

Brooke and Hancock Counties

RFP#17-387

# **City of Weirton, West Virginia**

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**Financial Statements and Independent Auditor's Report**

**For the Fiscal Year Ended June 30, 2017**

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF FUNDS INCLUDED IN REPORT**  
**For the Fiscal Year Ended June 30, 2017**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax

**NONMAJOR FUNDS**

Youth Job Program  
TIF  
Public Safety  
Library  
CDBG

**PROPRIETARY FUND TYPES**

**MAJOR FUNDS**

Water  
Sewerage  
Board of Park Commissions

**NONMAJOR FUNDS**

Parking  
Internal Service Fund-Gasoline

**FIDUCIARY FUNDS**

Agency  
Policemen's Pension  
Firemen's Pension

**CITY OF WEIRTON, WEST VIRGINIA**  
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## **Introductory Section**

**CITY OF WEIRTON, WEST VIRGINIA**  
**CITY OFFICIALS**  
**For the Fiscal Year Ended June 30, 2017**

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OFFICE	NAME	TERM ENDS
<b><u>Elected</u></b>		
Mayor:	Harold Miller	June 2019
Council Members:		
Ward 1:	Tim Connell	June 2019
Ward 2:	Matthew Provenzano	June 2019
Ward 3:	Fred Marsh	June 2019
Ward 4:	George Ash	June 2019
Ward 5:	Douglas Jackson	June 2019
Ward 6:	Enzo Fracasso	June 2019
Ward 7:	Terry Weigel	June 2019
<b><u>Appointed</u></b>		
City Manager:	Travis Blosser	
Chief Code Official:	Matt Burskey	
City Attorney:	Vincent Gurrera	
City Clerk:	Kathy Mrvos	
City Judge:	Dean Makricostas	
Finance Director:	Diana Smoljanovich	
Fire Chief:	Jerry Shumate	
Library Director:	Richard Rekowski	
Planning and Development Director:	Mark Miller	
Police Chief:	Rob Alexander	
Public Works Director:	Rod Rosnick	
Utilities Director:	A.D. Butch Mastrantoni	

## **Financial Section**

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## Independent Auditor's Report

Honorable Mayor and City Council  
City of Weirton  
200 Municipal Plaza  
Weirton, West Virginia 26062

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weirton, West Virginia (the City), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## Summary of Opinions

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

## Basis for Qualified Opinions

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

## Qualified Opinions

In our opinion, except for the matter 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, the business-type activities, general, water board, sanitary board, board of park commissions and aggregate remaining fund information of the City of Weirton, as of June 30, 2017, and the respective changes in financial position thereof, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the coal severance fund and the internal service fund – gasoline of the City of Weirton, as of June 30, 2017, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

The City has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require this presentation to include the schedule of defined benefit pension trusts, schedules of net pension liabilities and pension contributions, and required budgetary comparison schedules, listed in the table of contents, to supplement the basic

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

financial statements. Although this information is not part of the basic financial statements, GASB considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

## *Supplementary and Other Information*

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

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

The schedule of expenditures of federal awards is presented for purposes of additional analysis in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia**

**March 12, 2018**

**CITY OF WEIRTON, WEST VIRGINIA**

**STATEMENT OF NET POSITION**

June 30, 2017

	Primary Government			Total
	Governmental Activities		Business-type Activities	
	Activities	Activities	Activities	
<b>Assets</b>				
Cash and cash equivalents	\$ 7,578,765	\$ 1,768,857	\$ 9,347,622	
Investments	529,125	408,476	937,601	
Receivables, net:				
Taxes	2,263,721	-	2,263,721	
Charges for services	475,181	1,174,777	1,649,958	
Intergovernmental	32,648	-	32,648	
Other fees and proceeds	1,128	-	1,128	
Internal balances	(210,255)	210,255	-	
Due from fiduciary funds	3,547	-	3,547	
Inventories	-	82,507	82,507	
Other assets	3,320	6,988	10,308	
Restricted assets:				
Cash and cash equivalents	-	3,333,760	3,333,760	
Capital assets:				
Land and construction in progress	913,146	4,029,602	4,942,748	
Other capital assets, net of depreciation	<u>16,819,840</u>	<u>26,247,702</u>	<u>43,067,542</u>	
Total assets	<u>28,410,166</u>	<u>37,262,924</u>	<u>65,673,090</u>	
<b>Deferred Outflows</b>				
Net changes in employer proportion and differences between contributions and proportionate share of contributions	19,735	60,947	80,682	
Changes in assumptions	6,138,854	-	6,138,854	
Differences between expected and actual experience	519,288	111,684	630,972	
Net differences between projected and actual investment earnings on pensions	1,418,400	705,291	2,123,691	
Employer contributions to pension plan subsequent to the measurement date	<u>250,896</u>	<u>264,620</u>	<u>515,516</u>	
Total deferred outflows of resources	<u>8,347,173</u>	<u>1,142,542</u>	<u>9,489,715</u>	
<b>Total assets and deferred outflows</b>	<b><u>\$ 36,757,339</u></b>	<b><u>\$ 38,405,466</u></b>	<b><u>\$ 75,162,805</u></b>	

**CITY OF WEIRTON, WEST VIRGINIA**

**STATEMENT OF NET POSITION**

June 30, 2017

	Primary Government			Total
	Governmental Activities		Business-type Activities	
	Activities	Activities		
<b>Liabilities</b>				
Accounts payable	\$ 456,577	\$ 1,023,415	\$ 1,479,992	
Wages and benefits payable	190,461	79,729	270,190	
Capital lease obligations payable, current	310,371	37,104	347,475	
Compensated absences	533,862	159,123	692,985	
Unearned revenues	286,226	-	286,226	
Security deposit	25,000	-	25,000	
Grant advances	1,279	-	1,279	
Liabilities payable from restricted assets:				
Bonds payable, current	-	935,031	935,031	
Accrued interest payable	-	27,440	27,440	
Capital lease obligations payable, non-current	226,197	203,896	430,093	
Bonds payable, non-current	-	15,610,382	15,610,382	
Net pension liability	<u>39,538,073</u>	<u>1,339,267</u>	<u>40,877,340</u>	
Total liabilities	<u>41,568,046</u>	<u>19,415,387</u>	<u>60,983,433</u>	
<b>Deferred Inflows</b>				
Net changes in proportion and differences between employer contributions and proportionate share of contributions	62,684	36,134	98,818	
Differences between expected and actual experience	2,206,614	-	2,206,614	
Net differences between projected and actual investment earnings on pensions	873,807	284,444	1,158,251	
Deferred difference in assumptions	<u>3,607,550</u>	<u>65,247</u>	<u>3,672,797</u>	
Total deferred inflows of resources	<u>6,750,655</u>	<u>385,825</u>	<u>7,136,480</u>	
<b>Net Position</b>				
Net investment in capital assets	17,196,418	13,490,891	30,687,309	
Restricted for:				
Capital projects	1,969,299	-	1,969,299	
Debt service	-	906,353	906,353	
Other purposes	1,668,106	2,424,407	4,092,513	
Unrestricted	<u>(32,395,185)</u>	<u>1,782,603</u>	<u>(30,612,582)</u>	
Total net position	<u>(11,561,362)</u>	<u>18,604,254</u>	<u>7,042,892</u>	
<b>Total liabilities, deferred inflows, and net position</b>	<b><u>\$ 36,757,339</u></b>	<b><u>\$ 38,405,466</u></b>	<b><u>\$ 75,162,805</u></b>	

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2017

<b>Functions/Programs</b>	Program Revenues						Net (Expense) Revenues and Changes in Net Position			
	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Primary Government		Total	
	Expenses						Governmental Activities	Business-type Activities		
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 2,843,231	\$ 481,494	\$ 165,971	\$ -	\$ (2,195,766)	\$ -	\$ -	\$ (2,195,766)		
Public safety	9,905,826	2,316,257	664,542	182,935	(6,742,092)	-	-	(6,742,092)		
Highway and streets	3,709,575	862,288	622,484	-	(2,224,803)	-	-	(2,224,803)		
Health and sanitation	1,183,423	1,308,117	-	-	124,694	-	-	124,694		
Culture and recreation	1,013,525	9,441	358,897	-	(645,187)	-	-	(645,187)		
Social services	30,462	-	46,264	-	15,802	-	-	15,802		
Interest	9,404	-	-	-	(9,404)	-	-	(9,404)		
Total governmental activities	<u>18,695,446</u>	<u>4,977,597</u>	<u>1,858,158</u>	<u>182,935</u>	<u>(11,676,756)</u>	<u>-</u>	<u>-</u>	<u>(11,676,756)</u>		
Business-type activities:										
Water board	3,786,049	3,736,482	-	10,150	-	(39,417)	-	(39,417)		
Sanitary board	3,229,924	3,100,839	25,627	2,550	-	(100,908)	-	(100,908)		
Board of park commissions	1,174,392	447,365	-	2,299	-	(724,728)	-	(724,728)		
Total business-type activities	<u>8,190,365</u>	<u>7,284,686</u>	<u>25,627</u>	<u>14,999</u>	<u>-</u>	<u>(865,053)</u>	<u>-</u>	<u>(865,053)</u>		
Total primary government	<u>\$ 26,885,811</u>	<u>\$ 12,262,283</u>	<u>\$ 1,883,785</u>	<u>\$ 197,934</u>	<u>\$ (11,676,756)</u>	<u>\$ (865,053)</u>	<u>\$ (865,053)</u>	<u>\$ (12,541,809)</u>		
General revenues:										
Taxes:										
Property taxes					3,488,741	-	-	3,488,741		
B & O taxes					4,696,299	-	-	4,696,299		
Sales taxes					2,262,975	-	-	2,262,975		
Excise tax on utilities					1,125,140	-	-	1,125,140		
Other taxes					569,995	-	-	569,995		
Video lottery and table gaming					446,746	-	-	446,746		
Unrestricted investment earnings					70,007	25,371	-	95,378		
Miscellaneous					128,124	12,609	-	140,733		
Gain (loss) on sale of assets					-	(2,307)	-	(2,307)		
Transfers					(549,000)	549,000	-	-		
Total general revenues and transfers					<u>12,239,027</u>	<u>584,673</u>	<u>-</u>	<u>12,823,700</u>		
Changes in net position					562,271	(280,380)	-	281,891		
Net position - beginning, as restated					<u>(12,123,633)</u>	<u>18,884,634</u>	<u>-</u>	<u>6,761,001</u>		
Net position - ending					<u>\$ (11,561,362)</u>	<u>\$ 18,604,254</u>	<u>\$ 7,042,892</u>			

**CITY OF WEIRTON, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2017**

	General	Coal Severance Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 4,617,562	\$ 101,575	\$ 2,430,437	\$ 7,149,574
Investments	-	-	529,125	529,125
Receivables, net				
Taxes	2,220,004	16,765	26,952	2,263,721
Charges for services	464,204	-	-	464,204
Intergovernmental	4,209	-	28,439	32,648
Other fees and proceeds	1,128	-	-	1,128
Due from other funds	89,663	-	-	89,663
Due from fiduciary funds	3,547	-	-	3,547
Prepaid expenses	-	-	3,320	3,320
 Total assets	 \$ 7,400,317	 \$ 118,340	 \$ 3,018,273	 \$ 10,536,930
<b>Liabilities, Deferred Inflows and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 394,345	\$ 1,610	\$ 33,526	\$ 429,481
Wages and benefits payable	179,860	-	10,601	190,461
Compensated absences	96,610	-	28,520	125,130
Due to other funds	298,975	-	9,286	308,261
Security deposit	-	-	25,000	25,000
Unearned revenue	-	-	189,927	189,927
Grant Advances	-	-	1,279	1,279
 Total liabilities	 969,790	 1,610	 298,139	 1,269,539
<b>Deferred Inflows</b>				
Unavailable revenue-taxes	183,363	-	-	183,363
<b>Fund balances</b>				
Non-spendable for:				
Prepaid expenses	-	-	3,320	3,320
Restricted for:				
Capital projects	-	-	1,969,299	1,969,299
Culture and recreation	1,668,106	-	-	1,668,106
Committed for:				
Capital projects	1,242,751	-	-	1,242,751
Workers' compensation	169,683	-	-	169,683
General expenditures	89,780	-	-	89,780
Assigned for:				
General expenditures	-	116,730	747,515	864,245
Unassigned for:				
Unassigned	3,076,844	-	-	3,076,844
 Total fund balances	 6,247,164	 116,730	 2,720,134	 9,084,028
 Total liabilities, deferred inflows, and fund balances	 \$ 7,400,317	 \$ 118,340	 \$ 3,018,273	 \$ 10,536,930

**CITY OF WEIRTON, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

Total fund balance, governmental funds	\$ 9,084,028
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets of \$41,783,529 net of accumulated depreciation of \$24,050,543, used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 17,732,986

Certain other long-term assets are not available to pay current period expenditures and, therefore, are unearned in the funds. These consist entirely of unearned property taxes. 87,063

The net position of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. 421,818

The portion of compensated absences that are not due and payable in the current period and are not reported in the funds, but are included in the governmental activities of the Statement of Net Position. (409,134)

Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government - wide level:

