows from investing activities:			
Proceeds from sale of investments	-	-	60,000
Investments income	<u>4,234</u>	<u>3,202</u>	<u>6,182</u>
Net cash provided (used) by investing activities	<u>4,234</u>	<u>3,202</u>	<u>66,182</u>
Net increase (decrease) in cash and equivalents	580,130	23,880	(70,876)
Cash and equivalents, beginning	<u>1,532,999</u>	<u>825,410</u>	<u>309,100</u>
Cash and equivalents, ending	<u>\$ 2,113,129</u>	<u>\$ 849,290</u>	<u>\$ 238,224</u>
Reconciliation of operating Income			
Operating income (loss)	\$ 900,802	\$ 50	\$ (582,835)
Adjustments:			
Depreciation	317,120	314,648	233,061
(Increase) decrease in accounts receivable	(127,445)	(85,693)	(300)
(Increase) decrease in due from other funds	(9,489)	9,103	(1,710)
(Increase) decrease in inventory	28,038	-	-
(Increase) decrease in prepaid	-	2,067	-
Increase (decrease) in accounts payable	719,820	18,841	(38,522)
Increase (decrease) in wages and benefits	9,456	1,040	2,478
Increase (decrease) in due to other funds	(69,434)	29,641	5,809
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in compensated absence	<u>(321)</u>	<u>(1,177)</u>	<u>(2,224)</u>
Total adjustments	<u>867,745</u>	<u>288,470</u>	<u>198,592</u>
Net cash provided (used) by operating activities	<u>\$ 1,768,547</u>	<u>\$ 288,520</u>	<u>\$ (384,243)</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Cash Flows – Proprietary Funds

For the Year Ended June 30, 2010

	Enterprise Funds		Internal Service Gasoline
	Parking & Library	Total	
Cash flows from operating activities			
Cash received from customers	\$ 15,467	\$ 6,108,256	\$ 459,877
Cash paid to suppliers and employees	(253,468)	(1,793,507)	(447,048)
Cash paid to employees and professionals	(401,824)	(3,206,702)	-
Payments for internal services	(788)	(75,836)	-
Other operating revenues	384,778	384,778	-
Net cash provided (used) by operating activities	<u>(255,835)</u>	<u>1,416,989</u>	<u>12,829</u>
Cash flows from other operating activities:			
Other non-operating revenues	2,358	31,027	-
Cash flows from non-capital financing activities			
Transfers from other funds	336,300	830,300	-
Cash flows from financing activities			
Acquisition and construction of capital assets	(9,626)	(3,255,318)	-
Proceeds from issue of bonds	-	1,406,334	-
Principal paid on long term debt	-	(673,357)	-
Interest paid on long-term debt	-	(343,961)	-
Capital contributions and grants	-	1,120,699	-
Net cash (used) by financing activities	<u>(9,626)</u>	<u>(1,745,603)</u>	<u>-</u>
Cash flows from investing activities:			
Proceeds from sale of investments	19,341	79,341	-
Investments income	7,164	20,782	33
Net cash provided (used) by investing activities	<u>26,505</u>	<u>100,123</u>	<u>33</u>
Net increase (decrease) in cash and equivalents	99,702	632,836	12,862
Cash and equivalents, beginning	205,573	2,873,082	82,404
Cash and equivalents, ending	<u>\$ 305,275</u>	<u>\$ 3,505,918</u>	<u>\$ 95,266</u>
Reconciliation of operating Income			
Operating income (loss)	\$ (336,644)	\$ (18,627)	\$ 32,584
Adjustments:			
Depreciation	49,841	914,670	-
(Increase) decrease in accounts receivable	2,805	(210,633)	1,301
(Increase) decrease in due from other funds	-	(2,096)	(27,112)
(Increase) decrease in inventory	-	28,038	-
(Increase) decrease in prepaid	2,708	4,775	-
Increase (decrease) in accounts payable	7,734	707,873	5,029
Increase (decrease) in wages and benefits	912	13,886	-
Increase (decrease) in due to other funds	(126)	(34,110)	1,027
Increase (decrease) in deferred revenue	18,461	18,461	-
Increase (decrease) in compensated absence	(1,526)	(5,248)	-
Total adjustments	<u>80,809</u>	<u>1,435,616</u>	<u>(19,755)</u>
Net cash provided (used) by operating activities	<u>\$ (255,835)</u>	<u>\$ 1,416,989</u>	<u>\$ 12,829</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Net Assets - Fiduciary and Agency Funds

