

Brooke and Hancock Counties

RFP#17-387

City of Weirton, West Virginia

Financial Statements and Independent Auditor's Report

For the Fiscal Year Ended June 30, 2018

CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 2018

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
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2018

Introductory Section	
City Officials	1
Financial Section	
Independent Auditor's Report.....	2
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position.....	5
Statement of Activities.....	7
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	8
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Statement of Net Position – Proprietary Funds	12
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds.....	15
Statement of Fiduciary Net Position – Fiduciary Funds.....	17
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	18
Notes to the Financial Statements.....	19
Required Supplementary Information	
Defined Benefit Pension Trusts	62
Notes to the Required Supplementary Information – Defined Benefit Pension Trusts	67
Cost Sharing Multi – Employer Plans - Pensions	69
Cost Sharing Multi – Employer Plan – OPEB	71
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	72
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Coal Severance Tax Fund	73
Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	75
Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	76
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	77
Schedule of Expenditures of State Awards	78
Schedule of Expenditures of Federal Awards	79
Notes to the Schedule of Expenditures of Federal Awards	80
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 <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	83
Schedule of Findings and Questioned Costs	85

Introductory Section

CITY OF WEIRTON, WEST VIRGINIA
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2018

OFFICE	NAME	TERM ENDS
<u>Elected</u>		
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, Sr.	June 2019
Ward 5:	Douglas Jackson	June 2019
Ward 6:	Enzo Fracasso	June 2019
Ward 7:	Terry Weigel	June 2019
<u>Appointed</u>		
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:	A.R. Alexander III	
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, 2018 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weirton, West Virginia as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

Emphasis of Matter

As discussed in Note I.E.16, during the year ended June 30, 2018, the City adopted new accounting guidance, the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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, schedules of net OPEB liabilities and OPEB contributions, and required budgetary comparison schedules, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, 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 combining and individual statements and schedules of expenditures of state and federal awards 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 combining and individual statements and schedules of state and federal awards to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the combining and individual statements and schedules of expenditures of state and federal awards 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 combining and individual statements and schedules of expenditures of state and federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

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 14, 2019, 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 14, 2019

CITY OF WEIRTON, WEST VIRGINIA

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government			
	Governmental Activities		Business-type Activities	
			Total	
Assets				
Cash and cash equivalents	\$ 5,259,426	\$ 2,017,187	\$ 7,276,613	
Investments	3,091,335	194,382	3,285,717	
Receivables, net:				
Taxes	2,028,466	-	2,028,466	
Charges for services	493,407	1,246,046	1,739,453	
Intergovernmental	276,822	-	276,822	
Other fees and proceeds	4,847	-	4,847	
Internal balances	(159,119)	159,119	-	
Due from fiduciary funds	8,948	-	8,948	
Inventories	-	103,089	103,089	
Other assets	3,320	-	3,320	
Net pension asset	513	-	513	
Restricted assets:				
Cash and cash equivalents	-	2,365,178	2,365,178	
Capital assets:				
Land and construction in progress	1,184,627	6,670,715	7,855,342	
Other capital assets, net of depreciation	<u>18,332,019</u>	<u>25,630,618</u>	<u>43,962,637</u>	
Total assets	<u>30,524,611</u>	<u>38,386,334</u>	<u>68,910,945</u>	
Deferred Outflows				
OPEB items	113,146	145,396	258,542	
Pension items	<u>4,240,887</u>	<u>396,747</u>	<u>4,637,634</u>	
Total deferred outflows of resources	<u>4,354,033</u>	<u>542,143</u>	<u>4,896,176</u>	
Total assets and deferred outflows	<u>\$ 34,878,644</u>	<u>\$ 38,928,477</u>	<u>\$ 73,807,121</u>	

CITY OF WEIRTON, WEST VIRGINIA

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government			Total
	Governmental Activities		Business-type Activities	
	Activities	Activities		
Liabilities				
Accounts payable	\$ 824,761	\$ 864,880	\$ 1,689,641	
Wages and benefits payable	261,811	72,959	334,770	
Capital lease obligations payable, current	138,581	38,018	176,599	
Compensated absences	662,071	150,937	813,008	
Unearned revenues	192,087	-	192,087	
Security deposit	25,000	-	25,000	
Grant advances	1,279	-	1,279	
Liabilities payable from restricted assets:				
Bonds payable, current	-	977,532	977,532	
Accrued interest payable	-	33,800	33,800	
Capital lease obligations payable, non-current	87,616	166,025	253,641	
Bonds payable, non-current	-	16,225,011	16,225,011	
Net OPEB liability	1,468,653	1,427,326	2,895,979	
Net pension liability	<u>38,537,305</u>	<u>709,653</u>	<u>39,246,958</u>	
Total liabilities	<u>42,199,164</u>	<u>20,666,141</u>	<u>62,865,305</u>	
Deferred Inflows				
OPEB items	398,629	236,393	635,022	
Pension items	<u>5,597,638</u>	<u>237,507</u>	<u>5,835,145</u>	
Total deferred inflows of resources	<u>5,996,267</u>	<u>473,900</u>	<u>6,470,167</u>	
Net Position				
Net investment in capital assets	19,290,449	14,894,747	34,185,196	
Restricted for:				
Capital projects	2,271,843	-	2,271,843	
Debt service	-	877,818	877,818	
Net pension asset	513	-	513	
Other purposes	1,808,152	1,487,360	3,295,512	
Unrestricted	<u>(36,687,744)</u>	<u>528,511</u>	<u>(36,159,233)</u>	
Total net position	<u>(13,316,787)</u>	<u>17,788,436</u>	<u>4,471,649</u>	
Total liabilities, deferred inflows, and net position	<u>\$ 34,878,644</u>	<u>\$ 38,928,477</u>	<u>\$ 73,807,121</u>	

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Functions/Programs	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		
Primary government:										
Governmental activities:										
General government	\$ 2,295,581	\$ 514,687	\$ 216,161	\$ 244,333	\$ (1,320,400)	\$ -	\$ -	\$ (1,320,400)		
Public safety	9,779,931	2,177,340	688,818	19,374	(6,894,399)	-	-	(6,894,399)		
Highway and streets	4,251,510	832,799	687,891	-	(2,730,820)	-	-	(2,730,820)		
Health and sanitation	1,166,674	1,324,050	-	-	157,376	-	-	157,376		
Culture and recreation	1,010,410	9,132	163,871	-	(837,407)	-	-	(837,407)		
Social services	21,911	-	15,687	-	(6,224)	-	-	(6,224)		
Interest	8,760	-	-	-	(8,760)	-	-	(8,760)		
Total governmental activities	<u>18,534,777</u>	<u>4,858,008</u>	<u>1,772,428</u>	<u>263,707</u>	<u>(11,640,634)</u>	<u>-</u>	<u>-</u>	<u>(11,640,634)</u>		
Business-type activities:										
Water board	3,593,586	3,971,611	-	163,589	-	541,614		541,614		
Sanitary board	3,149,663	3,272,759	27,070	4,250	-	154,416		154,416		
Board of park commissions	1,106,243	441,212	-	115,000	-	(550,031)		(550,031)		
Total business-type activities	<u>7,849,492</u>	<u>7,685,582</u>	<u>27,070</u>	<u>282,839</u>	<u>-</u>	<u>145,999</u>	<u>-</u>	<u>145,999</u>		
Total primary government	<u>\$ 26,384,269</u>	<u>\$ 12,543,590</u>	<u>\$ 1,799,498</u>	<u>\$ 546,546</u>	<u>\$ (11,640,634)</u>	<u>\$ 145,999</u>	<u>-</u>	<u>(11,494,635)</u>		
General revenues:										
Taxes:										
Property taxes					3,414,249	-	3,414,249			
B & O taxes					3,995,450	-	3,995,450			
Sales taxes					2,669,470	-	2,669,470			
Excise tax on utilities					1,180,913	-	1,180,913			
Other taxes					631,298	-	631,298			
Video lottery and table gaming					432,080	-	432,080			
Unrestricted investment earnings					99,617	43,448	143,065			
Miscellaneous					82,648	26,827	109,475			
Gain (loss) on sale of assets					(58,497)	(70,859)	(129,356)			
Transfers					(626,057)	626,057	-	-		
Total general revenues and transfers					<u>11,821,171</u>	<u>625,473</u>	<u>12,446,644</u>	<u>-</u>		
Changes in net position					180,537	771,472	952,009			
Net position - beginning, as restated					<u>(13,497,324)</u>	<u>17,016,964</u>	<u>3,519,640</u>	<u>-</u>		
Net position - ending					<u>\$ (13,316,787)</u>	<u>\$ 17,788,436</u>	<u>\$ 4,471,649</u>	<u>-</u>		