Deferred outflows - Net changes in employer proportion and differences between contributions and proportionate share of contributions 19,735

Deferred outflows - Changes in assumptions 6,138,854

Deferred outflows - Differences between expected and actual experience 519,288

Deferred outflows - Net differences between projected and actual investment earnings on pensions 1,418,400

Deferred outflows - Employer contributions to pension plan subsequent to measurement date 250,896

Deferred inflows - Net changes in proportion and differences between employer contributions and proportionate share of contributions (62,684)

Deferred inflows - Differences between expected and actual experience (2,206,614)

Deferred inflows - Net differences between projected and actual investment earnings on pensions (873,807)

Deferred inflows - Deferred differences in assumptions (3,607,550) 1,596,518

Long-term net pension liabilities are not due and payable in the current period and not reported in the funds. (39,538,073)

Capital lease obligations do not require the use of current financial resources and therefore are reported only in the Statement of Net Position. (536,568)

Net position of governmental activities in the Statement of Net Position \$ (11,561,362)

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Coal Severance		Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Tax		
<b>Revenues</b>				
Property taxes	\$ 2,860,100	\$ -	\$ 601,963	\$ 3,462,063
B&O taxes	4,696,901	-	-	4,696,901
Sales taxes	2,262,975	-	-	2,262,975
Excise tax on utilities	1,125,140	-	-	1,125,140
Other taxes	519,949	50,046	-	569,995
Fines and forfeitures	122,496	-	13,006	135,502
Licenses, permits, and fees	214,717	-	-	214,717
Intergovernmental	1,250,154	-	463,937	1,714,091
Charges for services	4,483,097	-	-	4,483,097
Video lottery and table gaming	446,746	-	-	446,746
Investment income	17,627	278	52,101	70,006
Contributions	-	-	327,003	327,003
Other	127,563	-	561	128,124
Total revenues	18,127,465	50,324	1,458,571	19,636,360
<b>Expenditures</b>				
Current:				
General government	3,026,218	1,610	261,630	3,289,458
Public safety	8,044,333	-	31,993	8,076,326
Highways and streets	3,560,948	-	239,452	3,800,400
Health and sanitation	1,330,871	-	-	1,330,871
Culture and recreation	193,204	-	918,556	1,111,760
Social services	15,050	-	15,412	30,462
Debt Service:				
Capital leases - principal	298,238	-	-	298,238
Capital leases - interest	9,403	-	-	9,403
Total expenditures	16,478,265	1,610	1,467,043	17,946,918
Excess (deficiency) of revenues over expenditures	1,649,200	48,714	(8,472)	1,689,442
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital leases	502,735	-	-	502,735
Transfers from other funds	-	-	369,978	369,978
Transfers to other funds	(918,979)	-	-	(918,979)
Net other financing sources (uses)	(416,244)	-	369,978	(46,266)
Net changes in fund balances	1,232,956	48,714	361,506	1,643,176
Fund balances - beginning, as restated	5,014,208	68,016	2,358,628	7,440,852
Fund balances - ending	\$ 6,247,164	\$ 116,730	\$ 2,720,134	\$ 9,084,028

**CITY OF WEIRTON, WEST VIRGINIA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

Net change in fund balances - total governmental funds: \$ 1,643,176

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlays as expense. The outlays are allocated over their estimated useful lives and reported as depreciation expense for the period. This is the amount by which capital outlays of \$2,083,880 exceeded depreciation expense of \$1,149,929 in the current period.

933,951

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

26,076

Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which new capital leases of \$502,735 exceeded capital lease payments of \$298,238.

(204,497)

Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68:

Amount of pension expenditures at fund modified accrual level	2,887,379
Amount of pension expenses recognized at government - wide level	<u>(4,738,950)</u>
	(1,851,571)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. These result in a net increase in compensated absences of \$4,524.

(4,524)

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.

19,660

Change in net position of governmental activities \$ 562,271

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2017**

	Enterprise Funds						Internal Service Fund-Gasoline	
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor	Total Enterprise Funds			
				Enterprise Fund Parking				
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 655,728	\$ 889,624	\$ 222,514	\$ 991	\$ 1,768,857	\$ 429,191		
Investments	-	-	408,476	-	408,476	-		
Accounts receivable, net	652,412	522,365	-	-	1,174,777	10,978		
Due from other funds	-	309,740	-	-	309,740	8,343		
Inventories	82,507	-	-	-	82,507	-		
Prepaid expenses	3,231	3,757	-	-	6,988	-		
Total current assets	<u>1,393,878</u>	<u>1,725,486</u>	<u>630,990</u>	<u>991</u>	<u>3,751,345</u>	<u>448,512</u>		
<b>Restricted assets</b>								
Cash and cash equivalents	2,843,937	489,823	-	-	3,333,760	-		
Total restricted assets	<u>2,843,937</u>	<u>489,823</u>	<u>-</u>	<u>-</u>	<u>3,333,760</u>	<u>-</u>		
<b>Non-current assets</b>								
Capital assets								
Land and construction in progress	3,502,092	213,794	9,135	304,581	4,029,602	-		
Other capital assets, net of accumulated depreciation	11,661,409	13,453,187	1,133,106	-	26,247,702	-		
Total non-current assets	<u>15,163,501</u>	<u>13,666,981</u>	<u>1,142,241</u>	<u>304,581</u>	<u>30,277,304</u>	<u>-</u>		
Total assets	<u>19,401,316</u>	<u>15,882,290</u>	<u>1,773,231</u>	<u>305,572</u>	<u>37,362,409</u>	<u>448,512</u>		
<b>Deferred outflows</b>								
Net changes in employer proportion and differences between contributions and proportionate share of contributions	37,686	18,020	5,241	-	60,947	-		
Differences between expected and actual experience	53,496	44,380	13,808	-	111,684	-		
Net differences between projected and actual investment earnings on pensions	337,829	280,264	87,198	-	705,291	-		
Employer contributions to pension plan subsequent to measurement date	131,942	102,495	30,183	-	264,620	-		
Total deferred outflows of resources	<u>560,953</u>	<u>445,159</u>	<u>136,430</u>	<u>-</u>	<u>1,142,542</u>	<u>-</u>		
<b>Total assets and deferred outflows of resources</b>	<b>\$ 19,962,269</b>	<b>\$ 16,327,449</b>	<b>\$ 1,909,661</b>	<b>\$ 305,572</b>	<b>\$ 38,504,951</b>	<b>\$ 448,512</b>		

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2017**

	Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	Internal Service Fund-Gasoline
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	879,716	117,551	26,148	-	1,023,415	26,694
Wages and benefits payable	35,507	33,319	10,903	-	79,729	-
Due to other funds	80,223	18,880	382	-	99,485	-
Compensated absences	75,701	71,101	12,321	-	159,123	-
Notes payable	-	37,104	-	-	37,104	-
<b>Total current liabilities</b>	<b>1,071,147</b>	<b>277,955</b>	<b>49,754</b>	<b>-</b>	<b>1,398,856</b>	<b>26,694</b>
<b>Liabilities payable from restricted assets</b>						
Bond interest payable, current	14,311	13,129	-	-	27,440	-
Bonds payable, current	474,980	460,051	-	-	935,031	-
<b>Total liabilities payable from restricted assets</b>	<b>489,291</b>	<b>473,180</b>	<b>-</b>	<b>-</b>	<b>962,471</b>	<b>-</b>
<b>Non-current liabilities</b>						
Net pension liability	641,501	532,188	165,578	-	1,339,267	-
Capital lease payable, non-current	-	203,896	-	-	203,896	-
Bonds payable, non-current	8,192,842	7,417,540	-	-	15,610,382	-
<b>Total non-current liabilities</b>	<b>8,834,343</b>	<b>8,153,624</b>	<b>165,578</b>	<b>-</b>	<b>17,153,545</b>	<b>-</b>
<b>Total liabilities</b>	<b>10,394,781</b>	<b>8,904,759</b>	<b>215,332</b>	<b>-</b>	<b>19,514,872</b>	<b>26,694</b>
<b>Deferred inflows</b>						
Net changes in proportion and differences between employer contributions and proportionate share of contributions	7,170	15,771	13,193	-	36,134	-
Net differences between projected and actual investment earnings on pensions	136,247	113,030	35,167	-	284,444	-
Deferred difference in assumptions	31,253	25,927	8,067	-	65,247	-
<b>Total deferred inflows of resources</b>	<b>174,670</b>	<b>154,728</b>	<b>56,427</b>	<b>-</b>	<b>385,825</b>	<b>-</b>
<b>Net Position</b>						
Net investment in capital assets	6,495,679	5,548,390	1,142,241	304,581	13,490,891	-
Restricted for:						
Debt service	467,654	438,699	-	-	906,353	-
Other purposes	2,373,283	51,124	-	-	2,424,407	-
Unrestricted	56,202	1,229,749	495,661	991	1,782,603	421,818
<b>Total net position</b>	<b>9,392,818</b>	<b>7,267,962</b>	<b>1,637,902</b>	<b>305,572</b>	<b>18,604,254</b>	<b>421,818</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 19,962,269</b>	<b>\$ 16,327,449</b>	<b>\$ 1,909,661</b>	<b>\$ 305,572</b>	<b>\$ 38,504,951</b>	<b>\$ 448,512</b>

The accompanying Independent Auditor's Report and Notes to the Financial Statements are an integral part of this statement.

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Enterprise Funds						Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds		
<b>Operating Revenues</b>							
Charges for services:							
Fees for services	\$ 3,736,482	\$ 3,100,839	\$ 378,977	\$ -	\$ 7,216,298	\$ -	
Concessions, merchandise sales and commissions	-	-	68,388	-	68,388		-
Internal service charges	-	-	-	-	-	385,993	
Total charges for services	<u>3,736,482</u>	<u>3,100,839</u>	<u>447,365</u>	<u>-</u>	<u>7,284,686</u>	<u>385,993</u>	
Operating grants and contributions	-	25,627	-	-	25,627	-	
Total operating revenues	<u>-</u>	<u>25,627</u>	<u>-</u>	<u>-</u>	<u>25,627</u>	<u>-</u>	
<b>Operating Expenses</b>							
Personal services	1,773,187	1,549,432	626,033	-	3,948,652	-	
Operations, maintenance, and contractual services	1,288,653	915,951	316,192	-	2,520,796	-	
Materials and supplies	124,954	108,312	41,529	-	274,795	366,333	
Depreciation	411,973	493,778	190,638	-	1,096,389	-	
Total operating expenses	<u>3,598,767</u>	<u>3,067,473</u>	<u>1,174,392</u>	<u>-</u>	<u>7,840,632</u>	<u>366,333</u>	
Operating income (loss)	<u>137,715</u>	<u>58,993</u>	<u>(727,027)</u>	<u>-</u>	<u>(530,319)</u>	<u>19,660</u>	
<b>Non-Operating Revenues (Expenses)</b>							
Investment income	18,755	4,954	1,659	3	25,371	-	
Interest on bonds and note obligations	(187,282)	(162,451)	-	-	(349,733)	-	
Gain (losses) on disposal of capital assets	-	75	(2,382)	-	(2,307)	-	
Other revenue	10,073	2,161	375	-	12,609	-	
Total non-operating revenue (expenses)	<u>(158,454)</u>	<u>(155,261)</u>	<u>(348)</u>	<u>3</u>	<u>(314,060)</u>	<u>-</u>	
Income (loss) before contributions and transfers	<u>(20,739)</u>	<u>(96,268)</u>	<u>(727,375)</u>	<u>3</u>	<u>(844,379)</u>	<u>19,660</u>	
Capital grants and contributions	10,150	2,550	2,299	-	14,999	-	
Transfers from other funds	-	-	549,000	-	549,000	-	
Change in net position	<u>(10,589)</u>	<u>(93,718)</u>	<u>(176,076)</u>	<u>3</u>	<u>(280,380)</u>	<u>19,660</u>	
Total net position - beginning, as restated	<u>9,403,407</u>	<u>7,361,680</u>	<u>1,813,978</u>	<u>305,569</u>	<u>18,884,634</u>	<u>402,158</u>	
Total net position, ending	<u>\$ 9,392,818</u>	<u>\$ 7,267,962</u>	<u>\$ 1,637,902</u>	<u>\$ 305,572</u>	<u>\$ 18,604,254</u>	<u>\$ 421,818</u>	