For the Year Ended June 30, 2010

	<u>Policeman Pension</u>	<u>Fireman Pension</u>	<u>Pension Trust Total</u>	<u>Agency Fund</u>
ASSETS:				
Cash and cash equivalents	\$ 403,949	\$ 292,864	\$ 696,813	\$ 44,270
Due from (to) other funds	10,261	4,938	15,199	-
Investment at fair value				
Money Market	914,562	102,722	1,017,284	-
Common stock	1,648,148	-	1,648,148	-
Bond mutual funds	1,100,934	5,549,497	6,650,431	-
Total assets	<u>\$ 4,077,854</u>	<u>\$ 5,950,021</u>	<u>\$ 10,027,875</u>	<u>\$ 44,270</u>
LIABILITIES:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	44,270
Total liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,270</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 4,077,854</u>	<u>\$ 5,950,021</u>	<u>\$ 10,027,875</u>	<u>\$ -</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2010

	<u>Policeman Pension</u>	<u>Fireman Pension</u>	<u>Pension Trust Total</u>
ADDITIONS:			
Contributions			
Employer	\$ 366,665	\$ 164,769	\$ 531,434
Plan Members	141,111	62,092	203,203
Insurance premium tax allocation	<u>362,621</u>	<u>165,600</u>	<u>528,221</u>
Total contributions	870,397	392,461	1,262,858
Investments income			
Interest and dividends	156,304	216,132	372,436
Net realized and unrealized gains (loss)	498,163	833,190	1,331,353
Less investment expense	<u>(5,544)</u>	<u>(6,260)</u>	<u>(11,804)</u>
Net investment income	<u>648,923</u>	<u>1,043,062</u>	<u>1,691,985</u>
Total additions	<u>1,519,320</u>	<u>1,435,523</u>	<u>2,954,843</u>
DEDUCTIONS			
Benefits	1,240,836	420,644	1,661,480
Administrative	<u>11,286</u>	<u>6,866</u>	<u>18,152</u>
Total deductions	<u>1,252,122</u>	<u>427,510</u>	<u>1,679,632</u>
Excess (deficiency) of additions over (under) deductions	<u>267,198</u>	<u>1,008,013</u>	<u>1,275,211</u>
Fund balance at beginning of year	<u>3,810,656</u>	<u>4,942,008</u>	<u>8,752,664</u>
Fund balance at end of year	<u>\$ 4,077,854</u>	<u>\$ 5,950,021</u>	<u>\$ 10,027,875</u>

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

CITY OF WEIRTON, WEST VIRGINIA

Notes to the Combined Financial Statements

For the Year Ended June 30, 2010

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, 2010.

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.

Library / Parking – Accounts for the operating activities of Mary H. Weir Public Library and city's parking authority.

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

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

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

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

J. Capital Assets and Depreciation

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

financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. 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 compensated absence liabilities include required related payroll liability. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only the compensated absence liability payable from expendable, available financial resources in the fund financial statements in wages and benefits payable.

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, 2010, \$4,167,047 of the City’s bank balances was exposed to custodial credit risk as follows:

Collateralized by securities held by the pledging financial institution or adequate FDIC coverage for non-interest and NOW account with interest rate of 0.5% or less or a balance of less than \$250,000 \$ 4,167,047

Investments – As of June 30, 2010, the City had the following investments:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Business Type Activities</u>	<u>Total</u>
Money Market	\$ 9,277	\$ 1,017,283	\$ 74	\$ 1,026,634
Certificates of Deposit	998,885	-	686,364	1,685,249
Common Stock	-	1,648,148	-	1,648,148
Mutual Funds	-	6,650,431	283,127	6,933,558
Municipal Bond Commission	-	-	1,290,801	1,290,801
Total Investments (Non-fiduciary)	<u>\$ 1,008,162</u>	<u>\$ 9,315,862</u>	<u>\$ 2,260,366</u>	<u>\$ 12,584,390</u>

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

(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	\$ 914,563	\$ 102,722	\$ 1,017,284
Domestic common stock	1,648,148	-	1,648,148
Bond mutual funds	1,100,934	5,549,497	6,650,431
Total investments	<u>\$ 3,663,645</u>	<u>\$ 5,652,219</u>	<u>\$ 9,315,862</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 \$1,648,148 in common stock, \$6,650,431 in bond mutual funds, and \$1,017,284 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:

	<u>Water Board</u>	<u>Sanitary Board</u>	<u>Board of Park Commissioners</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts receivable	\$825,693	\$749,000	\$ 6,222	\$ 12,626	\$ 1,593,541
Less: Allowance for uncollectible	<u>(135,768)</u>	<u>(260,388)</u>	<u>-</u>	<u>-</u>	<u>(396,156)</u>
Net accounts receivable	<u>\$689,925</u>	<u>\$488,612</u>	<u>\$ 6,222</u>	<u>\$ 12,626</u>	<u>\$ 1,197,385</u>
Uncollectible amounts, net	<u>\$ 48,719</u>	<u>\$ 20,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,857</u>

The Public Safety Fund and Library Enterprise Fund report unearned revenue of \$125,805 - and \$49,946, 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:

Accounts Receivable Type	General Fund	Coal Severance	Other Governmental Funds
Taxes	\$ 941,570	\$ 27,655	\$ 1,028
Charges for Service	973,325	-	-
Fees and other Receivables	12,593	-	-
Intergovernmental	33,320	-	24,854
Less: Allowance for uncollectible accounts	(612,283)	-	-
Net Accounts Receivable	<u>\$1,348,525</u>	<u>\$ 27,655</u>	<u>\$ 25,882</u>
Uncollectible amounts netted with revenue	<u>\$ 88,428</u>	<u>\$ -</u>	<u>\$ -</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, fourteen and three-tenths cents (14.30¢); on Class II property, twenty-eight and six-tenths cents (28.60¢); and on Class IV property, fifty seven and tow-tenths cents (57.20¢). 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, 2010, 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	243,460,180	25.00¢
Class IV	380,043,705	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 \$65,099.

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 \$58,174 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 revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). Government funds include unearned revenue consists of other contribution revenues received in advance of incurring qualifying expenditures in the Public Safety and Development Fund totaling \$125,805. 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 \$1,483,411.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010, is as follows:

	Totals June 30, 2009	Additions	Deletions	Totals June 30, 2010
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 855,697	\$ -	\$ -	\$ 855,697
Total capital assets not being depreciated	<u>855,697</u>	<u>-</u>	<u>-</u>	<u>855,697</u>
Capital assets being depreciated				
Land Improvements	1,861,641	5,000	-	1,866,641
Buildings and improvements	7,095,920	10,336	-	7,106,256
Infrastructure	8,680,261	1,336,409	-	10,016,670
Furniture, machinery and equipment	<u>10,147,346</u>	<u>331,106</u>	<u>-</u>	<u>10,478,452</u>
Total capital assets being depreciated	<u>27,785,168</u>	<u>1,682,851</u>	<u>-</u>	<u>29,468,019</u>
Less accumulated depreciation for:				
Land Improvements	1,788,527	38,946	-	1,827,473
Buildings and improvements	4,312,248	137,217	-	4,449,465
Infrastructure	2,114,999	429,732	-	2,544,731
Furniture, machinery and equipment	<u>6,015,286</u>	<u>555,192</u>	<u>-</u>	<u>6,570,478</u>
Total accumulated depreciation	<u>14,231,060</u>	<u>1,161,087</u>	<u>-</u>	<u>15,392,147</u>
Governmental activities capital assets, net	<u>\$ 14,409,805</u>	<u>\$ 521,764</u>	<u>\$ -</u>	<u>\$ 14,931,569</u>
Business-type Activities				
Capital assets not being depreciated:				
Land and land rights	\$ 535,383	\$ -	\$ -	\$ 535,383
Construction-in-progress	<u>605,701</u>	<u>2,547,352</u>	<u>8,122</u>	<u>3,144,931</u>
Total capital assets being depreciated	<u>1,141,084</u>	<u>2,547,352</u>	<u>8,122</u>	<u>3,680,314</u>
Capital assets being depreciated:				
Land improvements	134,947	-	-	134,947
Buildings and improvements	9,739,597	437,129	4,590	10,172,136
Infrastructure	35,755,280	156,812	18,593	35,893,499
General plant	5,805,606	7,588	-	5,813,194
Furniture, machinery and equipment	<u>3,569,656</u>	<u>114,558</u>	<u>35,237</u>	<u>3,648,977</u>
Total capital assets being depreciated	<u>55,005,086</u>	<u>716,087</u>	<u>58,420</u>	<u>55,662,753</u>
Less accumulated depreciation for:				
Land improvements	127,908	227	-	128,135
Buildings and improvements	4,795,359	313,147	2,582	5,105,924
Infrastructure	26,481,528	359,514	1,684	26,839,358
General plant	698,616	74,360	-	772,976
Furniture, machinery and equipment	<u>2,664,122</u>	<u>167,422</u>	<u>34,315</u>	<u>2,797,229</u>
Total accumulated depreciation	<u>34,767,533</u>	<u>914,670</u>	<u>38,581</u>	<u>35,643,622</u>
Business-type activities capital assets, net	<u>\$ 21,378,637</u>	<u>\$ 2,348,769</u>	<u>\$ 27,961</u>	<u>\$ 23,699,445</u>