CITY OF WEIRTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	Coal		Nonmajor		Total
	General	Severance Tax	Governmental Funds	Governmental Funds	Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,146,499	\$ 78,263	\$ 2,623,974	\$ 4,848,736	
Investments	2,515,605	-	575,730	3,091,335	
Receivables, net					
Taxes	2,010,101	16,205	2,160	2,028,466	
Charges for services	476,518	-	-	476,518	
Intergovernmental	2,826	-	273,996	276,822	
Other fees and proceeds	4,847	-	-	4,847	
Due from other funds	169,958	-	680	170,638	
Due from fiduciary funds	8,949	-	-	8,949	
Prepaid expenses	-	-	3,320	3,320	
Total assets	<u>\$ 7,335,303</u>	<u>\$ 94,468</u>	<u>\$ 3,479,860</u>	<u>\$ 10,909,631</u>	
Liabilities, Deferred Inflows and Fund Balance					
Liabilities					
Accounts payable	\$ 633,074	\$ -	\$ 154,465	\$ 787,539	
Wages and benefits payable	249,771	-	12,040	261,811	
Compensated absences	122,464	-	30,629	153,093	
Due to other funds	333,549	1,136	21,413	356,098	
Security deposit	-	-	25,000	25,000	
Unearned revenue	-	-	192,087	192,087	
Grant Advances	-	-	1,279	1,279	
Total liabilities	<u>1,338,858</u>	<u>1,136</u>	<u>436,913</u>	<u>1,776,907</u>	
Deferred Inflows					
Unavailable revenue-taxes	<u>55,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,132</u>
Fund balances					
Non-spendable for:					
Prepaid expenses	-	-	3,320	3,320	
Restricted for:					
Capital projects	-	-	2,271,843	2,271,843	
Culture and recreation	1,808,152	-	-	1,808,152	
Committed for:					
Capital projects	1,465,891	-	-	1,465,891	
Workers' compensation	177,534	-	-	177,534	
General expenditures	503,873	-	-	503,873	
Assigned for:					
General expenditures	-	93,332	767,784	861,116	
Unassigned for:					
Unassigned	<u>1,985,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,985,863</u>
Total fund balances	<u>5,941,313</u>	<u>93,332</u>	<u>3,042,947</u>	<u>9,077,592</u>	
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,335,303</u>	<u>\$ 94,468</u>	<u>\$ 3,479,860</u>	<u>\$ 10,909,631</u>	

CITY OF WEIRTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balance, governmental funds	\$ 9,077,592
--	--------------

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

Capital assets of \$42,678,548 net of accumulated depreciation of \$23,161,902, 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. 19,516,646

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. 55,132

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. 417,100

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. (509,381)

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

OPEB deferred outflows	113,146
OPEB deferred inflows	(398,629)
Pension deferred outflows	4,240,887
Pension deferred inflows	<u>(5,597,638)</u>
	(1,642,234)

Long-term net pension liabilities (assets) and the Net OPEB liabilities are not due and payable in the current period and not reported in the funds.

Net pension asset	513
Net OPEB liability	(1,468,653)
Net pension liability	<u>(38,537,305)</u>
	(40,005,445)

Capital lease obligations do not require the use of current financial resources and therefore are reported only in the Statement of Net Position. (226,197)

Net position of governmental activities in the Statement of Net Position \$ (13,316,787)

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	General	Coal Severance Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,836,066	\$ -	\$ 611,143	\$ 3,447,209
B&O taxes	3,994,421	-	-	3,994,421
Sales taxes	2,669,470	-	-	2,669,470
Excise tax on utilities	1,180,913	-	-	1,180,913
Other taxes	578,370	52,928	-	631,298
Fines and forfeitures	113,677	-	9,760	123,437
Licenses, permits, and fees	266,323	-	-	266,323
Intergovernmental	1,169,399	-	683,492	1,852,891
Charges for services	4,333,561	-	-	4,333,561
Video lottery and table gaming	432,080	-	-	432,080
Investment income	40,712	481	58,423	99,616
Contributions	-	-	183,244	183,244
Other	82,501	-	147	82,648
Total revenues	17,697,493	53,409	1,546,209	19,297,111
Expenditures				
Current:				
General government	3,052,949	26,807	524,466	3,604,222
Public safety	8,371,494	-	37,855	8,409,349
Highways and streets	3,980,402	-	300,633	4,281,035
Health and sanitation	1,033,172	-	-	1,033,172
Culture and recreation	265,953	2,943	739,774	1,008,670
Social services	12,106	-	9,805	21,911
Debt Service:				
Capital leases - principal	310,371	-	-	310,371
Capital leases - interest	8,760	-	-	8,760
Total expenditures	17,035,207	29,750	1,612,533	18,677,490
Excess (deficiency) of revenues over expenditures	662,286	23,659	(66,324)	619,621
Other Financing Sources (Uses)				
Transfers from other funds	-	-	389,137	389,137
Transfers to other funds	(968,137)	(47,057)	-	(1,015,194)
Net other financing sources (uses)	(968,137)	(47,057)	389,137	(626,057)
Net changes in fund balances	(305,851)	(23,398)	322,813	(6,436)
Fund balances - beginning	6,247,164	116,730	2,720,134	9,084,028
Fund balances - ending	\$ 5,941,313	\$ 93,332	\$ 3,042,947	\$ 9,077,592

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, 2018

Net change in fund balances - total governmental funds: \$ (6,436)

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 \$3,005,289 exceeded depreciation expense of \$1,163,132 in the current period.

1,842,158

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

(58,497)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This consists of a decrease in property taxes and an increase in business and occupational taxes

(31,931)

Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which capital lease payments of \$310,370 exceeded new capital leases of \$0.

310,370

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	2,182,303	
Amount of pension expenses recognized at government - wide level	<u>(4,134,291)</u>	(1,951,988)
Amount of OPEB expenditures at fund modified accrual level	113,146	
Amount of OPEB expenses recognized at government - wide level	<u>(36,804)</u>	76,342

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 decrease in compensated absences of \$5,238.

5,238

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.