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds						
	Water Board		Sanitary Board		Board of Park Commissions	Nonmajor Enterprise Fund Parking	
<b>Cash Flows from Operating Activities</b>							
Cash received from customers	\$ 4,061,056		\$ 3,310,636	\$ 465,855	\$ -	\$ 7,837,547	\$ 59,221
Cash received for internal services	-		-	-	-	-	374,378
Cash payments to suppliers for goods and services	(1,315,798)		(926,661)	(346,370)	-	(2,588,829)	(370,122)
Cash payments to employees and professional contractors for services	(1,812,009)		(1,597,893)	(645,272)	-	(4,055,174)	-
Payments for internal services	(1,495)		3,570	(380)	-	1,695	-
Other operating revenues	-		25,627	-	-	25,627	-
Net cash provided (used) by operating activities	<u>931,754</u>		<u>815,279</u>	<u>(526,167)</u>	<u>-</u>	<u>1,220,866</u>	<u>63,477</u>
<b>Cash Flows from Non-Operating Activities</b>							
Other non-operating revenues	<u>10,073</u>		<u>2,160</u>	<u>375</u>	<u>-</u>	<u>12,608</u>	<u>-</u>
Net cash provided by non-operating activities	<u>10,073</u>		<u>2,160</u>	<u>375</u>	<u>-</u>	<u>12,608</u>	<u>-</u>
<b>Cash Flows from Non-Capital Financing Activities</b>							
Transfers from other funds	-		-	549,000	-	549,000	-
Net cash provided by non-capital financing activities	-		-	549,000	-	549,000	-
<b>Cash Flows from Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(1,682,127)		(524,336)	(42,606)	-	(2,249,069)	-
Disposition of capital assets	-	75	-	-	-	75	-
Proceeds from issue of bonds and notes	1,240,784		316,050	-	-	1,556,834	-
Principal paid on bonds and notes	(894,286)		(526,015)	-	-	(1,420,301)	-
Interest paid on bonds and notes	(196,656)		(163,205)	-	-	(359,861)	-
Capital contributions and grants received	<u>10,150</u>		<u>2,550</u>	<u>2,297</u>	<u>-</u>	<u>14,997</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(1,522,135)</u>		<u>(894,881)</u>	<u>(40,309)</u>	<u>-</u>	<u>(2,457,325)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>							
Proceeds from sale of investments	-	-	(916)	-	-	(916)	-
Investment income	<u>18,755</u>		<u>4,954</u>	<u>1,659</u>	<u>3</u>	<u>25,371</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>18,755</u>		<u>4,954</u>	<u>743</u>	<u>3</u>	<u>24,455</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(561,553)</u>		<u>(72,488)</u>	<u>(16,358)</u>	<u>3</u>	<u>(650,396)</u>	<u>63,477</u>
Cash and cash equivalents, beginning	<u>4,061,218</u>		<u>1,451,935</u>	<u>238,872</u>	<u>988</u>	<u>5,753,013</u>	<u>365,714</u>
Cash and cash equivalents, ending	<u>\$ 3,499,665</u>		<u>\$ 1,379,447</u>	<u>\$ 222,514</u>	<u>\$ 991</u>	<u>\$ 5,102,617</u>	<u>\$ 429,191</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds						Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>							
Operating income (loss)	\$ 137,715	\$ 58,993	\$ (727,027)	\$ -	\$ (530,319)	\$ 19,660	
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	411,973	493,778	190,638	-	1,096,389	-	
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	324,571	263,451	4,072	-	592,094	10,982	
(Increase) decrease in due from other funds	-	(53,657)	14,420	-	(39,237)	36,624	
(Increase) decrease in inventories	31,910	-	-	-	31,910	-	
(Increase) decrease in prepaid expenses	(3,231)	(3,756)	-	-	(6,987)	-	
(Increase) decrease in pension related deferred outflows of resources	(161,848)	(136,949)	(34,540)	-	(333,337)	-	
Increase (decrease) in accounts payable	(10,459)	109,541	11,351	-	110,433	(1,288)	
Increase (decrease) in wages and benefits payable	(46,029)	(35,954)	(16,669)	-	(98,652)	-	
Increase (decrease) in due to other funds	78,094	(4,613)	(380)	-	73,101	(2,501)	
Increase (decrease) in compensated absences	7,612	(741)	675	-	7,546	-	
Increase (decrease) in net pension liability	243,407	191,160	49,620	-	484,187	-	
Increase (decrease) in pension related deferred inflows of resources	(81,961)	(65,974)	(18,327)	-	(166,262)	-	
Net cash provided (used) by operating activities:	<u>\$ 931,754</u>	<u>\$ 815,279</u>	<u>\$ (526,167)</u>	<u>\$ -</u>	<u>\$ 1,220,866</u>	<u>\$ 63,477</u>	
<b>Reconciliation of Cash and Cash Equivalents</b>							
Cash and cash equivalents	\$ 655,728	889,624	\$ 222,514	\$ 991	\$ 1,768,857	\$ 429,191	
Restricted cash and cash equivalents	<u>2,843,937</u>	<u>489,823</u>	<u>-</u>	<u>-</u>	<u>3,333,760</u>	<u>-</u>	
Total cash and cash equivalents	<u>\$ 3,499,665</u>	<u>\$ 1,379,447</u>	<u>\$ 222,514</u>	<u>\$ 991</u>	<u>\$ 5,102,617</u>	<u>\$ 429,191</u>	

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2017**

	Pension Trust Funds	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 96,350	\$ 39,052
Investments, at fair value:		
Money markets	323,417	-
Government agency obligations	175,399	-
Municipal obligations	201,606	-
Corporate obligations	1,595,539	-
Mutual funds	3,676,876	-
Common stock	9,145,419	-
	<hr/>	<hr/>
Total investments	<u>15,118,256</u>	-
	<hr/>	<hr/>
Total assets	<u>15,214,606</u>	<u>39,052</u>
 <b>Liabilities</b>		
Accounts payable	-	39,052
Due to other funds	<u>3,547</u>	-
	<hr/>	<hr/>
Total liabilities	<u>3,547</u>	<u>39,052</u>
	<hr/>	<hr/>
 <b>Net Position</b>		
Net position held in trust	<u>\$ 15,211,059</u>	<u>\$ -</u>
	<hr/>	<hr/>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY**  
**NET POSITION - FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Pension Trust Funds
<b>Additions</b>	
Contributions	
Employer	\$ 2,041,807
Plan members	260,632
Insurance premium tax allocation	<u>594,676</u>
Total contributions	<u>2,897,115</u>
Investment income	
Interest and dividends	307,887
Net realized and unrealized gains (losses)	1,186,852
Less: investment expense	<u>(46,212)</u>
Net investment income	<u>1,448,527</u>
Total additions	<u>4,345,642</u>
<b>Deductions</b>	
Benefits	2,169,476
Administrative	<u>7,620</u>
Total deductions	<u>2,177,096</u>
Change in net position	2,168,546
Net position held in trust for pension benefits	
Beginning of year	<u>13,042,513</u>
End of year	<u>\$ 15,211,059</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2017**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting framework and the more significant accounting principles and practices of the City of Weirton, West Virginia (the City) conform to generally accepted accounting principles as applicable to governmental units and are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2017.

**A. Reporting Entity**

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

**B. Related Organizations**

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

*City of Weirton Housing Authority*

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

*City of Weirton Transit Authority*

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

*City of Weirton Redevelopment Authority*

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

**C. Government-Wide Financial Statements**

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

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2017**

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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.

**D. Basis of Presentation, Measurement Focus, and Basis of Accounting**

**1. Basis of Presentation – Government – Wide Financial Statements**

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

**2. Basis of Presentation – Fund Financial Statements**

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

**CITY OF WEIRTON, WEST VIRGINIA**  
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Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

### **3. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

**3. Property Taxes Receivables**

Real property taxes attach as an enforceable lien on all real property on which taxes are assessed on July first. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

**CITY OF WEIRTON, WEST VIRGINIA**  
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Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

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

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

The levy rates of the City for the fiscal year ended June 30, 2017 were assessed as follows:

Assessed class of property	Assessed valuation for tax purposes	Current expense
Class I	\$ -	12.5 cents
Class II	270,106,090	25.0 cents
Class IV	450,143,954	50.0 cents

#### **4. Trade Receivables**

All trade receivables are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### **5. Inventories**

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

#### **6. Restricted Assets**

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

Total restricted assets, which consist of interest bearing checking accounts and deposits with the West Virginia Municipal Bond Commission, amounted to \$3,333,760.

**CITY OF WEIRTON, WEST VIRGINIA**  
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## **7. 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 a cost of \$5,000 or more as acquisition and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Infrastructure recorded by the City includes roads/streets, alleys, bridges, trails, and trail bridges.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset-type</u>	<u>Years</u>
Land Improvements	5-70
Building and improvements	5-70
Infrastructure	10-50
General plant	20-50
Furniture, machinery, and equipment	4-45

## **8. Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position and or fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

## **9. Compensated Absences**

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

## **10. Long – Term Debt**

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

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

**CITY OF WEIRTON, WEST VIRGINIA**  
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### **11. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position and or fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

### **12. Net Position**

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

### **13. Fund Balance**

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

Nonspendable	The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.
Restricted	A fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.
Committed	The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action. The City's highest level of decision-making authority is City Council. The formal action that is required to be taken to establish, modify or rescind a fund balance commitment is through an ordinance.
Assigned	Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts are intended uses established by City Council or a City official delegated with that authority.
Unassigned	Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

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

**CITY OF WEIRTON, WEST VIRGINIA**  
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#### **14. Pension**

For purposes of measuring the net pension asset and liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employee Retirement System (PERS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **F. Revenues and Expenditures/Expenses**

#### **1. Program Revenues**

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

#### **2. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

### **G. Transfers**

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

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

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 for the year ended June 30, 2017:

	<b>Major governmental funds</b>
	<b>General fund</b>
Business – type activities	
Major enterprise funds	
Board of park commissions	\$ 549,000
Total transfers	\$ 549,000

**CITY OF WEIRTON, WEST VIRGINIA**  
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**H. Stabilization Fund**

City Council has established, through ordinance, a stabilization fund to set aside amounts to be used in emergency situations or for short-term cash flow purposes. The City maintains the stabilization fund within the general fund. As of June 30, 2017, the balance of the stabilization fund is \$2,600,914.

**I. 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.

**NOTE II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**1. Custodial Credit Risk**

*Deposits* - The City has \$12,864,652 in deposits with financial institutions collateralized by securities held by pledging financial institutions or their agents in the City's name as of June 30, 2017.

**CITY OF WEIRTON, WEST VIRGINIA**  
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## 2. Investments

As of June 30, 2017, the City held the following investments:

	<u>Level</u>	<u>Governmental</u>	<u>Fiduciary</u>	<u>Business – type activities</u>	<u>Total</u>
Money markets	1	\$ 873	\$ 323,417	\$ -	\$ 324,290
Certificate of deposits	*	-	-	408,476	408,476
Government agency obligations	2	-	175,399	-	175,399
Corporate obligations	2	-	1,595,539	-	1,595,539
Municipal obligations	2	-	201,606	-	201,606
Mutual funds	1	211,715	3,676,876	-	3,888,591
Equities	1	316,537	9,145,419	-	9,461,956
Municipal bond commission	**	-	-	906,353	906,353
 Total Investments		<u>\$ 529,125</u>	<u>\$ 15,118,256</u>	<u>\$ 1,314,829</u>	<u>\$ 16,962,210</u>

*\*Certificate of Deposits:* The City has determined that certificates of deposit held by the City do not meet the definition of a security as defined by Statement No. 72 of the Governmental Accounting Standards Board, *Fair Value Measurement and Application*, and are therefore not subject to the disclosure requirements.

*\*\*Municipal Bond Commission:* The City's investment in the West Virginia Board of Treasury Investments includes funds held at the West Virginia Municipal Bond Commission (Commission) for the Water and Sanitary revenue bond issuances. The West Virginia Legislature created this Commission to act as the fiscal agent/trustee for the bond issuances of the State and its political subdivisions. The oversight of the Commission is the State Treasurer's Office, the State Auditors' Office, and other financial professionals not associated with government. Since 1932, the Legislature has made a blanket appropriation annually to cover possible deficiencies that could arise in State and general obligation sinking fund accounts. Standard & Poor's has recognized this annual Legislative appropriation and the Commissions' management as a Credit Enhancement Program, and has awarded all West Virginia general obligations administered by the Commission a minimum rating of AA-. The City's fair value position is the same as the value of the pool shares.

## 3. Concentration of Credit, Interest Rate, and Credit Risks

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

	Interest Rate and Credit Risk Ratings	
	Credit Quality	
	Maturity Range	Rating Range
Money markets and certificates of deposit	Less than 1 year	N/A
Bond mutual funds	Not available	Not rated
Municipal bond commission pool	Less than 1 year	Not rated

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*Fiduciary Funds* – On the Statement of Fiduciary Net Position, the fiduciary money market funds, government agency obligations, municipal obligations, corporate obligations, mutual funds, and common stock are included in investments. All of the fiduciary funds' investments are insured or registered securities held by the City or its agent in the City's name. The fiduciary investments are rated using Moody's Investment Services. The credit risk ratings of these investments are as follows:

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

	Level	Fair Value	Credit Risk Rating
Wesbanco Bank Inc. Premium Yield	1	\$ 275,109	
U.S. Government Agency Obligations	2	75,171	Aaa
Municipal Obligations	2	<u>100,803</u>	Aaa
Corporate Obligations –			
Johnson & Johnson	2	51,735	Aaa
Colgate – Palmolive	2	103,370	Aa3
Oracle Corp	2	50,576	A1
Merck & Co.	2	74,139	A1
Boeing Capital	2	50,717	A2
Anheuser – Busch	2	54,361	A3
El Du Pont De Nemours	2	55,364	A3
Bank of America	2	109,511	Baa1
McDonald's	2	51,239	Baa1
ConocoPhillips	2	<u>51,482</u>	Baa2
Total Corporate Obligations		<u>652,494</u>	
Total Mutual Funds	1	<u>999,386</u>	
Total Equities	1	<u>2,911,980</u>	
Total Investments		<u>\$ 5,014,943</u>	

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

	Level	Fair Value	Credit Risk Rating
Federated U.S. Treasury Cash Reserves	1	\$ 48,308	
U.S. Government Agency Obligations	2	100,228	Aaa
Municipal Obligations	2	100,803	Aaa
Corporate Obligations –			
Colgate – Palmolive	2	103,370	Aa3
Oracle Corp	2	80,921	A1
Boeing Capital	2	177,508	A2
Bristol – Myers Squibb	2	103,395	A2
Emerson Electric	2	65,780	A2
Wells Fargo	2	101,432	A2
Anheuser – Busch	2	84,541	A3
Eaton Corp	2	75,015	Baa1
McDonald's	2	76,858	Baa1
ConocoPhillips	2	77,225	Baa2
Total Corporate Obligations		943,045	
Total Mutual Funds	1	2,677,490	
Total Equities	1	6,233,439	
Total Investments		<u>\$ 10,103,313</u>	

#### 4. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### *Methodologies*

The following is a description of the valuation methodologies used by the City. There have been no changes in the methodologies of the City's investments.