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

	<u>Spent to June 30, 2010</u>	<u>Remaining Commitment</u>
Water Fund		
Water by product treatment disinfection	\$ 2,376,687	\$ 1,533,657
Plant improvements	\$ 51,311	\$ 3,689
Sewer Fund		
Sewer line extensions	\$ 117,389	\$ 32,602
Sewer line replacement	\$ 60,142	\$ 2,858
Plant improvements	\$ 536,262	\$ -

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	\$ 169,216	Water	\$ 317,120
Public Safety	346,867	Sewer	314,648
Highways and streets	516,622	Board of Park	
Health and sanitation	77,228	Commissioners	233,061
Culture and recreation	51,154	Library	49,147
	<u>\$ 1,161,087</u>	Parking Authority	694
			<u>\$ 914,670</u>

NOTE 7. CAPITAL LEASE COMMITMENTS

The City's outstanding lease agreements include the acquisition of machinery and equipment for the street department and police department. These leases qualify as capital leases.

The debt service for capital leases is:

Year Ending June 30,	General Fund	
	<u>Principal</u>	<u>Interest</u>
2011	204,820	12,804
2012	108,317	6,016
2013	24,911	3,327
2014	15,241	2,358
2015	16,151	1,448
2016	9,014	484
	<u>\$ 378,454</u>	<u>\$ 26,437</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, 2010, amounted to \$222,506 for governmental activities.

NOTE 8. LONG-TERM DEBT

Revenue Bonds

Revenue bonds outstanding as of June 30, 2010, 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, 2010.

	Balance			Balance		Due Within
	June 30, 2009	Additions	Payments	June 30, 2010	One Year	
<u>Governmental Activities</u>						
Compensated absences	\$ 467,318	\$ 14,584	\$ -	\$ 481,902		N/A
Capital leases payable	581,776	72,344	275,666	378,454		\$ 173,634
Total Governmental Activities	1,049,094	86,928	275,666	860,356		173,634
<u>Business-type Activities</u>						
Revenue bonds:						
Water Board	6,197,267	1,106,389	468,018	6,835,638		492,028
Sanitary Board	3,533,008	450,137	176,933	3,806,212		180,497
Total revenue bonds	9,730,275	1,556,526	644,951	10,641,850		672,525
Capital leases payable:						
Sanitary Board	28,406	-	28,406	-		-
Compensated absences:						
Water Board	70,919	-	321	70,598		N/A
Sanitary Board	65,687	-	1,177	64,510		N/A
Board of Park Commissioners	11,850	-	2,224	9,626		N/A
Library	22,503	-	1,526	20,977		N/A
Total	170,959	-	5,248	165,711		N/A
Total Business-type Activities	9,929,640	1,556,526	678,605	10,807,561		672,525
Total Long-term debt	\$ 10,978,734	\$ 1,643,454	\$ 954,271	\$ 11,667,917		\$ 846,159

Total interest due within one year on the Business-type activities revenue bonds is \$331,823. Interest on the Water bonds is \$257,047 and interest on the Sanitary bonds is \$74,776.

Additional Debt Disclosure

Outstanding Bonds, Maturity Dates, and Interest Rates

	<u>Amount of Original Issue</u>	<u>Range of Final Maturity Dates</u>	<u>Range of Interest Rates</u>
Revenue Bonds			
Water Board	\$ 10,738,052	2017 - 2028	0% - 8.1% plus 1% administration fee
Sanitary Board	<u>4,199,404</u>	2028	2% plus 1% administration fee
Total	<u>\$ 14,937,456</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, 2010, amounted to \$366,952 all of which was expensed.

The annual debt service requirements to maturity for bonded debt as of June 30, 2010, are as follows:

<u>Year Ending June 30,</u>	Water Board		Sanitary Board	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 492,028	\$ 257,047	\$ 180,497	\$ 74,776
2012	594,455	268,423	184,135	71,139
2013	649,335	251,480	187,846	67,429
2014	680,875	219,938	191,631	63,643
2015	714,562	186,250	195,491	59,782
2016-2020	2,541,494	452,325	1,038,161	238,209
2021-2025	711,744	86,344	1,147,058	129,311
2026-2028	<u>451,145</u>	<u>14,796</u>	<u>681,393</u>	<u>20,612</u>
	<u>\$ 6,835,638</u>	<u>\$ 1,736,603</u>	<u>\$ 3,806,212</u>	<u>\$ 724,901</u>

See Note 7 for debt service relating to leases.