(4,719)

Change in net position of governmental activities \$ 180,537

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2018

	Enterprise Funds						Internal Service Fund-Gasoline	
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking		Total Enterprise Funds		
Assets								
Current assets								
Cash and cash equivalents	\$ 750,617	\$ 777,648	\$ 487,926	\$ 996	\$ 2,017,187	\$ 410,690		
Investments	-	-	194,382	-	194,382	-		
Accounts receivable, net	685,767	560,279	-	-	1,246,046	17,289		
Due from other funds	-	325,970	-	-	325,970	26,343		
Inventories	103,089	-	-	-	103,089	-		
Total current assets	1,539,473	1,663,897	682,308	996	3,886,674	454,322		
Restricted assets								
Cash and cash equivalents	1,855,300	509,878	-	-	2,365,178	-		
Total restricted assets	1,855,300	509,878	-	-	2,365,178	-		
Non-current assets								
Capital assets								
Land and construction in progress	6,124,968	226,432	14,734	304,581	6,670,715	-		
Other capital assets, net of accumulated depreciation	11,519,630	13,007,459	1,103,529	-	25,630,618	-		
Total non-current assets	17,644,598	13,233,891	1,118,263	304,581	32,301,333	-		
Total assets	21,039,371	15,407,666	1,800,571	305,577	38,553,185	454,322		
Deferred outflows								
OPEB items	78,496	66,900	-	-	145,396	-		
Pension items	203,952	159,642	33,153	-	396,747	-		
Total deferred outflows of resources	282,448	226,542	33,153	-	542,143	-		
Total assets and deferred outflows of resources	\$ 21,321,819	\$ 15,634,208	\$ 1,833,724	\$ 305,577	\$ 39,095,328	\$ 454,322		

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2018

	Enterprise Funds						Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds		
Liabilities							
Current liabilities							
Accounts payable	\$ 791,352	\$ 47,292	\$ 26,236	\$ -	\$ 864,880	\$ 37,223	
Wages and benefits payable	31,852	31,167	9,940	-	72,959	-	
Due to other funds	156,125	10,192	534	-	166,851	-	
Compensated absences	72,195	71,137	7,605	-	150,937	-	
Capital lease payable, current	-	38,018	-	-	38,018	-	
Total current liabilities	<u>1,051,524</u>	<u>197,806</u>	<u>44,315</u>	<u>-</u>	<u>1,293,645</u>	<u>37,223</u>	
Liabilities payable from restricted assets							
Bond interest payable, current	21,350	12,450	-	-	33,800	-	
Bonds payable, current	508,210	469,322	-	-	977,532	-	
Total liabilities payable from restricted assets	<u>529,560</u>	<u>481,772</u>	<u>-</u>	<u>-</u>	<u>1,011,332</u>	<u>-</u>	
Non-current liabilities							
Net pension liability	346,022	287,967	75,664	-	709,653	-	
Net OPEB liability	864,843	556,114	6,369	-	1,427,326	-	
Capital lease payable, non-current	-	166,025	-	-	166,025	-	
Bonds payable, non-current	9,276,793	6,948,218	-	-	16,225,011	-	
Total non-current liabilities	<u>10,487,658</u>	<u>7,958,324</u>	<u>82,033</u>	<u>-</u>	<u>18,528,015</u>	<u>-</u>	
Total liabilities	<u>12,068,742</u>	<u>8,637,902</u>	<u>126,348</u>	<u>-</u>	<u>20,832,992</u>	<u>37,223</u>	
Deferred inflows							
OPEB items	202,220	20,864	13,309	-	236,393	-	
Pension items	107,702	96,182	33,623	-	237,507	-	
Total deferred inflows of resources	<u>309,922</u>	<u>117,046</u>	<u>46,932</u>	<u>-</u>	<u>473,900</u>	<u>-</u>	
Net Position							
Net investment in capital assets	7,859,595	5,612,308	1,118,263	304,581	14,894,747	-	
Restricted for:							
Debt service	399,118	478,700	-	-	877,818	-	
Other purposes	1,456,182	31,178	-	-	1,487,360	-	
Unrestricted	(771,740)	757,074	542,181	996	528,511	417,099	
Total net position	<u>8,943,155</u>	<u>6,879,260</u>	<u>1,660,444</u>	<u>305,577</u>	<u>17,788,436</u>	<u>417,099</u>	
Total liabilities, deferred inflows, and net position	<u>\$ 21,321,819</u>	<u>\$ 15,634,208</u>	<u>\$ 1,833,724</u>	<u>\$ 305,577</u>	<u>\$ 39,095,328</u>	<u>\$ 454,322</u>	

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, 2018

	Enterprise Funds						Internal Service Fund-Gasoline	
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund		Total Enterprise Funds		
				Parking				
Operating Revenues								
Charges for services:								
Fees for services	\$ 3,971,611	\$ 3,272,759	\$ 380,961	\$ -	\$ 7,625,331	\$ -		
Concessions, merchandise sales and commissions	-	-	60,251	-	60,251		-	
Internal service charges	-	-	-	-	-	451,397		
Total charges for services	<u>3,971,611</u>	<u>3,272,759</u>	<u>441,212</u>	<u>-</u>	<u>7,685,582</u>	<u>451,397</u>		
Operating grants and contributions	-	27,070	-	-	27,070	-		
Total operating revenues	<u>3,971,611</u>	<u>3,299,829</u>	<u>441,212</u>	<u>-</u>	<u>7,712,652</u>	<u>451,397</u>		
Operating Expenses								
Personal services	1,670,227	1,558,137	533,317	-	3,761,681	-		
Operations, maintenance, and contractual services	1,212,976	802,203	321,305	-	2,336,484	-		
Materials and supplies	127,305	120,425	54,320	-	302,050	456,116		
Depreciation	407,410	509,022	197,301	-	1,113,733	-		
Total operating expenses	<u>3,417,918</u>	<u>2,989,787</u>	<u>1,106,243</u>	<u>-</u>	<u>7,513,948</u>	<u>456,116</u>		
Operating income (loss)	<u>553,693</u>	<u>310,042</u>	<u>(665,031)</u>	<u>-</u>	<u>198,704</u>	<u>(4,719)</u>		
Non-Operating Revenues (Expenses)								
Investment income	33,034	8,520	1,889	5	43,448	-		
Interest on bonds and note obligations	(175,668)	(159,876)	-	-	(335,544)	-		
Gain (losses) on disposal of capital assets	-	(25,188)	(45,671)	-	(70,859)	-		
Other revenue	12,324	1,568	12,935	-	26,827	-		
Total non-operating revenue (expenses)	<u>(130,310)</u>	<u>(174,976)</u>	<u>(30,847)</u>	<u>5</u>	<u>(336,128)</u>	<u>-</u>		
Income (loss) before contributions and transfers	<u>423,383</u>	<u>135,066</u>	<u>(695,878)</u>	<u>5</u>	<u>(137,424)</u>	<u>(4,719)</u>		
Capital grants and contributions	163,589	4,250	115,000	-	282,839	-		
Transfers from other funds	-	-	626,057	-	626,057	-		
Change in net position	<u>586,972</u>	<u>139,316</u>	<u>45,179</u>	<u>5</u>	<u>771,472</u>	<u>(4,719)</u>		
Total net position - beginning, as restated	<u>8,356,183</u>	<u>6,739,944</u>	<u>1,615,265</u>	<u>305,572</u>	<u>17,016,964</u>	<u>421,818</u>		
Total net position, ending	<u>\$ 8,943,155</u>	<u>\$ 6,879,260</u>	<u>\$ 1,660,444</u>	<u>\$ 305,577</u>	<u>\$ 17,788,436</u>	<u>\$ 417,099</u>		