***Mutual Funds:*** Valued at the daily closing price as reported by the fund. Mutual funds held by the City are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the City are actively traded.

***Equities and money market funds:*** Valued at the closing price in the active market in which the security is traded.

***Government, Municipal and Corporate Bonds:*** Valued at closing price in the active market in which the security is traded.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**B. Receivables and Uncollectible Accounts**

*Governmental Funds*

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

<u>Receivable Type</u>	<u>General Fund</u>	<u>Coal Severance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Taxes	\$ 2,314,879	\$ 16,765	\$ 26,952	\$ 2,358,596
Charges for services	1,824,220	-	-	1,824,220
Fees and other receivables	1,128	-	-	1,128
Intergovernmental	4,209	-	28,439	32,648
Less: Allowance for uncollectible accounts	<u>(1,454,891)</u>	<u>-</u>	<u>-</u>	<u>(1,454,891)</u>
Net accounts receivable	<u>\$ 2,689,545</u>	<u>\$ 16,765</u>	<u>\$ 55,391</u>	<u>\$ 2,761,701</u>
Uncollectible amounts netted with revenues	<u>\$ 223,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,309</u>

*Proprietary Funds*

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

	<u>Water Board</u>	<u>Sanitary Board</u>	<u>Total</u>
Accounts receivable	\$ 729,377	\$ 718,524	\$ 1,447,901
Less: Allowance for uncollectible accounts	<u>(76,965)</u>	<u>(196,159)</u>	<u>(273,124)</u>
Net accounts receivable	<u>\$ 652,412</u>	<u>\$ 522,365</u>	<u>\$ 1,174,777</u>
Uncollectible amounts netted with revenues	<u>\$ 33,255</u>	<u>\$ 39,573</u>	<u>\$ 72,828</u>

**C. Minimum Lease Obligations**

At June 30, 2017, the City has ten outstanding lease agreements which were made for the purchase of eight police vehicles, police equipment, five street trucks, and one vacuum truck. The cost and accumulated depreciation for assets under capital lease at June 30, 2017 were \$1,498,762 and \$239,472, respectively. The total lease payments less interest costs are as follows:

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<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2018	\$ 316,269	\$ 43,396	\$ 362,665
2019	141,902	43,396	185,298
2020	88,492	43,397	131,889
2021	-	43,396	43,396
2022	-	43,407	43,407
Thereafter	-	46,315	46,315
Total capital leases payable	549,663	263,307	812,970
Less: Interest costs	(13,095)	(22,307)	(35,402)
Present value of future minimum lease payments	536,568	241,000	777,568
Less: Current portion	(310,371)	(37,104)	(347,475)
Capital leases, non-current	<u>\$ 226,197</u>	<u>\$ 203,896</u>	<u>\$ 430,093</u>

**D. Capital Assets**

*Construction in progress*

Active construction in progress is composed of the following:

	<u>Expended at June 30, 2017</u>	<u>Remaining Commitment</u>
Primary Government		
<i>Business – Type Activities</i>		
Water Fund		
Valve Replacement	\$ 24,543	34,089
Water Plant Upgrade/Line Upgrade	<u>3,359,673</u>	<u>3,540,327</u>
Total Water Board	<u>\$ 3,384,216</u>	<u>\$ 3,574,416</u>
Sanitary Board Line Replacements	<u>\$ 164,319</u>	<u>\$ 60,000</u>
Board of Park Commissions		
Building Improvements	<u>\$ 3,133</u>	<u>\$ -</u>

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

*Depreciation*

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

Governmental activities	\$	Business – type activities	\$
General Government	163,556	Water Board	411,973
Public Safety	343,668	Sanitary Board	493,778
Highways and Streets	395,496	Board of Park Commissions	190,638
Health and Sanitation	119,674		
Culture and Recreation	<u>127,535</u>		
	<u>\$ 1,149,929</u>		<u>\$ 1,096,389</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
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A summary of changes in fixed assets for the fiscal year ended June 30, 2017 is as follows:

<b>Governmental Activities</b>	<b>Balance</b>			<b>Balance</b>	<b>Accumulated</b>	<b>Depreciation</b>			<b>Net Balance</b>
	<b>07/01/2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>06/30/2017</b>	<b>Depreciation Prior Years</b>	<b>Expense Current Year</b>	<b>Deductions</b>	<b>6/30/2017</b>	
<b>Non-Depreciable capital assets</b>									
Land	\$ 913,146	\$ -	\$ -	\$ 913,146	\$ -	\$ -	\$ -	\$ 913,146	
<b>Depreciable capital assets</b>									
Land improvements	1,900,098	12,687	-	1,912,785	1,868,219	8,289	-	36,277	
Infrastructure	15,515,135	718,410	-	16,233,545	4,831,977	317,582	-	11,083,986	
Buildings and improvements	8,464,391	140,265	-	8,604,656	6,179,907	167,911	-	2,256,838	
Vehicle and equipment	13,015,838	1,212,518	(108,959)	14,119,397	10,129,470	656,147	(108,959)	3,442,739	
<b>Total Governmental</b>	<b>\$ 39,808,608</b>	<b>\$ 2,083,880</b>	<b>\$ (108,959)</b>	<b>\$ 41,783,529</b>	<b>\$ 23,009,573</b>	<b>\$ 1,149,929</b>	<b>\$ (108,959)</b>	<b>\$ 17,732,986</b>	
<b>Business- Type Activities</b>									
<b>Non-Depreciable capital assets</b>									
Land	\$ 477,934	\$ -	\$ -	\$ 477,934	\$ -	\$ -	\$ -	\$ 477,934	
Construction in progress	285,149	3,314,232	(47,713)	3,551,668				3,551,668	
<b>Depreciable capital assets</b>									
Land improvements	194,131	-	-	194,131	161,253	4,609	-	28,269	
Infrastructure	46,161,863	71,967	-	46,233,830	29,587,318	532,657	-	16,113,855	
Buildings and improvements	9,720,359	-	-	9,720,359	5,310,030	254,008	-	4,156,321	
Vehicle and equipment	3,344,914	443,393	(205,499)	3,582,808	2,567,364	173,630	(203,117)	1,044,931	
General plant facilities	6,522,289	-	-	6,522,289	1,486,478	131,485	-	4,904,326	
<b>Total Business-Type</b>	<b>\$ 66,706,639</b>	<b>\$ 3,829,592</b>	<b>\$ (253,212)</b>	<b>\$ 70,283,019</b>	<b>\$ 39,112,443</b>	<b>\$ 1,096,389</b>	<b>\$ (203,117)</b>	<b>\$ 30,277,304</b>	

**CITY OF WEIRTON, WEST VIRGINIA**  
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**For the Fiscal Year Ended June 30, 2017**

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**E. Long-term Debt**

*Revenue Bonds*

Revenue bonds outstanding as of June 30, 2017 consist of debt issued by the City for its water and sewer treatment facilities. The debt is payable solely from and secured by a pledge of the gross revenues to be derived from the operation of the treatment facilities.

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

The annual debt service requirements to maturity for bond debt as of June 30, 2017 are as follows:

Year Ending June 30	Water Board		Sanitary Board	
	Principal	Interest	Principal	Interest
2018	\$ 474,980	\$ 168,630	\$ 460,051	\$ 154,116
2019	572,373	211,686	469,322	144,846
2020	451,733	199,201	478,779	135,388
2021	463,353	187,581	488,425	125,739
2022	475,040	175,892	498,269	115,899
2023-2027	2,561,692	692,977	2,646,056	424,781
2028-2032	2,145,830	373,776	1,794,199	191,722
2033-2037	1,384,537	114,481	1,042,490	34,191
2038	138,284	2,167	-	-
Total	<u>\$ 8,667,822</u>	<u>\$ 2,126,391</u>	<u>\$ 7,877,591</u>	<u>\$ 1,326,681</u>

*Additional Debt Disclosure*

	Amount of Original Issue	Ranges of Final Maturity Date	Ranges of Interest Rates
Water Board	\$ 12,346,431	2019-2038	2% - 3.52% plus .50- 1% administration fee
Sanitary Board	<u>10,103,404</u>	2028-2035	2% plus 1% administration fee
Total	<u>\$ 22,449,835</u>		

**CITY OF WEIRTON, WEST VIRGINIA**  
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The following is a summary of changes in long – term debt for the year ended June 30, 2017:

	Payable at June 30, 2016	Additions	Deductions	Payable at June 30, 2017
<b>Governmental Activities</b>				
Capital leases payable	\$ 332,071	\$ 502,735	\$ (298,238)	\$ 536,568
Net pension liability	<u>46,928,410</u>	<u>5,294,739</u>	<u>(12,685,076)</u>	<u>39,538,073</u>
Total Governmental Activities	<u><u>\$ 47,260,481</u></u>	<u><u>\$ 5,797,474</u></u>	<u><u>\$ (12,983,314)</u></u>	<u><u>\$ 40,074,641</u></u>
 <b>Business – Type Activities</b>				
<i>Notes Payable</i>				
Water Board	\$ 12,170	\$ -	\$ (12,170)	\$ -
Total Notes Payable	<u>\$ 12,170</u>	<u>\$ -</u>	<u>\$ (12,170)</u>	<u>\$ 12,170</u>
<i>Capital lease payable</i>				
Sanitary Board	\$ -	\$ 316,050	\$ (75,050)	\$ 241,000
Total Notes Payable	<u>\$ -</u>	<u>\$ 316,050</u>	<u>\$ (75,050)</u>	<u>\$ 241,000</u>
<i>Revenue Bonds</i>				
Water Board	\$ 7,344,715	\$ 2,205,223	\$ (882,116)	\$ 8,667,822
Sanitary Board	8,328,556	-	(450,965)	7,877,591
Total Revenue Bonds	<u>\$ 15,673,271</u>	<u>\$ 2,205,223</u>	<u>\$ (1,333,081)</u>	<u>\$ 16,545,413</u>
<i>Net pension liability</i>	\$ 855,080	\$ 756,623	\$ (272,436)	\$ 1,339,267
Total Business – Type Activities	<u>\$ 16,540,521</u>	<u>\$ 3,277,896</u>	<u>\$ (1,692,737)</u>	<u>\$ 18,125,680</u>

**F. Revenues and Expenditures – Benefits Funded by the State of West Virginia**

For the year ended June 30, 2017, the State of West Virginia contributed payments on behalf of City employees as follows:

City of Weirton Policemen's Pension and Relief Fund	\$ 380,767
City of Weirton Firemen's Pension and Relief Fund	213,909
<b>Total</b>	<b>\$ 594,676</b>

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

**G. Interfund Receivables and Payables**

Generally, outstanding balances between funds reported as "due to/from other funds" are related to miscellaneous receivables/payables between funds.

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

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

**CITY OF WEIRTON, WEST VIRGINIA**  
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	<u>Government activities</u>		<u>Business-type activities</u>			<u>Total due from</u>
	<u>General fund</u>	<u>Internal service fund</u>	<u>Sanitary board</u>			
<b>Governmental activities</b>						
Major governmental funds						
General fund	\$ -	\$ -	\$ 298,875		\$ 284,827	
Non-major governmental funds						
CDBG	9,286	-	-		9,286	
<b>Business-type activities</b>						
Major enterprise funds						
Water board	62,568	6,890	10,765		80,223	
Sanitary board	17,809	1,071	-		18,880	
Board of park commissions	-	382	-		382	
Total due to	<u>\$ 89,663</u>	<u>\$ 8,343</u>	<u>\$ 309,740</u>		<u>\$ 407,746</u>	

#### **H. Retirement Plans**

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

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

##### *Actuarially Determined Contribution*

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

##### *Defined Benefit Plans*

##### **Policemen's Pension and Relief Fund**

###### **Plan Description:**

Unless otherwise indicated, The Policemen's Pension and Relief Fund information in this Note is provided as of the latest actuarial valuation, July 01, 2016 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2017.