The Water Board debt discount consists of current and non-current \$4,010 and \$49,730, respectively. The Sanitary Board debt discount consists of current and non-current \$1,275 and \$21,569, 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 \$4,010 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:

Fund	Due from Other Funds	Fund	Due to Other Funds
General	\$ 107,257	General	\$ 68,608
Coal Severance	4,556	Public safety	4,497
Internal Service Fund	45,711	Internal Service Fund	1072
Board of Park Commissioners	1,710	Board of Park Commissioners	6546
Sanitary Board	17,918	Community Development Block Grant	7,346
Water	9,489	Water Fund	68,886
	-	Sanitary Board	29,641
	-	Other Funds	45
Total Due To	<u>\$ 186,641</u>		<u>\$ 186,641</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	\$ 1,005,681	Board of Park Commissioners	\$ 494,000
		Financial Stabilization	200,000
		Library	311,681
	<u>\$ 1,005,681</u>		<u>\$ 1,005,681</u>

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

For fiscal year 2010, 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	\$ 362,621
City of Weirton Firemen’s Pension and Relief Fund	<u>165,600</u>
Total	<u>\$ 528,221</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:

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

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, 2009, 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.

Policemen's Pension and Relief Fund

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

Eligible policemen contribute 7% of their monthly salary. The total eligible payroll for the fiscal year ending June 30, 2010 was \$2,015,867. The total employee contribution was \$141,111. The plan's fund balance as of June 30, 2010 is \$4,077,854.

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

The minimum required contribution of the City and State according to the July 1, 2008 actuarial report, was \$729,059. The actual contributions were \$729,286 for the year ended June 30, 2010.

Annual Required Contribution (ARC) and Significant Actuarial Assumptions - The pension obligation is the actuarial present value of the credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be in the future as a result of employee service to date. According to the most recent actuarial

report, as of July 1, 2008, the average salary for benefits was \$40,303. There were 48 pensioners as of June 30, 2008 receiving an average of \$26,816 in pension benefits with an expected cost-of-living increase up to 4%.

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

	<u>Policemen's</u>
Valuation date:	July 1, 2008
Actuarial cost method:	Projected unit credit
Amortization method:	Level percent open
Amortization period:	30 years (level percentage)
Actuarial asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	6.625%
Project salary increases	10.00% per year for first 3 years, 0.5% thereafter
Inflation rate:	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.

Funding Progress is as follows:

	<u>Policemen's Pension and Relief Fund 07/01/08</u>
Actuarial Evaluation Date	
Actuarial Value of Assets	\$ 5,279,721
Actuarial Accrued Liability (AAL)	\$ 23,206,510
Underfunded (UAAL)	\$ 17,926,789
Funded Ratio	23%
Covered Payroll	\$ 1,557,890
UAAL as a % of Covered Payroll	1151%

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 13%)is over time, over time, increasing or decreasing relative to the increase in the actuarial accrued liability (increasing 62%)

Trend Information

Fiscal Year	Policemen's Pension and Relief Fund		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2010	\$ 986,424	41%	\$ 8,785,237
2009	\$ 979,225	34%	\$ 8,165,478
2008	\$ 891,681	34%	\$ 7,512,436

Fireman's Pension and Relief Fund

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

Eligible firemen contribute 7% of their monthly salary. The total eligible payroll for the fiscal year ending June 30, 2010 was \$887,029. The total employee contribution was \$62,092. The plan's fund balance as of June 30, 2010 is \$5,950,021.

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

The minimum required contribution of the City and State was \$328,811. The actual contributions were \$330,369 for the year ended June 30, 2010.

Annual Required Contribution (ARC) and Significant Actuarial Assumptions - The pension obligation is the actuarial present value of the credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be in the future as a result of employee service to date. According to the most recent actuarial report, as of July 1, 2009, the average salary for benefits was \$40,298. There were 15 pensioners as of June 30, 2008 receiving an average of \$27,367 in pension benefits with an expected cost-of-living increase up to 4%.

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

	<u>Firemen's</u>
Valuation date:	July 1, 2009
Actuarial cost method:	Projected unit credit
Amortization method:	Level percent open
Amortization period:	30 years (level percentage)
Actuarial asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	6.50%
Project salary increases	1.00%
Inflation rate:	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.