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds					
	Water Board		Sanitary Board		Board of Park Commissions	Nonmajor Enterprise Fund Parking
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	Internal Service Fund-Gasoline
Cash Flows from Operating Activities						
Cash received from customers	\$ 3,938,256	\$ 3,218,617	\$ 441,212	\$ -	\$ 7,598,085	\$ 107,333
Cash received for internal services	-	-	-	-	-	319,754
Cash payments to suppliers for goods and services	(1,938,787)	(999,175)	(375,535)	-	(3,313,497)	(445,588)
Cash payments to employees and professional contractors for services	(1,730,902)	(1,595,444)	(551,394)	-	(3,877,740)	-
Payments (to) for internal services	323	1,356	152	-	1,831	-
Other operating revenues	-	27,070	-	-	27,070	-
Net cash provided (used) by operating activities	<u>268,890</u>	<u>652,424</u>	<u>(485,565)</u>	<u>-</u>	<u>435,749</u>	<u>(18,501)</u>
Cash Flows from Non-Operating Activities						
Other non-operating revenues	12,324	1,567	12,931	-	26,822	-
Net cash provided by non-operating activities	<u>12,324</u>	<u>1,567</u>	<u>12,931</u>	<u>-</u>	<u>26,822</u>	<u>-</u>
Cash Flows from Non-Capital Financing Activities						
Transfers from other funds	-	-	626,057	-	626,057	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>626,057</u>	<u>-</u>	<u>626,057</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition and construction of capital assets	(2,320,137)	(102,245)	(218,994)	-	(2,641,376)	-
Disposition of capital assets	-	1,126	-	-	1,126	-
Proceeds from issue of bonds and notes	1,723,639	-	-	-	1,723,639	-
Principal paid on bonds and notes	(606,458)	(497,008)	-	-	(1,103,466)	-
Interest paid on bonds and notes	(168,629)	(160,555)	-	-	(329,184)	-
Capital contributions and grants received	163,589	4,250	115,000	-	282,839	-
Net cash provided (used) by capital and related financing activities	<u>(1,207,996)</u>	<u>(754,432)</u>	<u>(103,994)</u>	<u>-</u>	<u>(2,066,422)</u>	<u>-</u>
Cash Flows from Investing Activities						
Proceeds from sale of investments	-	-	214,094	-	214,094	-
Investment income	33,034	8,520	1,889	5	43,448	-
Net cash provided (used) by investing activities	<u>33,034</u>	<u>8,520</u>	<u>215,983</u>	<u>5</u>	<u>257,542</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(893,748)	(91,921)	265,412	5	(720,252)	(18,501)
Cash and cash equivalents, beginning	3,499,665	1,379,447	222,514	991	5,102,617	429,191
Cash and cash equivalents, ending	<u>\$ 2,605,917</u>	<u>\$ 1,287,526</u>	<u>\$ 487,926</u>	<u>\$ 996</u>	<u>\$ 4,382,365</u>	<u>\$ 410,690</u>

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds						Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating income (loss)	\$ 553,693	\$ 310,042	\$ (665,031)	\$ -	\$ 198,704	\$ (4,719)	
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	407,410	509,022	197,301	-	1,113,733	-	
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(33,355)	(37,913)	-	-	(71,268)	(6,310)	
(Increase) decrease in due from other funds	-	(16,230)	-	-	(16,230)	(18,000)	
(Increase) decrease in inventories	(20,582)	-	-	-	(20,582)	-	
(Increase) decrease in prepaid expenses	3,231	3,756	-	-	6,987	-	
(Increase) decrease in OPEB related deferred outflows of resources	(78,496)	(66,900)	-	-	(145,396)	-	
(Increase) decrease in pension related deferred outflows of resources	220,754	172,487	68,110	-	461,350	-	
Increase (decrease) in accounts payable	(656,734)	(70,259)	92	-	(726,901)	10,528	
Increase (decrease) in wages and benefits payable	(3,655)	(2,152)	(963)	-	(6,770)	-	
Increase (decrease) in due to other funds	75,902	(8,688)	152	-	67,366	-	
Increase (decrease) in compensated absences	(3,506)	36	(4,716)	-	(8,186)	-	
Increase (decrease) in net OPEB liability	(171,791)	28,096	(16,268)	-	(159,963)	-	
Increase (decrease) in net pension liability	(295,479)	(244,221)	(89,914)	-	(629,614)	-	
Increase (decrease) in OPEB related deferred inflows of resources	202,220	20,864	13,309	-	236,393	-	
Increase (decrease) in pension related deferred inflows of resources	69,279	54,484	12,363	-	136,126	-	
Net cash provided (used) by operating activities:	<u>\$ 268,890</u>	<u>\$ 652,424</u>	<u>\$ (485,565)</u>	<u>\$ -</u>	<u>\$ 435,749</u>	<u>\$ (18,501)</u>	
Reconciliation of Cash and Cash Equivalents							
Cash and cash equivalents	\$ 750,617	\$ 777,648	\$ 487,926	\$ 996	\$ 2,017,187	\$ 410,690	
Restricted cash and cash equivalents	<u>1,855,300</u>	<u>509,878</u>	<u>-</u>	<u>-</u>	<u>2,365,178</u>	<u>-</u>	
Total cash and cash equivalents	<u>\$ 2,605,917</u>	<u>\$ 1,287,526</u>	<u>\$ 487,926</u>	<u>\$ 996</u>	<u>\$ 4,382,365</u>	<u>\$ 410,690</u>	

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2018

	Pension Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 177,550	\$ 39,136
Investments, at fair value:		
Money markets	370,150	-
Government agency obligations	174,902	-
Corporate obligations	1,143,332	-
Mutual funds	4,369,218	-
Equities	<u>10,192,467</u>	<u>-</u>
Total investments	<u>16,250,069</u>	<u>-</u>
Total assets	<u>16,427,619</u>	<u>39,136</u>
Liabilities		
Accounts payable	-	39,136
Payroll withholdings	24,480	
Due to other funds	<u>8,948</u>	<u>-</u>
Total liabilities	<u>33,428</u>	<u>39,136</u>
Net Position		
Net position held in trust	<u>\$ 16,394,191</u>	<u>\$ -</u>

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 1,320,000
Plan members	291,458
Insurance premium tax allocation	<u>617,901</u>
Total contributions	<u>2,229,359</u>
Investment income	
Interest and dividends	336,706
Net realized and unrealized gains (losses)	851,298
Less: investment expense	<u>(54,944)</u>
Net investment income	<u>1,133,060</u>
Total additions	<u>3,362,419</u>
Deductions	
Benefits	2,174,838
Administrative	<u>4,448</u>
Total deductions	<u>2,179,286</u>
Change in net position	1,183,133
Net position held in trust for pension benefits	
Beginning of year	<u>15,211,058</u>
End of year	<u>\$ 16,394,191</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018.

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, 2018

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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018 were assessed as follows:

Assessed class of property	Assessed valuation for tax purposes	Current expense
Class I	\$ -	12.5 cents
Class II	271,390,970	25.0 cents
Class IV	435,793,343	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 \$2,365,178.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

11. Deferred Inflows of Resources

Deferred inflows of resources represent 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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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.

15. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefits Trust Fund (RHBT) and additions to/deductions from the RHBT's fiduciary net position have been determined on the same basis as they are reported by the RHBT. RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Change in Accounting Principle

Effective July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of the requirements of these statements is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018:

	Major governmental funds	
	General fund	Coal severance
Business – type activities		
Major enterprise funds		
Board of park commissions	<u>\$ 579,000</u>	<u>\$ 47,057</u>
Total transfers	<u>\$ 579,000</u>	<u>\$ 47,057</u>

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, 2018, the balance of the stabilization fund is \$109,819.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Custodial Credit Risk

Deposits - The City has \$12,181,981 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, 2018.

2. Investments

As of June 30, 2018, the City held the following investments:

	Level (Note III.A.4)	Governmental	Fiduciary	Business – type activities	Total
Money markets	1	\$ 2,516,180	\$ 370,150	\$ -	\$ 2,886,330
Certificate of deposits	*	-	-	194,382	194,382
Government agency obligations	2	-	174,902	-	174,902
Corporate obligations	2	-	1,143,332	-	1,143,332
Mutual funds	1	209,603	4,369,218	-	4,578,821
Equities	1	365,552	10,192,467	-	10,558,019
Municipal bond commission	**	-	-	877,820	877,820
 Total Investments		 \$ 3,091,335	 \$ 16,250,069	 \$ 1,072,202	 \$ 20,413,606

**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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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	
	Maturity Range	Credit Quality 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

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 (Note III.A.4)	Fair Value	Credit Risk Rating
Wesbanco Bank Inc. Premium Yield	1	\$ 148,103	
U.S. Government Agency Obligations	2	74,958	Aaa
Corporate Obligations –			
Johnson & Johnson	2	50,411	Aaa
Colgate – Palmolive	2	100,153	Aa3
Oracle Corp	2	49,994	A1
Merck & Co.	2	71,354	A1
Boeing Capital	2	50,011	A2
JP Morgan Chase	2	49,000	A3
El Du Pont De Nemours	2	53,056	A3
Bank of America	2	104,659	A3
Total Corporate Obligations		528,638	
Total Mutual Funds	1	1,251,166	
Total Equities	1	3,372,943	
Total Investments		\$ 5,375,808	

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

	Level (Note III.A.4)	Fair Value	Credit Risk Rating
Federated U.S. Treasury Cash Reserves	1	\$ 222,047	
U.S. Government Agency Obligations	2	<u>99,944</u>	Aaa
Corporate Obligations –			
Colgate – Palmolive	2	100,153	Aa3
Oracle Corp	2	79,990	A1
Wells Fargo	2	96,608	A2
Emerson Electric	2	63,463	A2
Boeing Capital	2	175,037	A2
Bristol – Myers Squibb	2	<u>99,443</u>	A2
Total Corporate Obligations		<u>614,694</u>	
Total Mutual Funds	1	<u>3,118,052</u>	
Total Equities	1	<u>6,819,524</u>	
Total Investments		<u>\$ 10,874,261</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.