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

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

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

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

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

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

As of July 01, 2016, membership of the plan is as follows:

Retirees and Beneficiaries	50
Active Members	34
<hr/> Total	<hr/> 84

Funding Policies:

Eligible policemen hired prior to January 1, 2010 contribute 9% of their monthly salary. Eligible policemen hired after January 1, 2010 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2017 was \$1,740,164. The total employee contribution was \$175,462.

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

The minimum required contribution of the City and State, according to the July 01, 2016 actuarial report, was \$2,298,887. Actual contributions were \$1,955,294 for the year ended June 30, 2017.

**CITY OF WEIRTON, WEST VIRGINIA**  
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The components of net pension liability for the Policemen's Pension and Relief Fund at June 30, 2017 are as follows:

Total pension liability	\$ 39,557,901
Less – Plan fiduciary net position	5,070,149
<b>Plan net pension liability</b>	<b><u>\$ 34,487,752</u></b>
Plan fiduciary net position as a percentage of total pension liability	12.82%
Single discount rate	3.6512%

*Single Discount Rate* - A single discount rate of 3.6512% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 4.000%, and the municipal bond rate of 3.560%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, until plan year end 2025. Therefore, the single discount rate of 3.6512% was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 3.6512%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 2.6512%	Discount Rate Assumption 3.6512%	1% Increase 4.6512%
\$ 41,096,166	\$ 34,487,752	\$ 29,249,157

**Changes in Net Pension Liability:**

At fiscal year-end, the government reported the following net pension liability related to the Policemen's Pension and Relief Fund. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 01, 2016 and rolled forward to June 30, 2017 using the actuarial assumptions and methods described in the appropriate section of this note.

**CITY OF WEIRTON, WEST VIRGINIA**  
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	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a – b)
<b>Balances at June 30, 2016</b>	\$ 44,109,689	\$ 4,028,172	\$ 40,081,517
Service costs	1,375,945	-	1,375,945
Interest on total pension liability	1,285,632	-	1,285,632
Difference between expected and actual experience	(1,925,042)	-	(1,925,042)
Changes of assumptions	(3,768,469)	-	(3,768,469)
Employer contributions	-	1,574,527	(1,574,527)
State contributions	-	380,767	(380,767)
Employee contributions	-	175,462	(175,462)
Net investment income	-	433,149	(433,149)
Benefit payments, including employee refunds	(1,519,854)	(1,519,854)	-
Administrative expense	-	(2,074)	2,074
<b>Balances at June 30, 2017</b>	<b>\$ 39,557,901</b>	<b>\$ 5,070,149</b>	<b>\$ 34,487,752</b>

For the fiscal year ended June 30, 2017, the City recognized government-wide pension expense related to the Policemen's Pension and Relief Fund of \$3,683,632. The City also recognized contribution revenue of \$380,767 during the year for support provided to the plan by the State of West Virginia.

The government reported deferred outflows of resources related to the Policemen's Pension and Relief Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 167,106	\$ 1,460,223
Changes in actuarial assumptions	4,886,893	2,858,537
Net difference between projected and actual earnings on pension plan investments	167,669	207,074
	<b>\$ 5,221,668</b>	<b>\$ 4,525,834</b>

Amounts reported as deferred outflows and deferred inflows of resources related to the Policemen's Pension and Relief Fund will be recognized in pension expense as follows:

Year Ended June 30	Pension expense
2018	\$ 1,238,772
2019	776,491
2020	(1,073,155)
2021	(246,274)
<b>Total</b>	<b>\$ 695,834</b>

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

**CITY OF WEIRTON, WEST VIRGINIA**  
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Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	40.00%	6.50%
Common Stocks – Mid Cap	5.00%	8.00%
Common Stocks – Small Cap	5.00%	7.00%
International Equity	10.00%	7.30%
Fixed Income	40.00%	3.50%

**Actuarial Methods and Assumptions:**

The net pension liability is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. According to the most recent actuarial report as of July 1, 2016, the average annual salary for benefits was \$51,181. There were 50 pensioners as of June 30, 2017 receiving an average of \$30,397 in pension benefits with expected cost-of-living increases up to 2.75%.

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

**Investment rate of return:**

July 1, 2016	4.0%
July 1, 2017	4.0%

General inflation rate:	2.75%
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Expected salary increase:	3.75% general and wage inflation adjustment plus service-based increase of 20.0% for one year of service, 6.5% for two years of service, 3.5% for three years of service, 2.75% for four years of service, 2.5% for five to nine years of service, 2.0% for ten to twenty-nine years of service, 1.25% for thirty to thirty-four years of service, and 0% thereafter
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Post – retirement COLA:	2.75% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior year
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Increase in state insurance premium tax allocation:	2.75% on and after year 1
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Cost method:	Entry Age Normal, Level-Percentage-of-Pay
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The sponsor finances benefits using the Alternative policy as defined by state statute. This policy does not directly amortize the unfunded actuarial liability. The policy is projected to result in a depletion of plan assets for the closed plan by 2025.

30-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 24 years remaining as of July 1, 2016.

Asset method:	Market Value
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Turnover:	Sample Rates:			
	Age 25 – 9%	Age 35 – 4%	Age 45 – 2%	Age 50 – 0%

Retirement:	Sample Rates:			
	Age 50 – 45%	Age 51-55 – 30%	Age 56-59 – 35%	Age 60 – 100%

**CITY OF WEIRTON, WEST VIRGINIA  
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Mortality: Active: RP-2014 Blue Collar Healthy Employee  
Post – Retirement: RP-2014 Blue Collar Healthy Annuitant  
Disabled: RP-2014 Blue Collar Health Annuitant set forward four years

Tables above incorporate generational mortality improvement using MP-2014 two-dimensional mortality improvement scales

Disability: Sample Rates:  
Age – 30 0.22%      Age 40 – 0.50%      Age 50 – 0.79%  
*Rates assuming 60% duty related and 40% non – duty related.*

Percent married: 90%

Spouse age: Females 3 years younger than males

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

Funded Ratio as of Valuation Date (1)	Liquidity Ratio (2)	Equity Exposure (3)	Projected Funded Ratio after 15 years	Discount Rate
60% or more	10	50% or more	70% or more	6.5%
40% or more	8	40% or more	60% or more	6.0%
30% or more	6	30% or more	50% or more	5.5%
15% or more	4	N/A	40% or more	5.0%
Less than 15%	N/A	N/A	15% or more	4.5%
Less than 15%	N/A	N/A	Less than 15%	4.0%

- (1) Funded ratios based on a 6.0% investment return assumption for plans using an actuarially sound policy (standard or optional) and a 5.5% investment return assumption for other plans (alternative or conservation).
- (2) Liquidity ratio equals assets as of the valuation date divided by expected benefits for the year.
- (3) Based on investment policy.

Discount Rate 4.000%

As of June 30, 2016*	
Assets	\$4,028,173
Liabilities using a 5.50% discount rate	\$29,868,604
Funded Ratio	13%
Expected Benefit Payments	\$1,580,422
Liquidity Ratio	2.55
Equity Exposure	58%
Projected Funded Ratio after 15 years	5%

\*Based on funding valuation results as of June 30, 2016

## Money Weighted Rate of Return:

The Policemen's Pension and Relief Fund's money weighted rate of return for the twelve months period ending June 30, 2017 is 10.8%.

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**Firemen's Pension and Relief Fund**

Plan Description:

Unless otherwise indicated, The Firemen's Pension and Relief Fund information in this Note is provided as of the latest actuarial valuation, July 01, 2016 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2017.

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

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

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

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

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

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

As of July 1, 2016 membership of the plan is as follows:

Retirees and Beneficiaries	20
Active Members	23
Total	<u>43</u>

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**Funding Policies:**

Eligible firemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible firemen hired after January 1, 2010 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2017 was \$1,026,836. The total employee contribution was \$85,170.

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

The minimum required contribution of the City and State, according to the July 01, 2016 actuarial report, was \$530,081. Actual contributions were \$681,189 for the year ended June 30, 2017.

**Net Pension Liability:**

The components of net pension liability for the Firemen's Pension and Relief Fund at June 30, 2017 are as follows:

Total pension liability	\$ 13,815,118
Less – Plan fiduciary net position	10,140,910
Plan net pension liability	<u><u>\$ 3,674,208</u></u>
Plan fiduciary net position as a percentage of total pension liability	73.40%
Single discount rate	6.500%

*Single Discount Rate* - A single discount rate of 6.500% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 6.500%, and the municipal bond rate of 3.560%. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, for all future plan years. Therefore, the single discount rate of 6.500% was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.500%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.500%	Discount Rate Assumption 6.500%	1% Increase 7.500%
\$ 5,469,956	\$ 3,674,208	\$ 2,197,922

**Changes in Net Pension Liability:**

At fiscal year-end, the government reported the following net pension liability related to the Policemen's Pension and Relief Fund. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 using the actuarial assumptions and methods described in the appropriate section of this note.

**CITY OF WEIRTON, WEST VIRGINIA**  
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	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
<b>Balances at June 30, 2016</b>	\$ 14,976,253	\$ 9,014,341	\$ 5,961,912
Service costs	414,783	-	414,783
Interest on total pension liability	836,975	-	836,975
Difference between expected and actual experience	(910,435)	-	(910,435)
Changes of assumptions	(852,836)	-	(852,836)
Employer contributions	-	467,280	(467,280)
State contributions	-	213,909	(213,909)
Employee contributions	-	85,170	(85,170)
Net investment income	-	1,015,378	(1,015,378)
Benefit payments, including employee refunds	(649,622)	(649,622)	-
Administrative expense	-	(5,546)	5,546
<b>Balances at June 30, 2017</b>	<b>\$ 13,815,118</b>	<b>\$ 10,140,910</b>	<b>\$ 3,674,208</b>

For the fiscal year ended June 30, 2017, the City recognized government-wide pension expense related to the Firemen's Pension and Relief Fund of \$837,355. The City also recognized contribution revenue of \$213,909 during the year for support provided to the plan by the State of West Virginia.

The government reported deferred outflows of resources and deferred inflows of resources related to the Firemen's Pension and Relief Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 237,425	\$ 746,391
Changes in assumptions	1,251,961	681,971
Net difference between projected and actual earnings on pension plan investments	526,035	374,463
	<b>\$ 2,015,421</b>	<b>\$ 1,802,825</b>

Amounts reported as deferred outflows and deferred inflows of resources related to the Firemen's Pension and Relief Fund will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 212,522
2019	220,608
2020	172,221
2021	(392,755)
<b>Total</b>	<b>\$ 212,596</b>

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

**CITY OF WEIRTON, WEST VIRGINIA**  
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Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	40.00%	6.50%
Common Stocks – Mid Cap	5.00%	8.00%
Common Stocks – Small Cap	5.00%	7.00%
International Equity	10.00%	7.30%
Fixed Income	40.0%	3.50%

**Actuarial Methods and Assumptions:**

The net pension liability is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. According to the most recent actuarial report as of July 1, 2016, the average annual salary for benefits was \$44,645. There were 20 pensioners as of June 30, 2017 receiving an average of \$32,481 in pension benefits with expected cost-of-living increases up to 2.75%.

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

**Investment rate of return:**

July 01, 2016	6.0%
July 01, 2017	6.5%

**General inflation rate:** 2.75%

**Expected salary increase:**

3.75% general and wage inflation adjustment plus service-based increase of 20.0% for one year of service, 6.5% for two years of service, 3.5% for three years of service, 2.75% for four years of service, 2.5% for five to nine years of service, 2.0% for ten to twenty-nine years of service, 1.25% for thirty to thirty-four years of service, and 0% thereafter

**Post – retirement COLA:**

2.75% on first \$15,000 of annual benefit and on the accumulated supplemental pension for prior year

**Increase in state insurance premium tax allocation:**

2.75% on and after year 1

**Cost method:**

Entry Age Normal, Level-Percentage-of-Pay

The sponsor finances benefits using the Alternative policy as defined by state statute. This policy does not directly amortize the unfunded actuarial liability. The policy is projected to fully finance the closed group actuarial liability by 2041.

30-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 24 years remaining as of July 1, 2016.