Funding Process

Actuarial Evaluation Date	<u>Firemen's Pension and Relief Fund 07/01/09</u>
Actuarial Value of Assets	\$ 4,937,199
Actuarial Accrued Liability (AAL)	\$ 10,242,240
Underfunded (UAAL)	\$ 5,305,041
Funded Ratio	48%
Covered Payroll	\$ 896,579
UAAL as a % of Covered Payroll	592%

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 4%) is over time, over time, increasing or decreasing relative to the increase in the actuarial accrued liability (increasing 64%).

Trend Information

Fiscal Year	Firemen's Pension and Relief Fund		
	Annual	Percentage	Net
	Pension Cost	Contributed	Pension Obligation
2010	\$ 369,835	48%	\$ 1,588,765
2009	\$ 190,644	81%	\$ 1,383,700
2008	\$ 189,779	76%	\$ 1,347,044

Annual Pension Cost and Net Pension Obligation:

The following table presents the change in the City's pension obligation as recorded on the Statement of Net Assets at June 30, 2010:

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Total
ARC	\$ 896,409	\$ 344,689	\$ 1,241,098
Interest on net pension obligation	540,963	89,940	630,903
ARC adjustment	<u>(450,948)</u>	<u>(64,795)</u>	<u>(515,743)</u>
Annual pension cost	986,424	369,834	1,356,258
Less employer contribution	<u>366,665</u>	<u>164,769</u>	<u>531,434</u>
Change in pension obligation	619,759	205,065	824,824
Net pension obligation at June 30, 2009	<u>8,165,478</u>	<u>1,383,700</u>	<u>9,549,178</u>
Net pension obligation at June 30, 2010	<u>\$ 8,785,237</u>	<u>\$ 1,588,765</u>	<u>\$ 10,374,002</u>

Investment Detail

As of June 30, 2010, the City's pension fund held the following investments:

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Total
Money markets	\$ 914,563	\$ 102,722	\$ 1,017,285
Domestic common stock	1,648,148	-	1,648,148
Bond mutual funds	<u>1,100,934</u>	<u>5,549,497</u>	<u>6,650,431</u>
Total investments	<u>\$ 3,663,645</u>	<u>\$ 5,652,219</u>	<u>\$ 9,315,864</u>

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

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

Credit and Interest Rates – At June 30, 2010, the City credit rating and average maturities on its money market and bond mutual funds are as follows:

	<u>Interest Rate and Credit Risk Ratings</u>	
	<u>Maturity Range</u>	<u>Credit Quality Rating Range</u>
Money Market	Less than 1 year	Not available
Bond mutual funds	6.88-9.52 years	A to B

Cost Sharing, Multi-Employer Plan

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

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

In accordance with Chapter 5, Article 10 of the West Virginia State Code, employees are required to contribute 4.5% of their annual salary to PERS with the City contributing 11%. On July 1, 2010, the employer contribution rate increased to 12.5%

<u>Year</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 407,381	100%
2009	\$ 413,502	100%
2008	\$ 401,784	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 2010 totaled \$254,120.

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 2010. 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.

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.

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 for these services on the Statement of Net Assets pertaining to these services were \$1,646,196.

NOTE 17. 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, 2010

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
7/1/2009	\$ 4,937,199	\$ 10,242,240	\$ 5,305,041	48%	\$ 896,579	592%
7/1/2007	\$ 6,512,132	\$ 9,015,430	\$ 2,503,298	72%	\$ 915,180	274%
7/1/2005	\$ 5,546,711	\$ 9,599,380	\$ 4,052,669	58%	\$ 951,732	426%
7/1/2003	\$ 5,223,880	\$ 8,719,960	\$ 3,496,080	60%	\$ 1,001,830	349%

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
2010	\$ 896,409	41%	\$ 344,689	48%
2009	\$ 896,409	37%	\$ 165,264	87%
2008	\$ 823,683	37%	\$ 165,264	87%
2007	\$ 823,683	35%	\$ 260,540	52%
2006	\$ 676,035	39%	\$ 260,540	45%
2005	\$ 676,035	37%	\$ 281,384	42%
2004	\$ 676,076	34%	\$ 281,384	39%
2003	\$ 676,076	32%	\$ 197,082	52%
2002	\$ 553,913	37%	\$ 150,532	59%
2001	\$ 553,913	34%	\$ 85,838	97%