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:

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

<u>Receivable Type</u>	<u>General Fund</u>	<u>Coal Severance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Taxes	\$ 2,110,936	\$ 16,205	\$ 2,160	\$ 2,129,301
Charges for services	1,809,948	-	-	1,809,948
Fees and other receivables	4,847	-	-	4,847
Intergovernmental	2,826	-	273,996	276,822
Less: Allowance for uncollectible accounts	<u>(1,434,265)</u>	<u>-</u>	<u>-</u>	<u>(1,434,265)</u>
Net accounts receivable	<u>\$ 2,494,292</u>	<u>\$ 16,205</u>	<u>\$ 276,156</u>	<u>\$ 2,786,653</u>
Uncollectible amounts netted with revenues	<u>\$ 43,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,067</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	\$ 766,361	\$ 645,680	\$ 1,412,041
Less: Allowance for uncollectible accounts	<u>(80,594)</u>	<u>(85,401)</u>	<u>(165,995)</u>
Net accounts receivable	<u>\$ 685,767</u>	<u>\$ 560,279</u>	<u>\$ 1,246,046</u>
Uncollectible amounts netted with revenues	<u>\$ 40,299</u>	<u>\$ 52,725</u>	<u>\$ 93,024</u>

C. Minimum Lease Obligations

At June 30, 2018, 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, 2018 were \$1,133,301 and \$284,663, respectively. The total lease payments less interest costs are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2019	\$ 141,902	\$ 43,396	\$ 185,298
2020	88,492	43,397	131,889
2021	-	43,396	43,396
2022	-	43,407	43,407
2023	-	43,462	46,462
Total capital leases payable	230,394	220,058	450,452
Less: Interest costs	(4,197)	(16,015)	(20,212)
Present value of future minimum lease payments	226,197	204,043	430,240
Less: Current portion	(138,581)	(38,018)	(176,599)
Capital leases, non-current	<u>\$ 87,616</u>	<u>\$ 166,025</u>	<u>\$ 253,641</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

D. Capital Assets

Construction in progress

Active construction in progress is composed of the following:

	<u>Expended at June 30, 2018</u>	<u>Remaining Commitment</u>
Primary Government		
<i>Governmental Activities</i>		
Development	<u>\$ 271,481</u>	<u>\$ 373,911</u>
<i>Business – Type Activities</i>		
Water Board		
Water Read Meters	<u>\$ 538,829</u>	<u>\$ 1,719,802</u>
Water Plant Upgrade/ Line Upgrade	<u>5,336,542</u>	<u>1,563,458</u>
Water Line Upgrades	<u>31,709</u>	<u>270,633</u>
Total Water Board	<u>\$ 6,007,080</u>	<u>\$ 3,553,893</u>
Sanitary Board		
Line Replacements	<u>\$ 176,955</u>	<u>\$ 23,200</u>
Board of Park Commissions		
Playground Improvements	<u>\$ 8,735</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	\$ 161,025	Water Board	\$ 407,410
Public Safety	347,928	Sanitary Board	509,022
Highways and Streets	370,694	Board of Park Commissions	197,301
Health and Sanitation	150,958		<u>\$ 1,113,733</u>
Culture and Recreation	<u>132,527</u>		
	<u>\$ 1,163,132</u>		

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

A summary of changes in fixed assets for the fiscal year ended June 30, 2018 is as follows:

Governmental Activities	Balance			Balance	Accumulated	Depreciation			Net Balance
	07/01/2017	Additions	Deductions	06/30/2018	Depreciation Prior Years	Expense Current Year	Deductions	6/30/2018	
Non-Depreciable capital assets									
Land	\$ 913,146	\$ -	\$ -	\$ 913,146	\$ -	\$ -	\$ -	\$ 913,146	
Construction in progress	-	271,481	-	271,481	-	-	-	271,481	
Depreciable capital assets									
Land improvements	1,912,785	-	(12,687)	1,900,098	1,876,508	6,272	(1,270)	18,588	
Infrastructure	16,233,545	1,183,836	-	17,417,381	5,149,559	280,363	-	11,987,459	
Buildings and improvements	8,604,656	52,262	-	8,656,918	6,347,818	169,596	-	2,139,504	
Vehicle and equipment	14,119,397	1,497,710	(525,878)	15,091,229	10,676,658	706,901	(478,798)	4,186,468	
Total Governmental	\$ 41,783,529	\$ 3,005,289	\$ (538,565)	\$ 44,250,253	\$ 24,050,543	\$ 1,163,132	\$ (480,068)	\$ 19,516,646	
Business- Type Activities									
Non-Depreciable capital assets									
Land	\$ 477,934	\$ 11	\$ -	\$ 477,945	\$ -	\$ -	\$ -	\$ 477,945	
Construction in progress	3,551,668	2,755,927	(114,825)	6,192,770	-	-	-	6,192,770	
Depreciable capital assets									
Land improvements	194,131	-	-	194,131	165,862	4,537	-	23,732	
Infrastructure	46,233,830	250,814	(4,329)	46,480,315	30,119,975	536,004	(821)	15,825,157	
Buildings and improvements	9,720,359	197,650	(243,782)	9,674,227	5,564,038	256,909	(200,894)	4,054,174	
Vehicle and equipment	3,582,808	390,172	(131,823)	3,841,157	2,537,877	190,198	(98,132)	1,211,214	
General plant facilities	6,522,289	-	(270,000)	6,252,289	1,617,963	126,085	(8,100)	4,516,341	
Total Business-Type	\$ 70,283,019	\$ 3,594,574	\$ (764,759)	\$ 73,112,834	\$ 40,005,715	\$ 1,113,733	\$ (307,947)	\$ 32,301,333	

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

E. Long-term Debt

Revenue Bonds

Revenue bonds outstanding as of June 30, 2018 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, 2018 are as follows:

Year Ending June 30	Water Board		Sanitary Board	
	Principal	Interest	Principal	Interest
2019	\$ 508,210	\$ 252,502	\$ 469,322	\$ 144,846
2020	520,748	239,966	478,779	135,388
2021	534,110	226,602	488,425	125,739
2022	547,582	213,129	498,269	115,899
2023	561,417	199,294	508,308	105,858
2024-2028	3,027,607	775,954	2,635,559	371,461
2029-2033	2,349,970	411,477	1,636,975	157,489
2034-2038	1,735,359	109,122	701,903	15,885
Total	<u>\$ 9,785,003</u>	<u>\$ 2,428,046</u>	<u>\$ 7,417,540</u>	<u>\$ 1,172,565</u>

Additional Debt Disclosure

	Amount of Original Issue	Ranges of Final Maturity Date	Ranges of Interest Rates
Water Board	\$ 11,880,071	2019-2038	2% - 3.52% plus .50-1% administration fee
Sanitary Board	10,103,404	2028-2035	2% plus 1% administration fee
Total	<u>\$ 21,983,475</u>		

The following is a summary of changes in long – term debt for the year ended June 30, 2018:

	Payable at June 30, 2017, as restated			Payable at June 30, 2018
		Additions	Deductions	
Governmental Activities				
Capital leases payable	\$ 536,568	\$ -	\$ (310,371)	\$ 226,197
Compensated absences	639,346	22,725	-	662,071
Net OPEB liability	1,953,154	36,511	(521,012)	1,468,653
Net pension liability	39,538,073	4,142,511	(5,143,279)	38,537,305
Total Governmental Activities	<u>\$ 42,667,141</u>	<u>\$ 4,201,747</u>	<u>\$ (5,974,662)</u>	<u>\$ 40,894,226</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

	Payable at June 30, 2017, as restated	Additions	Deductions	Payable at June 30, 2018
Business - Type Activities				
Capital leases payable	\$ 241,000	\$ -	\$ (36,957)	\$ 204,043
Compensated absences	159,123	-	(8,186)	150,937
Bonds payable	16,545,413	1,723,640	(1,066,510)	17,202,543
Net OPEB liability	1,706,514	76,146	(355,334)	1,427,326
Net pension liability	1,339,267	204,003	(833,616)	709,653
Total Business - Type Activities	\$ 19,991,317	\$ 2,003,789	\$ (2,300,603)	\$ 19,694,502

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

For the year ended June 30, 2018, the State of West Virginia contributed payments on behalf of City employees as follows:

City of Weirton Policemen's Pension and Relief Fund	\$ 399,687
City of Weirton Firemen's Pension and Relief Fund	218,214
Total	\$ 617,901

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:

	Governmental funds			Proprietary funds		
	General fund	TIF	Public safety	Sanitary board	Internal service fund	Total due from
Governmental activities						
Major governmental funds						
General fund	\$ -	\$ 258	\$ 422	\$ 315,205	\$ 17,664	\$ 333,549
Coal severance	1,136	-	-	-	-	1,136
Non-major governmental funds						
Library	5,568	-	-	-	-	5,568
CDBG	15,845	-	-	-	-	15,845
Business-type activities						
Major enterprise funds						
Water board	139,642	-	-	10,765	5,718	156,125
Sanitary board	7,765	-	-	-	2,427	10,192
Board of park commissions	-	-	-	-	534	534
Total due to	\$ 169,956	\$ 258	\$ 422	\$ 325,970	\$ 26,343	\$ 522,949

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 two state-wide cost sharing, multi-employer defined benefit public employee retirement systems which covers employees of the State of West Virginia and its participating political subdivisions. Both systems are administered by the State of West Virginia and are 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 1, 2017 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2018.

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

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

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2017, membership of the plan is as follows:

Retirees and Beneficiaries	48
Active Members	<u>37</u>
Total	<u><u>85</u></u>

Funding Policies:

Eligible policemen hired prior to January 1, 2010 contribute 9% of their monthly salary. Eligible policemen hired after January 1, 2010 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2018 was \$1,907,577. The total employee contribution was \$194,206.

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 1, 2017 actuarial report, was \$2,412,280. Actual contributions were \$1,294,687 for the year ended June 30, 2018.

The components of net pension liability for the Policemen's Pension and Relief Fund at June 30, 2018 are as follows:

Total pension liability	\$ 39,864,422
Less – Plan fiduciary net position	5,423,825
Plan net pension liability	<u><u>\$ 34,440,597</u></u>
Plan fiduciary net position as a percentage of total pension liability	13.61%
Single discount rate	3.7175%

Single Discount Rate - A single discount rate of 3.7175% was used to measure the total pension liability as of June 30, 2018. 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 3.620%. 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 2027. Therefore, the single discount rate of 3.7175% was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 3.7175%, 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 2.7175%	Discount Rate Assumption 3.7175%	1% Increase 4.7175%
\$ 41,067,120	\$ 34,440,597	\$ 29,184,702

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, 2018, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 using the actuarial assumptions and methods described in the appropriate section of this note.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Balances at June 30, 2017	\$ 39,557,901	\$ 5,070,149	\$ 34,487,752
Service costs	1,269,051	-	1,269,051
Interest on total pension liability	1,422,562	-	1,422,562
Difference between expected and actual experience	(484,433)	-	(484,433)
Changes of assumptions	(405,564)	-	(405,564)
Employer contributions	-	895,000	(895,000)
State contributions	-	399,687	(399,687)
Employee contributions	-	194,206	(194,206)
Net investment income	-	361,868	(361,868)
Benefit payments, including employee refunds	(1,495,095)	(1,495,095)	-
Administrative expense	-	(1,990)	1,990
Balances at June 30, 2018	\$ 39,864,422	\$ 5,423,825	\$ 34,440,597

For the fiscal year ended June 30, 2018, the City recognized government-wide pension expense related to the Policemen's Pension and Relief Fund of \$3,312,456. The City also recognized contribution revenue of \$399,687 during the year for support provided to the plan by the State of West Virginia.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Deferred Outflows and Deferred Inflows of Resources:

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	\$ 14,556	\$ 1,368,784
Changes in actuarial assumptions	2,431,963	2,260,004
Net difference between projected and actual earnings on pension plan investments	109,859	296,677
	<hr/> <u>\$ 2,556,378</u>	<hr/> <u>\$ 3,925,465</u>

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
2019	\$ 537,478
2020	(1,312,166)
2021	(485,286)
2022	(109,113)
Total	<hr/> <u>\$ (1,369,087)</u>

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, 2018, are summarized in the following table:

Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	40.00%	7.00%
Common Stocks – Mid Cap	5.00%	7.00%
Common Stocks – Small Cap	5.00%	6.00%
International Equity	10.00%	7.90%
Fixed Income	40.00%	3.30%

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, 2017, the average annual salary for benefits was \$51,556. There were 48 pensioners as of June 30, 2018 receiving an average of \$30,882 in pension benefits with expected cost-of-living increases up to 2.75%.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

Investment rate of return:	
July 1, 2017	4.0%
July 1, 2018	4.0%
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 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). 23 years remaining as of July 1, 2017.
Asset method:	Market Value
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%
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. Also assumes 10% of non-duty disabled members receive a 20% reduction in benefits due to gainful employment.</i>
Percent married:	90%
Spouse age:	Females 3 years younger than males

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

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, 2017*

Assets	\$5,071,196
Liabilities using a 5.50% discount rate	\$30,301,806
Funded Ratio	17%
Expected Benefit Payments	\$1,538,685
Liquidity Ratio	3.3
Equity Exposure	54%
Projected Funded Ratio after 15 years	12%

*Based on funding valuation results as of June 30, 2017

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, 2018 is 7.1%.

Firemen's Pension and Relief Fund

Plan Description:

Unless otherwise indicated, The Firemen's Pension and Relief Fund information in this Note is provided as of the latest actuarial valuation, July 1, 2017 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2018.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2017 membership of the plan is as follows:

Retirees and Beneficiaries	21
Active Members	22
Total	<u>43</u>

Funding Policies:

Eligible firemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible firemen hired after January 1, 2010 through September 30, 2016 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2018 was \$1,039,842. The total employee contribution was \$97,251.

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

The minimum required contribution of the City and State, according to the July 1, 2017 actuarial report, was \$503,189. Actual contributions were \$643,214 for the year ended June 30, 2018.