**Asset method:**

Market Value

**Turnover:**

**Sample Rates:**

Age 25 - 9%	Age 35 - 4%	Age 45 - 2%	Age 50 - 0%
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**Retirement:**

**Sample Rates:**

Age 50-51 - 45%	Age 51-55 - 30%	Age 56-59 - 45%	Age 60 - 100%
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**CITY OF WEIRTON, WEST VIRGINIA  
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Mortality:	Active: RP-2014 Blue Collar Healthy Employee Post – Retirement: RP-2014 Blue Collar Healthy Annuitant Disabled: RP-2014 Blue Collar Health Annuitant set forward four years			
Tables above incorporate generational mortality improvement using MP-2014 two-dimensional mortality improvement scales				
Disability:	Sample Rates: Age 30 - 0.22%      Age 40 - 0.50%      Age 50 - 0.79% <i>Rates assuming 60% duty related and 40% non – duty related.</i>			
Percent married:	90%			
Spouse age:	Females 3 years younger than males			
Discount Rate	The following table outlines the factors used to determine the discount rate:			
Funded Ratio as of Valuation Date (1)	Liquidity Ratio (2)	Equity Exposure (3)	Projected Funded Ratio after 15 years	Discount Rate
60% or more	10	50% or more	70% or more	6.5%
40% or more	8	40% or more	60% or more	6.0%
30% or more	6	30% or more	50% or more	5.5%
15% or more	4	N/A	40% or more	5.0%
Less than 15%	N/A	N/A	15% or more	4.5%
Less than 15%	N/A	N/A	Less than 15%	4.0%
(1) Funded ratios based on a 6.0% investment return assumption for plans using an actuarially sound policy (standard or optional) and a 5.5% investment return assumption for other plans (alternative or conservation).				
(2) Liquidity ratio equals assets as of the valuation date divided by expected benefits for the year.				
(3) Based on investment policy.				
Discount Rate	6.5000%			

As of June 30, 2016*	
Assets	\$9,014,339
Liabilities using a 6.0% discount rate	\$14,065,818
Funded Ratio	64%
Expected Benefit Payments	\$673,141
Liquidity Ratio	13.39
Equity Exposure	60%
Projected Funded Ratio after 15 years	81%

\*Based off funding valuations as of June 30, 2016

### Money Weighted Rate of Return:

The Firemen's Pension and Relief Fund's money weighted rate of return for the twelve months period ending June 30, 2017 is 11.2%.

### *Investment Details*

The following represents the investment details for the Policemen's and Firemen's Pension and Relief Funds:

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

*Concentration of Credit Risk* – Except for investments in a mutual fund, no individual investments in any one issuer represents more than 5% of the total investments for the pension funds and, within each pension fund, no individual investment in any one issuer represents more than 5% of the total investments for that fund.

*Credit Risk* – The City's investment policy does not specify that investments must be rated at a specified level. As of June 30, 2017, the City's investments were rated using Moody's Investor Services, when available.

*Interest Rate Risk* – The City's pension plans follows West Virginia State Code 8-22-22. The City does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

**West Virginia Public Employees Retirement System (PERS)**

Plan Description, Contribution Information, and Funding Policies:

The City participates in the Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan, on behalf of City employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The cost-sharing multiple employer plan is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at [www.wvretirement.com](http://www.wvretirement.com). The following is a summary of eligibility factors, contributions methods and benefit provisions:

Eligibility to participate	All City of Weirton full-time employees, except those covered by other pension plans.
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Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.
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	2017 Tier I (hired before 7/1/2015)	2017 Tier II (hired after 7/1/2015)
Plan member's contribution rate	4.50%	6.00%
City of Weirton's contribution rate	12.00%	12.00%

Period required to vest	Five years
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Benefits and eligibility for distribution	<u>Tier I</u> A member who has attained age 60 and had earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
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## Tier II

A member who has attained age 62 and has earned 10 years or more of contributing service, between ages 60 and 62, with credited service of 10 years, between ages 57 and 62, with credited service of 20 years, or between ages 55 and 62, with credited service of 30 years . The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

### Deferred retirement portion

Provisions for:	
Cost of living	No
Death benefits	Yes

### Trend Information:

Fiscal Year	Annual Pension Cost	Percentage Contributed
2017	\$ 515,515	100%
2016	\$ 551,514	100%
2015	\$ 599,952	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the West Virginia Consolidated Retirement Board, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

## Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions:

At fiscal year-end, the City reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2015 and rolled forward to June 30, 2016 using the actual assumptions and methods described in the appropriate section of this note. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2015:

Amount for proportionate share of net pension liability	\$ 2,715,379
Percentage for proportionate share of net pension liability	0.2954%
Increase / (decrease) % from prior proportion measured	(0.0519)%

For the year ended June 30, 2017, the government recognized the following pension expense:

	Government Activities	Business-Type Activities
Government – wide pension expense	\$ 217,963	\$ 251,322

The City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Governmental activities		Business-type activities	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ 724,696	\$ 292,270	\$ 750,291	\$ 284,444
Net changes in proportion and differences between employer contributions and proportionate share of contributions	19,735	62,684	60,947	36,134
Changes in actuarial assumptions	-	67,042	-	65,247
Differences between expected and actual experience with regard to economic or demographic factors	114,757	-	111,684	-
Employer contributions to pension plan subsequent to the measurement date	<u>250,896</u>	<u>-</u>	<u>264,620</u>	<u>-</u>
	<u>\$ 1,110,084</u>	<u>\$ 421,996</u>	<u>\$ 1,142,542</u>	<u>\$ 385,825</u>

The amount reported as deferred outflows of resources related to the pension plan resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year ended June 30	Governmental activities		Business-type activities	
	Pension expense		Pension expense	
2018	\$ 64,405		\$ 103,162	
2019	57,052		79,748	
2020	183,844		180,637	
2021	131,891		128,550	
Total	<u>\$ 437,192</u>		<u>\$ 492,097</u>	

**Actuarial Assumptions:**

The total pension liability was determined by an actuarial valuation as of July 01, 2015 and rolled forward to June 30, 2016 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	3.00%
Salary increases	3.0% - 4.6%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense
Mortality rates	Healthy males – 110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females – 101% of RP-2000 Non-Annuitant, Scale AA fully generational Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 107% of RP-2000 Disabled Annuitant, Scale AA fully generational

**CITY OF WEIRTON, WEST VIRGINIA**  
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The actuarial assumptions used in the July 01, 2015 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates or return by the target asset allocation percentage and by adding the expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

Investment	PERS Target Asset Allocation	Long – term Expected Real Rate of Return	Weighted Average Expected Real Rate of Return
US Equity	27.5%	7.0%	1.92%
International Equity	27.5%	7.7%	2.12%
Core Fixed Income	7.5%	2.7%	0.20%
High Yield Fixed Income	7.5%	5.5%	0.41%
TIPS	0.0%	2.7%	0.00%
Real Estate	10.0%	7.0%	0.70%
Private Equity	10.0%	9.4%	0.94%
Hedge Funds	10.0%	4.7%	0.47%
 Total	 100%		6.76%
Inflation			1.90%
			<u>8.66%</u>

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50% for the pension plan. The projection of the cash flows used to determine the discount rate assumed that employer contributions will continue to follow in the current funding policies. Based on those assumptions, the fiduciary net position for the pension plan was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the plan.

The following table presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current Discount Rate 7.50%		
	1% Decrease 6.50%	7.50%	1% Increase 8.50%
City's proportionate share of PERS's net pension liability	\$ 4,915,272	\$ 2,715,379	\$ 847,098

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at [www.wvretirement.com](http://www.wvretirement.com). That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2017**

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**I. Other Post-Employment Benefits**

Because the City participates in the PERS, retirees have the option of choosing to participate in the WV Public Employees Insurance Agency (PEIA). The plan provides medical and prescription drug coverage and retiree group insurance coverage to participants. The retiree's insurance premium is dependent on the number of years worked. Since the City is not a participant in PEIA, a fee is charged to the City for each of the retirees who choose this option. The fee charged to the City is determined by PEIA. The expense for the year ended June 30, 2017 totaled \$240,420.

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

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

**NOTE IV – OTHER INFORMATION**

**A. 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.

**B. Contingencies**

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

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.

**C. Concentration of Credit Risk**

The General Fund charges Weirton residents and businesses a police and fire service fee and a refuse fee. The Water and Sanitary Boards are suppliers of water and sewer services to the residents and businesses of Weirton. The Gasoline Fund supplies gas and oil to various entities in addition to other departments of the City. These services and goods are provided on a credit basis without requiring collateral or any other security. At June 30, 2017, the City's accounts receivable on the statement of net position pertaining to these goods and services were \$2,089,592.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2017**

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**D. Risks and Uncertainties**

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

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

**NOTE V – PRIOR PERIOD RESTATEMENT**

The following restatement was performed to the net positions and fund balances at the beginning of the year due to the reconciliation of inter-fund receivables and payables.

	Net position, as previously stated at July 1, 2016	Change in net position	Net position, as restated at July 1, 2016
Governmental activities	\$ (11,929,287)	\$ (194,346)	\$ (12,123,633)
Business-type activities	<u>\$ 18,716,768</u>	<u>\$ 167,866</u>	<u>\$ 18,884,634</u>
	Fund balance, as previously stated at July 1, 2016	Change in net Position	Fund balance, as restated at July 1, 2016
General Fund	\$ 5,213,486	\$ (199,278)	\$ 5,014,208
Non-Major Fund	<u>\$ 2,353,696</u>	<u>\$ 4,932</u>	<u>\$ 2,358,628</u>
Water Board	<u>\$ 9,300,417</u>	<u>\$ 102,990</u>	<u>\$ 9,403,407</u>
Sanitary Board	<u>\$ 7,305,454</u>	<u>\$ 56,226</u>	<u>\$ 7,361,680</u>
Board of Park Commissions	<u>\$ 1,805,328</u>	<u>\$ 8,650</u>	<u>\$ 1,813,978</u>

**NOTE VI – SUBSEQUENT EVENTS**

The City's management has evaluated the effect that subsequent events would have on the City's financial statements through March 12, 2018, which is the date the financial statements were available to be released.

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## **Required Supplementary Information**

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2017**

**Employer Defined Benefit Plans**

**Policemen's Pension and Relief Fund**

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

Fiscal year end June 30	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,375,945	\$ 855,645	\$ 774,528	\$ 692,087
Interest on the total pension liability	1,285,632	1,411,041	1,423,372	1,409,584
Benefit changes	-	-	-	-
Difference between expected and actual experience	(1,925,042)	52,844	678,004	-
Assumption changes	(3,768,469)	8,829,277	1,564,166	1,226,117
Benefit payments	(1,519,854)	(1,526,035)	(1,453,587)	(1,368,711)
Refunds	-	-	-	-
Net change in total pension liability	(4,551,788)	9,622,772	2,986,483	1,959,077
<b>Total Pension Liability- beginning</b>	<b>44,109,689</b>	<b>34,486,917</b>	<b>31,500,434</b>	<b>29,541,357</b>
<b>Total Pension Liability- ending (a)</b>	<b>\$ 39,557,901</b>	<b>\$ 44,109,689</b>	<b>\$ 34,486,917</b>	<b>\$ 31,500,434</b>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 1,955,294	\$ 972,529	\$ 841,146	\$ 876,690
Employee contributions	175,462	163,095	166,071	158,156
Pension plan net investment income	433,149	(46,782)	192,027	641,466
Benefit payments	(1,519,854)	(1,523,831)	(1,456,339)	(1,368,711)
Refunds	-	-	-	-
Pension plan administrative expense	(2,074)	(2,646)	(3,140)	(2,764)
Other	-	-	204,304	-
Net change in plan fiduciary net position	1,041,977	(437,635)	(55,931)	304,837
<b>Plan fiduciary net position- beginning</b>	<b>4,028,172</b>	<b>4,465,807</b>	<b>4,521,738</b>	<b>4,216,901</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>\$ 5,070,149</b>	<b>\$ 4,028,172</b>	<b>\$ 4,465,807</b>	<b>\$ 4,521,738</b>
<b>Net pension liability (a) - (b)</b>	<b>\$ 34,487,752</b>	<b>\$ 40,081,517</b>	<b>\$ 30,021,110</b>	<b>\$ 26,978,696</b>
Plan fiduciary net position as a percentage of total pension liability	12.82%	9.13%	12.95%	14.35%
Covered employee payroll	1,740,164	1,658,979	1,607,962	1,622,175
Net pension liability as a percentage of covered employee payroll	1981.87%	2416.04%	1867.03%	1663.12%

**II. Schedule of Net Pension Liability - Multiyear**

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2017	\$ 39,557,901	\$ 5,070,149	\$ 34,487,752	12.82%	\$ 1,740,164	1981.87%
2016	\$ 44,109,689	\$ 4,028,172	\$ 40,081,517	9.13%	\$ 1,658,979	2416.04%
2015	\$ 34,486,917	\$ 4,465,807	\$ 30,021,110	12.95%	\$ 1,607,962	1867.03%
2014	\$ 31,500,434	\$ 4,521,738	\$ 26,978,696	14.35%	\$ 1,622,175	1663.12%

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2017

**Employer Defined Benefit Plans**

**Policemen's Pension and Relief Fund**

**III. Schedule of Contributions - Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 2,298,887	\$ 2,228,433	\$ 1,639,294	\$ 1,536,682	\$ 1,477,051	\$	\$	\$	\$	\$
City contributions in relation to the actuarially determined contribution	(1,574,527)	(626,941)	(501,814)	(514,687)	(546,064)					
State contributions in relation to the actuarially determined contribution	(380,767)	(345,588)	(339,332)	(362,002)	(363,021)					
Contribution deficiency (excess)	\$ <u>343,593</u>	\$ <u>1,255,904</u>	\$ <u>798,148</u>	\$ <u>659,993</u>	\$ <u>567,966</u>	\$ <u>-</u>				
Government's covered-employee payroll	\$ 1,740,164	\$ 1,658,979	\$ 1,670,962	\$ 1,622,175	\$ 1,593,506	\$	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	90.48%	37.79%	30.03%	31.73%	34.27%					
City and state contributions as a percentage of covered-employee payroll	112.36%	58.62%	50.34%	54.04%	57.05%					