CITY OF WEIRTON, WEST VIRGINIA

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

For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Revised</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 2,514,528	\$ 2,510,778	\$ 2,528,317	\$ (17,539)
B&O taxes	2,000,000	2,000,000	2,071,941	(71,941)
Excise tax on utilities	1,125,000	1,125,000	1,146,642	(21,642)
Other taxes	359,000	382,000	405,243	(23,243)
Fines and forfeitures	110,500	120,500	140,520	(20,020)
Licenses, permits, and fees	213,750	130,000	131,681	(1,681)
Intergovernmental	1,282,717	1,440,504	1,136,969	303,535
Charges for services	4,191,646	4,203,646	4,052,261	151,385
Video lottery and table gaming	600,000	800,000	819,237	(19,237)
Charges to other funds	135,388	135,888	-	135,888
Reimbursements	114,269	114,269	-	114,269
Investment income	85,000	13,000	5,528	7,472
Other	75,000	140,000	37,487	102,513
Total revenues	<u>12,806,798</u>	<u>13,115,585</u>	<u>12,475,826</u>	<u>639,759</u>
EXPENDITURES:				
General government	3,590,349	3,960,770	2,311,792	1,648,978
Public safety	5,062,490	5,062,490	4,733,316	329,174
Streets and transportation	3,676,895	3,599,654	3,347,693	251,961
Health and sanitation	956,383	1,004,490	848,726	155,764
Culture and recreation	1,005,681	925,681	126,477	799,204
Social services	15,000	62,000	21,942	40,058
Debt Services				
Capital lease - principal	-	-	262,870	(262,870)
Capital lease - interest	-	-	22,248	(22,248)
Total expenditures	<u>14,306,798</u>	<u>14,615,085</u>	<u>11,675,064</u>	<u>2,940,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,500,000)</u>	<u>(1,499,500)</u>	<u>800,762</u>	<u>2,300,262</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	72,344	(72,344)
Transfers (out)	-	-	(1,005,681)	1,005,681
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(933,337)</u>	<u>933,337</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	<u>(1,500,000)</u>	<u>(1,499,500)</u>	<u>(132,575)</u>	<u>3,233,599</u>
Fund balance at beginning of year	<u>1,500,000</u>	<u>1,499,500</u>	<u>2,464,278</u>	<u>964,778</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,331,703</u>	<u>\$ 2,331,703</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, 2010

	<u>Budget</u>	<u>Revised</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:				
Other taxes	\$ 66,000	\$ 66,000	\$ 97,237	\$ 31,237
Investment income	200	200	403	203
Total revenues	<u>66,200</u>	<u>66,200</u>	<u>97,640</u>	<u>31,440</u>
EXPENDITURES:				
General government	46,000	46,000	43,389	2,611
Public safety	23,232	23,222	-	23,222
Social services	26,796	26,796	-	26,796
Debt service				-
Capital lease - principal	-	-	12,796	(12,796)
Capital lease - interest	-	-	258	(258)
Total expenditures	<u>96,028</u>	<u>96,018</u>	<u>56,443</u>	<u>39,575</u>
Excess (deficiency) of revenues over (under) expenditures	(29,828)	(29,818)	41,197	71,015
Fund balance at beginning of year	<u>29,828</u>	<u>29,818</u>	<u>84,870</u>	<u>55,052</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$126,067</u>	<u>\$ 126,067</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF WEIRTON, WEST VIRGINIA

Combining Balance Sheet – Non-major Governmental Funds

June 30, 2010

	<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	\$ 351,610	\$ 673,673	\$ 209,789	\$ 784	\$ 1,236,148
Taxes receivable	-	1,028	-	-	-	1,028
Due (to) other funds	-	-	-	(4,497)	(7,347)	(11,844)
Gants receivable	-	-	-	-	24,854	24,854
Total assets	<u>\$ 292</u>	<u>\$ 352,638</u>	<u>\$ 673,673</u>	<u>\$ 205,292</u>	<u>\$ 18,291</u>	<u>\$ 1,250,186</u>
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ 362	\$ 18,291	\$ 18,653
Security deposit	-	-	-	25,000	-	25,000
Unearned revenue	-	-	-	125,805	-	125,805
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,167</u>	<u>18,291</u>	<u>169,458</u>
FUND BALANCES:						
Reserved	-	352,638	-	-	-	352,638
Unreserved	<u>292</u>	<u>-</u>	<u>673,673</u>	<u>54,125</u>	<u>-</u>	<u>728,090</u>
Total fund balance	<u>292</u>	<u>352,638</u>	<u>673,673</u>	<u>54,125</u>	<u>-</u>	<u>1,080,728</u>
Total liabilities and fund balances	<u>\$ 292</u>	<u>\$ 352,638</u>	<u>\$ 673,673</u>	<u>\$ 205,292</u>	<u>\$ 18,291</u>	<u>\$ 1,250,186</u>