Net Pension Liability:

The components of net pension liability for the Firemen's Pension and Relief Fund at June 30, 2018 are as follows:

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Total pension liability	\$ 14,392,170
Less – Plan fiduciary net position	10,970,366
Plan net pension liability	<u><u>\$ 3,421,804</u></u>
Plan fiduciary net position as a percentage of total pension liability	76.23%
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, 2018. 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%
\$ 5,286,613	\$ 3,421,804	\$ 1,890,022

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, 2018, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 using the actuarial assumptions and methods described in the appropriate section of this note.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a – b)
Balances at June 30, 2017	\$ 13,815,118	\$ 10,140,910	\$ 3,674,208
Service costs	371,654	-	371,654
Interest on total pension liability	888,071	-	888,071
Difference between expected and actual experience	(2,930)	-	(2,930)
Employer contributions	-	425,000	(425,000)
State contributions	-	218,214	(218,214)
Employee contributions	-	97,251	(97,251)
Net investment income	-	771,192	(771,192)
Benefit payments, including employee refunds	(679,743)	(679,743)	-
Administrative expense	-	(2,458)	2,458
Balances at June 30, 2018	<u><u>\$ 14,392,170</u></u>	<u><u>\$ 10,970,366</u></u>	<u><u>\$ 3,421,801</u></u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

For the fiscal year ended June 30, 2018, the City recognized government-wide pension expense related to the Firemen's Pension and Relief Fund of \$691,857. The City also recognized contribution revenue of \$218,214 during the year for support provided to the plan by the State of West Virginia.

Deferred Outflows and Deferred Inflows of Resources:

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	\$ 160,996	\$ 551,406
Changes in assumptions	848,945	511,105
Net difference between projected and actual earnings on pension plan investments	<u>332,849</u>	<u>368,728</u>
	<u><u>\$ 1,342,790</u></u>	<u><u>\$ 1,431,239</u></u>

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:

2019	\$ 198,463
2020	150,076
2021	(414,899)
2022	(22,089)
Total	<u><u>\$ (88,449)</u></u>

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, 2018, are summarized in the following table:

Asset Class	Target Allocation Percentage	Expected Annualized Returns
Common Stocks – Large Cap	40.00%	7.00%
Common Stocks – Mid Cap	5.00%	7.00%
Common Stocks – Small Cap	5.00%	6.00%
International Equity	10.00%	7.90%
Fixed Income	40.00%	3.30%

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, 2017, the average annual salary for benefits was \$47,266. There were 21 pensioners as of June 30, 2018 receiving an average of \$32,369 in pension benefits with expected cost-of-living increases up to 2.75%.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

Investment rate of return:	
July 1, 2017	6.5%
July 1, 2018	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 years. Assumed to be payable to all members receiving payments.
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 2039.
	40-Year Closed Level-Percentage-of-Pay Amortization for Actuarially Determined Contribution (from July 1, 2010). 32.5 years remaining as of July 1, 2017.
Asset method:	Market Value
Turnover:	Sample Rates: Age 25 - 9% Age 35 - 4% Age 45 - 2% Age 50 - 0%
Retirement:	Sample Rates: Age 50-51 - 45% Age 51-55 - 30% Age 56-59 - 45% Age 60 – 100%
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. Also assumes 10% of non-duty disabled members receive a 20% reduction in benefits due to gainful employment.</i>
Percent married:	90%
Spouse age:	Females 3 years younger than males

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2017*

Assets	\$10,143,410
Liabilities using a 6.0% discount rate	\$14,673,235
Funded Ratio	69%
Expected Benefit Payments	\$732,101
Liquidity Ratio	13.85
Equity Exposure	58%
Projected Funded Ratio after 15 years	84%

*Based off funding valuations as of June 30, 2017

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, 2018 is 7.6%.

Investment Details

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

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, 2018, 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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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. 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.	
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.	
Plan member's contribution rate	Tier I <u>(hired before 7/1/2015)</u>	Tier II <u>(hired after 7/1/2015)</u>
City of Weirton's contribution rate	4.50% 11.00%	6.00% 11.00%
Period required to vest	Five years	
Benefits and eligibility for distribution	<p><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.</p> <p><u>Tier II</u> 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.</p>	
Deferred retirement portion	No	
Provisions for:		
Cost of living	No	
Death benefits	Yes	

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Trend Information:

Fiscal Year	Annual Pension Cost	Percentage Contributed
2018	\$ 469,548	100%
2017	\$ 515,515	100%
2016	\$ 551,514	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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 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, 2018, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2017:

Amount for proportionate share of net pension liability	\$ 1,384,557
Percentage for proportionate share of net pension liability	0.3208%
Increase / (decrease) % from prior proportion measured	0.0857%

For the year ended June 30, 2018, the government recognized the following pension expense:

	Government Activities	Business-Type Activities
Government – wide pension expense	<u>\$ 130,029</u>	<u>\$ 204,003</u>

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

	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	\$ -	\$ 164,080	\$ -	\$ 172,529
Net changes in proportion and differences between employer contributions and proportionate share of contributions	37,241	40,034	105,070	26,598
Changes in actuarial assumptions	-	35,007	-	36,810
Differences between expected and actual experience with regard to economic or demographic factors	60,062	1,493	63,154	1,570
Employer contributions to pension plan subsequent to the measurement date	<u>241,025</u>	<u>-</u>	<u>228,523</u>	<u>-</u>
	<u>\$ 338,328</u>	<u>\$ 240,614</u>	<u>\$ 396,747</u>	<u>\$ 237,507</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2019.

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	
2019	\$	(70,887)	\$	(31,530)
2020		61,341		84,674
2021		6,549		24,592
2022		(140,314)		(147,019)
Total	\$	(143,311)	\$	(69,283)

Annual money-weighted rate of return:

Money-weighted rate of return, net of investment expenses, for the year ended June 30, 2018, based on the measurement date of June 30, 2017 was 15.82%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value
Amortization method	Level dollar, fixed period
Amortization period	Through fiscal year 2035
Inflation rate	3.00%
Discount rate	7.50%
Salary increases	State - 3.0% - 4.6% Nonstate - 3.35% - 6.00%
Investment rate of return	7.50%, net of pension plan investment expense
Mortality rates	Active – 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males – 110% of RP-2000 Non-Annuitant, Scale AA fully generational Retired 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
Withdrawal rates	State 1.75% - 35.10% Nonstate 2.00% - 35.88%
Disability rates	0.007% - 0.675%
Retirement rates	12.00% - 100%

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The actuarial assumptions used in the July 1, 2016 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:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of PERS's net pension liability (asset)	\$ 3,833,062	\$ 1,384,557	\$ (685,634)

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. 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, 2018

West Virginia Municipal Police Officers and Firefighters Retirement System (MPFRS)

Plan Description, Contribution Information, and Funding Policies:

The City participates in the Municipal Police Officers and Firefighters Retirement System, a state-wide, cost-sharing, multiple-employer defined benefit plan, on behalf of City employees for firefighters hired after October 1, 2016. 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. The following is a summary of eligibility factors, contributions methods and benefit provisions:

Eligibility to participate	All City of Weirton firefighters hired after October 1, 2016
Authority establishing contribution obligations and benefit provisions	State statute.
Plan member's contribution rate	8.50%
City of Weirton's contribution rate	8.50%
Period required to vest	Five years
Benefits and eligibility for distribution	<p>A MPFRS member is eligible for "normal" retirement when one of the following occurs:</p> <ul style="list-style-type: none">• Attainment of age 50 and the completion of 20 years of contributory service; or• Attainment of age 50 when age plus contributory service equals 70 while still in covered employment; or• Attainment of age 60 and completion of 10 years contributory service while still in covered employment; or• Attainment of age 62 and completion of 5 years of contributory service.
	<p>The final average salary or FAS (5 highest consecutive years in the last 10 years of service) times the years of service times the benefit percentage equals the annual retirement benefit. The accrued benefit on behalf of any member is calculated as follows:</p> <p>2.6% x FAS x Years of Credited Service for years 1- 20 2.0% x FAS x Years of Credited Service for years 21- 25 1.0% x FAS x Years of Credited Service for years 26- 30</p>
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefit	Yes
Disability benefit	Yes

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The MPFRS 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 Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

Trend Information:

Fiscal Year	Annual Pension Cost	Percentage Contributed
2018	\$ 3,377	100%
2017	\$ 211	100%

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 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, 2018, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2017:

Amount for proportionate share of net pension liability (asset)	\$ (513)
Percentage for proportionate share of net pension liability	0.0183%
Increase / (decrease) % from prior proportion measured	0.0183%

For the year ended June 30, 2018, the government recognized the following pension expense:

		Government Activities
Government – wide pension expense		<u>\$ (51)</u>

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

	Governmental activities	
	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 19
Net changes in proportion and differences between employer contributions and proportionate share of contributions	-	252
Changes in actuarial assumptions	-	49
Differences between expected and actual experience with regard to economic or demographic factors	14	-
Employer contributions to pension plan subsequent to the measurement date	3,377	-
	<u>\$ 3,391</u>	<u>\$ 320</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2019.