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2017**

**Employer Defined Benefit Plans**

**Firemen's Pension and Relief Fund**

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

Fiscal year end June 30	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 414,783	\$ 305,455	\$ 262,275	\$ 275,216
Interest on the total pension liability	836,975	856,444	797,673	780,380
Benefit changes	-	-	-	-
Difference between expected and actual experience	(910,435)	390,283	(58,032)	-
Assumption changes	(852,836)	2,057,993	-	-
Benefit payments	(649,622)	(651,642)	(612,845)	(600,032)
Refunds	-	-	-	-
Net change in total pension liability	(1,161,135)	2,958,533	389,071	455,564
<b>Total Pension Liability- beginning</b>	<b>14,976,253</b>	<b>12,017,720</b>	<b>11,628,649</b>	<b>11,173,085</b>
<b>Total Pension Liability- ending (a)</b>	<b>\$ 13,815,118</b>	<b>\$ 14,976,253</b>	<b>\$ 12,017,720</b>	<b>\$ 11,628,649</b>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 681,189	\$ 455,266	\$ 431,213	\$ 563,823
Employee contributions	85,170	82,461	84,967	80,120
Pension plan net investment income	1,015,378	(57,862)	347,248	1,162,109
Benefit payments	(649,622)	(643,235)	(615,116)	(600,032)
Refunds	-	-	-	-
Pension plan administrative expense	(5,546)	(5,453)	(2,396)	(8,950)
Other	-	-	264,114	-
Net change in plan fiduciary net position	1,126,569	(168,823)	510,030	1,197,070
<b>Plan fiduciary net position- beginning</b>	<b>9,014,341</b>	<b>9,183,164</b>	<b>8,673,134</b>	<b>7,476,064</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>\$ 10,140,910</b>	<b>\$ 9,014,341</b>	<b>\$ 9,183,164</b>	<b>\$ 8,673,134</b>
<b>Net pension liability (a) - (b)</b>	<b>\$ 3,674,208</b>	<b>\$ 5,961,912</b>	<b>\$ 2,834,556</b>	<b>\$ 2,955,515</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>73.40%</b>	<b>60.19%</b>	<b>76.41%</b>	<b>74.58%</b>
<b>Covered employee payroll</b>	<b>1,026,836</b>	<b>1,115,043</b>	<b>958,555</b>	<b>983,476</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>357.82%</b>	<b>534.68%</b>	<b>295.71%</b>	<b>300.52%</b>

**II. Schedule of Net Pension Liability - Multiyear**

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2017	\$ 13,815,118	\$ 10,140,910	\$ 3,674,208	73.40%	\$ 1,026,836	357.82%
2016	\$ 14,976,253	\$ 9,014,341	\$ 5,961,912	60.19%	\$ 1,115,043	534.68%
2015	\$ 12,017,720	\$ 9,183,164	\$ 2,834,556	76.41%	\$ 958,555	295.71%
2014	\$ 11,628,649	\$ 8,673,134	\$ 2,955,515	74.58%	\$ 983,476	300.52%

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2017

**Employer Defined Benefit Plans**

**Firemen's Pension and Relief Fund**

**III. Schedule of Contributions - Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 530,081	\$ 613,070	\$ 354,731	\$ 396,427	\$ 518,823	\$	\$	\$	\$	\$
City contributions in relation to the actuarially determined contribution	(467,280)	(247,273)	(231,096)	(215,978)	(201,850)					
State contributions in relation to the actuarially determined contribution	(213,909)	(207,993)	(200,118)	(347,845)	(206,660)					
Contribution deficiency (excess)	\$ <u>(151,108)</u>	\$ <u>157,804</u>	\$ <u>(76,483)</u>	\$ <u>(167,396)</u>	\$ <u>110,313</u>	\$ <u>-</u>				
Government's covered-employee payroll	\$ 1,026,836	\$ 1,115,043	\$ 958,555	\$ 983,476	\$ 918,877	\$	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	45.51%	22.18%	24.11%	21.96%	21.97%					
City and state contributions as a percentage of covered-employee payroll	66.34%	40.83%	44.99%	57.33%	44.46%					

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2017**

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**Employer Defined Benefit Plans**

**Policemen's and Firemen's Pension and Relief Fund**

**IV Money-Weighted Rates of Return**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Policemen's Pension and Relief Fund	10.80%	(1.20)%	4.10%	15.80%						
Firemen's Pension and Relief Fund	11.20%	(0.80)%	4.00%	15.70%						

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CITY OF WEIRTON, WEST VIRGINIA  
DEFINED BENEFIT PENSION TRUSTS  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2017**

## **Notes to the Required Supplementary Information- Defined Benefit Pension Trusts**

## **Policemen's Pension and Relief Fund**

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

Measurement date	June 30, 2017, measurement date based on actuarial liabilities as of July 1, 2016.
Actuarial cost method	Entry Age Normal, Level-Percentage-of-Pay
Actuarial value of assets	Market value used for GASB Nos. 67 and 68 reporting
Contribution policy and amortization method	The sponsor finances benefits using the Alternative funding policy as defined in statute. Sponsor contributions are equal to 107 percent of the prior year contributions. The plan also receives state contributions based on an allocation of premium tax. This funding policy does not directly amortize the unfunded actuarial liability. However, projected sponsor, state, and member contributions along with projected investment earnings, are expected to fully fund the projected actuarial liability for current plan members, assets for the closed plan are projected to be depleted by 2025.
Actuarial assumptions:	
Investment rate of return	4.000% per year.
GASB 67/68 discount rate	3.6512% per year at June 30, 2017, and 3.0528% at June 30, 2016.
Projected salary increases	Service-based increases: 20.00% in year 1, 6.50% in year 2, reducing over years 3-34 to 1.25% in years 30-34. 0% increases for service over 34.
Cost of living increases	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.

**CITY OF WEIRTON, WEST VIRGINIA  
DEFINED BENEFIT PENSION TRUSTS  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2017**

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

## **Firemen's Pension and Relief Fund**

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

Measurement date	June 30, 2017, measurement date based on actuarial liabilities as of July 1, 2016.
Actuarial cost method	Entry Age Normal, Level-Percentage-of-Pay
Actuarial value of assets	Market value used for GASB Nos. 67 and 68 reporting
Contribution policy and amortization method	The sponsor finances benefits using the Optional funding policy as defined in the state statutes. Sponsor contributions are equal to the normal cost, net of employee contributions, plus an amortization of the unfunded actuarial liability net of the premium tax allocation applicable to the plan year. The amortization is based on a 40-year closed amortization period, commencing on January 1, 2010, with level dollar payments. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. Projected sponsor, state and members contributions along with the projected investment earnings are expected to fully fund the projected actuarial liability for current plan members by 2041.
Actuarial assumptions:	
Investment rate of return	6.500% per year
GASB 67/68 discount rate	6.500% per year at June 30, 2017, and 6.000% at June 30, 2016
Projected salary increases	Service-based increases: 20.00% in year 1, 6.50% in year 2, reducing over years of service down to 1.25% in years 30-34. 0% increases for service over 34.
Cost of living increases	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.

**CITY OF WEIRTON, WEST VIRGINIA**  
**COST SHARING MULTI - EMPLOYER PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2017

**Cost Sharing Multi - Employer Plan**

**West Virginia Public Employee Retirement System (PERS)**

**I. Schedule of Government's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years \***

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Government's proportion of the net pension liability (asset) (percentage)	0.2954%	0.3116%	0.3100%	0.2903%						
Government's proportionate share of the net pension liability (asset)	2,715,379	1,740,061	1,144,273	2,646,569						
Government's covered-employee payroll	\$ 4,085,289	\$ 4,085,289	\$ 4,285,371	\$ 4,151,848	\$	\$	\$	\$	\$	\$
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.47%	42.59%	26.70%	63.74%						
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%	79.70						

**II. Schedule of Government Contributions - Last 10 Fiscal Years \***

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution.	\$ 515,515	\$ 551,514	\$ 599,952	\$ 602,018	\$ 543,987	\$ 576,628	\$ 478,704	\$ 407,381	\$ 413,502	\$ 401,784
Contributions in relation to the contractually required contribution	<u>(515,515)</u>	<u>(551,514)</u>	<u>(599,952)</u>	<u>(602,018)</u>	<u>(543,987)</u>	<u>(576,628)</u>	<u>(478,704)</u>	<u>(407,381)</u>	<u>(413,502)</u>	<u>(401,784)</u>
Contribution deficiency (excess)	\$ <u>-</u>									
Government's covered-employee payroll	\$ 4,295,958	\$ 4,085,289	\$ 4,285,371	\$ 4,151,848	\$ 3,885,621	\$ 3,976,745	\$ 3,829,632	\$ 3,703,464	\$ 3,938,114	\$ 3,826,514
Contributions as a percentage of covered-employee payroll	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%	10.50%

\* - The amounts presented for each fiscal year were determined as of June 30th .

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CITY OF WEIRTON, WEST VIRGINIA**  
**COST SHARING MULTI - EMPLOYER PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2017**

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**Notes to the Required Supplementary Information-Cost Sharing Multi - Employer Plan**

**West Virginia Public Employees Retirement System**

*Changes of benefit terms*

Amounts reported reflect an increase in disability benefits to be equivalent to retirement benefits. Amounts reported in Government's proportionate share of the net pension liability (asset) reflect a modification to the benefit terms to incorporate a new definition of base compensation.

*Changes of assumptions*

Amounts reported in Government's proportionate share of the net pension liability (asset) reflect an adjustment of the expectation of life after disability to more closely reflect actual experience. For amounts reflected in Government's proportionate share of the net pension liability (asset) and later, the expectation of retired life mortality was based on RP-2000 Mortality Tables rather than on the 1983 Group Annuity Mortality Table, which was used to determine amounts reported prior to Government's proportionate share of the net pension liability (asset). Amounts reported in Government's proportionate share of the net pension liability (asset) reflect an adjustment of expected retirement ages to more closely reflect actual experience. Amounts reported in Government's proportionate share of the net pension liability (asset) reflect an adjustment of assumed life expectancies to more closely reflect actual experience.

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>						
Taxes:						
Property taxes	\$ 2,824,943	\$ 2,824,943	\$ 2,860,100	\$ -	\$ 2,860,100	\$ (35,157)
B&O	4,689,956	4,700,000	4,696,901	-	4,696,901	3,099
Sales taxes	1,482,936	2,062,936	2,262,975	-	2,262,975	(200,039)
Excise tax on utilities	1,250,000	1,175,000	1,125,140	-	1,125,140	49,860
Other taxes	578,500	522,000	519,949	-	519,949	2,051
Total taxes:	10,826,335	11,284,879	11,465,065	-	11,465,065	(180,186)
Fines and forfeitures	127,500	127,500	122,496	-	122,496	5,004
Licenses, permits, and fees	230,000	230,000	214,717	-	214,717	15,283
Intergovernmental	564,000	627,762	1,250,154	-	1,250,154	(622,392)
Charges for services	4,582,947	4,582,947	4,483,097	-	4,483,097	99,850
Video lottery and table gaming proceeds	474,000	389,000	446,746	-	446,746	(57,746)
Charges to other funds	78,806	78,806	81,384	(81,384)	-	(2,578)
Investment income	7,500	7,500	17,627	-	17,627	(10,127)
Reimbursements	50,000	50,000	96,793	(96,793)	-	(46,793)
Other	76,500	12,000	40,056	87,507	127,563	(28,056)
Total revenues before prior year fund balance	17,017,588	17,390,394	18,218,135	(90,670)	18,127,465	(827,741)
Prior year fund balance (1)	2,985,000	3,073,092	-	-	-	3,073,092
Total revenues and prior year fund balance	20,002,588	20,463,486	18,218,135	(90,670)	18,127,465	2,245,351
<b>Expenditures</b>						
Current:						
General government	6,293,758	5,506,142	3,107,602	(81,384)	3,026,218	2,398,540
Public safety	7,210,871	8,442,686	8,128,895	(84,562)	8,044,333	313,791
Highway and streets	4,000,857	4,101,868	3,731,053	(170,105)	3,560,948	370,815
Health and sanitation	1,303,124	1,248,812	1,393,136	(62,265)	1,330,871	(144,324)
Culture and recreation	1,178,978	1,148,978	1,112,182	(918,978)	193,204	36,796
Social services	15,000	15,000	15,050	-	15,050	(50)
Debt Service:						
Principal	-	-	-	298,238	298,238	-
Interest and other charges	-	-	-	9,403	9,403	-
Total expenditures	20,002,588	20,463,486	17,487,918	(1,009,653)	16,478,265	2,975,568
Excess (deficiency) of revenues over expenditures	-	-	730,217	918,983	1,649,200	(730,217)
<b>Other Financing Sources (Uses)</b>						
Proceeds from capital leases	-	-	-	502,735	502,735	-
Transfers out	-	-	-	(918,979)	(918,979)	-
Net other financing sources (uses)	-	-	-	(416,244)	(416,244)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	730,217	502,739	1,232,956	
Fund balances - beginning, as restated	2,985,000	3,073,092	5,014,208	-	5,014,208	
Less prior year fund balance budgeted	(2,985,000)	(3,073,092)	-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 5,744,425	\$ 502,739	\$ 6,247,164	