CITY OF WEIRTON, WEST VIRGINIA

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

June 30, 2010

	Youth Job Program	TIF	Financial Stabilization	Public Safety	CDBG	Total
REVENUES:						
Property taxes	\$ -	\$ 59,083	\$ -	\$ -	\$ -	\$ 59,083
Fees and Fines	-	-	-	7,660	-	7,660
Intergovernmental	-	-	-	-	442,888	442,888
Investment income	-	1,629	2,293	1,078	-	5,000
Contributions	-	-	-	26,365	-	26,365
Total revenues	-	60,712	2,293	35,103	442,888	540,996
EXPENDITURES:						
General government	-	49	-	-	117,403	117,452
Public safety	-	-	-	11,046	87,567	98,613
Highways and streets	-	-	-	25,005	172,625	197,630
Culture and recreation	-	-	-	-	27,150	27,150
Social services	-	-	-	-	38,143	38,143
Capital outlay	-	-	-	-	-	-
Total expenditures	-	49	-	36,051	442,888	478,988
Excess (deficiency) of revenues over (under) expenditures	-	60,663	2,293	(948)	-	62,008
OTHER FINANCING (USES)						
Transfers in (out)	-	-	200,000	-	-	200,000
Total other financing (uses)	-	-	200,000	-	-	200,000
Excess (deficiency) of revenues and other financing sources over expenditures and other funds	-	60,663	202,293	(948)	-	262,008
Fund balance at beginning of year	292	291,975	471,380	55,073	-	818,720
Fund balance at end of year	\$ 292	\$ 352,638	\$ 673,673	\$ 54,125	\$ -	\$ 1,080,728

ACCOMPANYING INFORMATION

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Community Development Block Grant	14.218	B09-MC-54-0005	\$ 229,666
Community Development Block Grant	14.218	B08-MC-54-0005	138,486
Community Development Block Grant -- ARRA	14.253	B09-MY-54-0004	<u>131,789</u>
Total U.S. Department of H.U.D.			<u>499,941</u>
U.S. Department of Justice			
<i>Direct Programs:</i>			
Public Partnership and Community Policing Grants	16.710	2008-CK-WX-0025	15,079
Edward Byrne Memorial Justice Assistance Grant -- ARRA	16.804	2009-SB-B9-3279	8,385
<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>55,240</u>
Total U.S. Department of Justice			<u>78,704</u>
U.S. Department of Transportation			
Federal Transit Formula Grant	20.507	WV-90-X153-00	10,388
Federal Transit Formula Grant	20.507	WV-90-X162-00	180,053
Federal Transit Formula Grant -- ARRA	20.507	WV-96-X003-00	193,504
<i>Pass-through Programs From:</i>			
<u>West Virginia Department of Transportation</u>			
Highway Planning and Construction	20.205	TEA-OH22(001)E	<u>71,750</u>
Total U.S. Department of Transportation			<u>455,695</u>
U.S. Environmental Protection Agency			
<i>Direct Programs:</i>			
Brownsfield Assessment and Cleanup Cooperatinve Grants	66.818	BF-97373401	69,217
<i>Pass-through Programs From:</i>			
<u>West Virginia Department of Health and Human Resources</u>			
Congressionally Mandated Projects	66.202	XP-97337301	<u>1,073,578</u>
Total US Environmental Protection Agency			<u>1,142,795</u>
U.S. Department of Energy			
<i>Direct Programs:</i>			
Energy Sefficiency and Conservation Block Grant -- ARRA	81.128	DE-EE0002399	<u>85,200</u>
Total U.S. Department of Energy			<u>85,200</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,262,335</u>

CITY OF WEIRTON, WEST VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

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>\$ 455,695</u>
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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, 2010 which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2011. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial control 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.

Charleston, West Virginia
March 24, 2011

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, 2010. 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, 2010.

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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a material noncompliance requirement with type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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.

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

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)

Congressional Mandated Projects

66.202

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

\$ 300,000

Auditee qualified as a low-risk auditee?

Yes No

CITY OF WEIRTON, WEST VIRGINIA

Schedule of Findings and Questioned Costs – continued

For the Year Ended June 30, 2010

Section II – Financial Statement Findings

There are no findings or questioned costs 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, 2009.