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

**Adjustments to Generally Accepted Accounting Principles**

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

- 1) Contributions to the Board of Park Commissions and Library funds, reported as expenditures as opposed to transfers to other funds. 918,979
- 2) Other reimbursements reported as reimbursements as opposed to netting with general government expenditures. 90,670
- 3) Capital leases not recognized in accordance with generally accepted accounting principles. Payments are not reported as debt service payments. Proceeds from new leases are also not recognized. The effect is as follows:

Net increases in (reduced by debt payments while, being increased by expenses for new leases):  
 Debt service - principal 298,238  
 Debt service - interest 9,403

Net decreases in (reduced by debt payments while, being increased by expenses for new leases):  
 Highway and streets (170,105)  
 Health and Sanitation (62,265)  
 Public safety (75,276)

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>						
Other taxes	\$ 66,000	\$ 66,000	\$ 50,046	\$ -	\$ 50,046	\$ (15,954)
Investment income	70	70	278	-	278	208
Total revenues before prior year fund balance	66,070	66,070	50,324	-	50,324	(15,746)
Prior year fund balance (1)	30,000	30,000	-	-	-	(30,000)
Total revenues and prior year fund balance	96,070	96,070	50,324	-	50,324	(45,746)
<b>Expenditures</b>						
General government	96,070	96,070	1,610	-	1,610	94,460
Total expenditures	96,070	96,070	1,610	-	1,610	94,460
Excess of revenues over expenditures	-	-	48,714	-	48,714	48,714
Fund balance, beginning	30,000	30,000	68,016	-	68,016	
Less prior year fund balance budgeted	(30,000)	(30,000)	-	-	-	
Fund balance, ending	\$ -	\$ -	\$ 116,730	\$ -	\$ 116,730	

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

## **Supplementary Information**

**CITY OF WEIRTON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2017**

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 303	\$ 1,968,460	\$ 136,091	\$ 324,304	\$ 1,279	\$ 2,430,437
Investments	-	-	-	529,125	-	529,125
Receivables, net						
Taxes	-	839	-	26,113	-	26,952
Intergovernmental	-	-	-	-	28,439	28,439
Prepaid expenses	-	-	-	3,320	-	3,320
<b>Total assets</b>	<b>\$ 303</b>	<b>\$ 1,969,299</b>	<b>\$ 136,091</b>	<b>\$ 882,862</b>	<b>\$ 29,718</b>	<b>\$ 3,018,273</b>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 3,598	\$ 10,775	\$ 19,153	\$ 33,526
Wages and benefits payable	-	-	-	10,601	-	10,601
Compensated absences	-	-	-	28,520	-	28,520
Due to other funds	-	-	-	-	9,286	9,286
Security deposit	-	-	25,000	-	-	25,000
Unearned revenue	-	-	121,389	68,538	-	189,927
Grant advances	-	-	-	-	1,279	1,279
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>149,987</b>	<b>118,434</b>	<b>29,718</b>	<b>298,139</b>
<b>Fund Balances</b>						
Non-spendable for:						
Prepaid expenses	-	-	-	3,320	-	3,320
Restricted for:						
Capital projects	-	1,969,299	-	-	-	1,969,299
Assigned for:						
General expenditures	303	-	(13,896)	761,108	-	747,515
<b>Total fund balances</b>	<b>303</b>	<b>1,969,299</b>	<b>(13,896)</b>	<b>764,428</b>	<b>-</b>	<b>2,720,134</b>
<b>Total liabilities and fund balances</b>	<b>\$ 303</b>	<b>\$ 1,969,299</b>	<b>\$ 136,091</b>	<b>\$ 882,862</b>	<b>\$ 29,718</b>	<b>\$ 3,018,273</b>

**CITY OF WEIRTON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2017**

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
<b>Revenues</b>						
Property taxes	\$ -	\$ 425,610	\$ -	\$ 176,353	\$ -	\$ 601,963
Fees and fines	-	-	3,565	9,441	-	13,006
Intergovernmental	-	-	10,375	-	453,562	463,937
Investment income	1	6,085	542	45,473	-	52,101
Contributions	-	-	9,180	317,823	-	327,003
Other	-	-	-	561	-	561
Total revenues	1	431,695	23,662	549,651	453,562	1,458,571
<b>Expenditures</b>						
Current:						
General government	-	62,522	58,485	-	140,623	261,630
Public safety	-	-	14,993	-	17,000	31,993
Highway and streets	-	-	-	-	239,452	239,452
Culture and recreation	-	-	700	876,781	41,075	918,556
Social services	-	-	-	-	15,412	15,412
Total expenditures	-	62,522	74,178	876,781	453,562	1,467,043
Excess (deficiency) of revenues over expenditures	1	369,173	(50,516)	(327,130)	-	(8,472)
<b>Other Financing Sources (Uses)</b>						
Transfers from other funds	-	-	-	369,978	-	369,978
Net other financing sources (uses)	-	-	-	369,978	-	369,978
Net changes in fund balances	1	369,173	(50,516)	42,848	-	361,506
Fund balances - beginning, as restated	302	1,600,126	36,620	721,580	-	2,358,628
Fund balances, ending	\$ 303	\$ 1,969,299	\$ (13,896)	\$ 764,428	\$ -	\$ 2,720,134

**CITY OF WEIRTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2017**

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	Pension Trust Funds			Total Pension Trust Funds	
	Policemen's Funds	Firemen's Pension	Total Pension Trust Funds		
	Policemen's Funds	Firemen's Pension			
<b>Assets</b>					
Cash and cash equivalents	\$ 56,253	\$ 40,097	<u>\$ 96,350</u>		
Investments, at fair value:					
Money markets	275,109	48,308	<u>323,417</u>		
Government agency obligations	75,171	100,228	<u>175,399</u>		
Municipal obligations	100,803	100,803	<u>201,606</u>		
Corporate obligations	652,494	943,045	<u>1,595,539</u>		
Mutual funds	999,386	2,677,490	<u>3,676,876</u>		
Common stock	<u>2,911,980</u>	<u>6,233,439</u>	<u>9,145,419</u>		
Total investments	<u>5,014,943</u>	<u>10,103,313</u>	<u>15,118,256</u>		
Total assets	<u>5,071,196</u>	<u>10,143,410</u>	<u>15,214,606</u>		
<b>Liabilities</b>					
Due to other funds	<u>1,047</u>	<u>2,500</u>	<u>3,547</u>		
<b>Net Position</b>					
Net position held in trust for pension benefits	<u>\$ 5,070,149</u>	<u>\$ 10,140,910</u>	<u>\$ 15,211,059</u>		

**CITY OF WEIRTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2017**

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	Policemen's Pension	Firemen's Pension	Total Pension Trust
<b>Additions</b>			
Contributions			
Employer	\$ 1,574,527	\$ 467,280	\$ 2,041,807
Plan members	175,462	85,170	260,632
Insurance premium tax allocation	<u>380,767</u>	<u>213,909</u>	<u>594,676</u>
Total contributions	<u>2,130,756</u>	<u>766,359</u>	<u>2,897,115</u>
Investment income:			
Interest and dividends	99,877	208,010	307,887
Net realized and unrealized gains (losses)	351,542	835,310	1,186,852
Less: investment expense	<u>(18,270)</u>	<u>(27,942)</u>	<u>(46,212)</u>
Net investment income	<u>433,149</u>	<u>1,015,378</u>	<u>1,448,527</u>
Total additions	<u>2,563,905</u>	<u>1,781,737</u>	<u>4,345,642</u>
<b>Deductions</b>			
Benefits	1,519,854	649,622	2,169,476
Administrative	<u>2,074</u>	<u>5,546</u>	<u>7,620</u>
Total deductions	<u>1,521,928</u>	<u>655,168</u>	<u>2,177,096</u>
Change in net position	1,041,977	1,126,569	2,168,546
Net position held in trust for pension benefits			
Beginning of year	<u>4,028,172</u>	<u>9,014,341</u>	<u>13,042,513</u>
End of year	<u>\$ 5,070,149</u>	<u>\$ 10,140,910</u>	<u>\$ 15,211,059</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2017**

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<u>State Grantor/Program Title</u>	<u>Identification Number</u>	<u>State Expenditures</u>
<b>West Virginia Development Office</b>		
Legislative Digest	10LEDA01030N	\$ 6,000
Legislative Digest	07LEDA0586N	10,000
Total West Virginia Development Office		<u>\$ 16,000</u>
<b>West Virginia Division of Culture and History</b>		
Fairs and Festivals	15LEDA0052	\$ 14,852
Total West Virginia Division of Culture and History		<u>\$ 14,852</u>
<b>Total Expenditures of State Awards</b>		<b><u>\$ 30,852</u></b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<b>Department of Housing and Urban Development</b>				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant	14.218	N/A	\$ -	<u>\$ 453,562</u>
Total Department of Housing Urban Development			\$ -	<u>\$ 453,562</u>
<b>Department of Justice</b>				
<u>West Virginia Division of Justice and Community Services</u>				
Edward Byrne Memorial Justice Assistance Grant	16.579	15-JAG	\$ -	<u>\$ 12,111</u>
Total Department of Justice			\$ -	<u>\$ 12,111</u>
<b>Department of Transportation</b>				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	N/A	\$ 383,032	<u>\$ 383,032</u>
<u>City of Wheeling</u>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	17-04	-	<u>1,450</u>
Alcohol Open Container Requirements	20.607	17-04	-	<u>484</u>
National Property Safety Programs	20.616	17-04	-	<u>919</u>
Total Highway Safety Cluster			- - - - - -	<u>2,853</u>
Total Department of Transportation			\$ 383,032	<u>\$ 385,885</u>
<b>Department of Homeland Security</b>				
Assistance to Firefighters Grant	97.044	N/A	\$ -	<u>\$ 188,572</u>
Total Department of Homeland Security			\$ -	<u>\$ 188,572</u>
<b>Executive Office of the President</b>				
<u>Laurel County Fiscal Court</u>				
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ -	<u>\$ 23,087</u>
Total Executive Office of the President			\$ -	<u>\$ 23,087</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 383,032</b>	<b><u>\$ 1,063,217</u></b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2017**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Weirton, West Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Weirton, West Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Weirton, West Virginia.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

The City of Weirton, West Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## **Independent Auditor's 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***

Honorable Mayor and City Council  
City of Weirton  
200 Municipal Plaza  
Weirton, West Virginia 26062

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of Weirton, West Virginia (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12, 2018 wherein we qualified our opinion because the City elected not to adopt GASB 45 OPEB liability and expense as of and for the year ended June 30, 2017.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of financial statement findings (finding 2017-01) that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## **City's Response to Findings**

The City's response to the findings identified in our audit are described in the accompanying schedule of financial statement findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia**

**March 12, 2018**

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council  
City of Weirton  
200 Municipal Plaza  
Weirton, West Virginia 26062

### Report on Compliance for Each Major Federal Program

We have audited the City of Weirton, West Virginia's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express our opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, the City of Weirton, West Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2017.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## Report on Internal Control Over Compliance

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

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

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

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

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia**  
**March 12, 2018**

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2017**

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**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiencies identified that is not considered to be a material weakness? No

Noncompliance material to financial statements noted? No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiencies identified that is not considered to be a material weakness? No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2017**

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**Section II – Financial Statement Findings**

**2017-01 Other Post-Employment Benefits Obligated**

Condition – We noted during the audit that the City failed to record the Other Post-Employment Benefits obligation payable in the City's financial statements in accordance with GASB Statement Number 45 and generally accepted accounting standards.

Criteria – GASB Statement Number 45 requires that state and local government employers report the costs and obligation associated with post-employment healthcare and other non-pension benefits known as other post-employment benefits. The requirements of this statement are effective in three phases based on a governments total annual revenues in the first fiscal year ending after June 15, 1999. Governments with annual revenues of \$100 million or more (Phase 1 governments) are required to implement in the periods beginning after December 15, 2006. Governments with annual revenues between \$10 million and \$100 million (Phase 2 governments) are required to implement in the periods after December 15, 2007. Governments with revenues less than \$10 million (Phase 3 governments) are required to implement in the periods after December 15, 2008. Component units are required to implement GASB 45 the same fiscal year as the primary government.

Cause – Officials did not obtain the actuarial study to determine a correct calculation of the annual required contributions which were necessary to reflect this liability in the financial statements and failed to account for the Other Post-employment Benefits obligation.

Effect – The liabilities and expenditures are substantially understated which necessitates a qualification of opinion on the financial statements.

Recommendation – We recommend that the City complete the necessary actuarial study to determine the calculation to be used to reflect the OPEB liability.

City's Response – In future years the City anticipates completing the necessary actuarial study to determine the calculation to be used to reflect the OPEB liability.

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2017**

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**Section III – Federal Awards Findings and Questioned Costs**

None

**CITY OF WEIRTON, WEST VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Fiscal Year Ended June 30, 2017**

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**Status of Prior Year Audit Findings**

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2016-01	Other Post-Employment Benefits Obligated	Not resolved