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	
	Pension expense	
2019	\$	(58)
2020		(58)
2021		(60)
2022		(65)
2023		(55)
Thereafter		(10)
 Total	 \$	 (306)

Annual money-weighted rate of return:

Money-weighted rate of return, net of investment expenses, for the year ended June 30, 2018, based on the measurement date of June 30, 2017 was 1.13%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value
Amortization method	Level dollar, fixed period
Amortization period	-
Investment rate of return	7.50%
Projected salary increases	By age from 4.75% at age 30 declining to 3.25% at age 65
Inflation rate	3.00%
Discount rate	7.50%
Mortality rate	Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational. Healthy male retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational. Healthy female retirees – 100% of RP-2014 Female Healthy Annuitant table, Scale MP-2016 fully generational. Disabled males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational. Disabled females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational.
Withdrawal rates	3.00% – 28.00%
Disability rates	0.04% – 0.60%
Retirement rates	25% - 100%

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The actuarial assumptions used in the July 1, 2016 MPFRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future 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 of return by the target asset allocation percentages and by adding the expected inflation.

The target allocation and best estimates of long-term geometric rates of return for each major asset class included are summarized in the following chart:

Investment	Fund 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%
			8.66%

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 (asset) to changes in the discount rate, calculated using the current discount rate of 7.5% as used in the actuarial evaluation, and what the net pension liability (asset) 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:

	1% Decrease 6.50%	Current Discount		1% Increase 8.50%
		Rate	7.50%	
City's proportionate share of MPFRS's net pension liability (asset)	\$ (380)	\$ (513)		\$ (612)

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. 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, 2018

I. Postemployment Benefits Other Than Pensions (OPEB)

West Virginia Public Employees Insurance Agency (WV PEIA)

General Information about the OPEB Plan

Plan description – The City participates in PERS. Although the City is a non-participating agency with the WV PEIA, eligible retirees have the option of obtaining health insurance benefits through WV PEIA under PERS. The West Virginia Other Postemployment Benefit Plan (the Plan), is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the WV PEIA and the RHBT staff. Plan benefits are established and revised by WV PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 63,000 covered lives at June 30, 2017.

The RHBT audited financial statements and actuarial reports can be found on the WV PEIA website at www.peia.wv.gov. You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th. Street, SE, Suite 2, Charleston, WV, 25304.

Benefits provided - The Plan provides medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: 1) Self-Insured Preferred Provider Benefit Plan (primarily for non-Medicare-eligible retirees and spouses) and 2) External Managed Care Organizations (primarily for Medicare-eligible retirees and spouses).

As noted above, because the City participates in the PERS, retirees have the option of choosing to participate in the WV PEIA. 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 for each of the retirees who choose this option. This fee also is based on the number of years worked. The State of West Virginia bears the remaining costs to fund this program. The City's retirees' insurance fees for the fiscal year 2018 were as follows:

Governmental activities	
General	\$ 113,146
Total	<u>\$ 113,146</u>
 Business-type activities	
Water Board	\$ 66,900
Sanitary Board	78,496
Total	<u>\$ 145,396</u>

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At fiscal year-end, the City reported a liability of \$2,895,979 for its proportionate share of the net OPEB liability. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2016, rolled forward to June 30, 2017, which is the measurement date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined.

	OPEB
Amount for proportionate share of net OPEB liability	\$ 2,895,979
Percentage for proportionate share of net OPEB liability	0.11777%
Increase/(decrease) % from prior proportion measured	(20.08455)%

For the year ended June 30, 2018, the City recognized the following OPEB expense:

	Government activities	Business-type activities
Government – wide pension expense	\$ 36,804	\$ 76,439

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

	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 investment earnings on OPEB plan investments	\$ -	\$ 4,918	\$ -	\$ 4,779
Changes in proportion and differences between employer contributions and proportionate share of contributions	- -	370,270	- -	208,833
Difference between expected and actual experience	- -	23,441	- -	22,781
Employer contributions subsequent to the measurement date	113,146	- -	145,396	- -
	\$ 113,146	\$ 398,629	\$ 145,396	\$ 236,393

The amount reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

Year ended June 30	Governmental activities		Business-type activities	
	OPEB expense		OPEB expense	
2019	\$	(105,427)	\$	(61,798)
2020		(105,427)		(61,798)
2021		(105,427)		(61,798)
2022		(77,658)		(46,442)
2023		(4,690)		(4,557)
Total	\$	(398,629)	\$	(236,393)

Actuarial assumptions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Public Employees Insurance Agency (WV PEIA)

Actuarial assumptions:

Inflation rate	2.75%
Salary increases	Dependent upon pension system, ranging from 3.0% to 6.5%, including inflation.
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims beginning in 2020 to account for the excise tax.
Actuarial cost method	Entry Age Normal Cost Method.
Amortization method	Level percentage of payroll over a 21 year closed period.
Remaining amortization period	21 years closed as of June 30, 2016.

Mortality Rates:

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The long-term rates of return on OPEB plan investments are determined using a building-block method in which estimates of expected future real rates of returns (expected returns, net of OPEB 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 of return by the target asset allocation percentages and by adding expected inflation. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI. Best estimates of long-term geometric rates are summarized in the following table:

	Long-term Expected Real Rate of Return
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

Discount rate:

The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate:

The following chart presents the City's proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB 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 discount rate:

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
City's proportionate share of net OPEB liability	\$ 3,372,035	\$ 2,895,979	\$ 2,500,243

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates:

The following chart presents the City's proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates described in the actuarial assumptions:

	1% Decrease \$ 2,432,663	Health Care Cost Trend Rates \$ 2,895,979	1% Increase \$ 3,462,640
City's proportionate share of the net OPEB liability			

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

OPEB plan fiduciary net position:

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report available at the West Virginia Public Employee Insurance Agency's website at peia.wv.gov. That information can also be obtained by writing to the West Virginia Public Employee Insurance Agency, 601 57th Street, Suite 2, Charleston, WV, 25304.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. All of the City's deferred outflows on the statement of net position are related to its defined benefit pension plans and OPEB plan.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. All of the City's deferred inflows on the statement of net position are related to the defined benefit pension plans and OPEB plan. On the governmental funds balance sheet, the portion of the City's property taxes and business and occupational taxes receivable expected to be collected more than 60 days after the end of the fiscal year qualify for reporting in this category, as follows:

Property taxes	\$ 50,818
Business and occupational taxes	<u>4,314</u>
Total	<u><u>\$ 55,132</u></u>

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018, the City's accounts receivable on the statement of net position pertaining to these goods and services were \$1,984,501.

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.H 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

Effective July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

In addition, the following restatement was performed to the net positions at the beginning of the year due to the reconciliation of compensated absences of a non-major governmental fund.

The following beginning balances required restatement:

	Statement of Activities	
	Governmental activities	Business-type activities
Net position, as previously stated	\$ (11,561,362)	\$ 18,604,254
GASB 75 adjustment for deferred outflows of resources – contributions subsequent to measurement period	122,676	119,224
GASB 75 adjustment for net OPEB liability	(1,953,154)	(1,706,514)
Compensated absences	(105,484)	-
Net position, as restated	\$ (13,497,324)	\$ 17,016,964

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

	Statement of Revenues, Expenses and Changes in Net Position		
	Enterprise Fund Water Board	Enterprise Fund Sanitary Board	Enterprise Fund Board of Park Commissions
Net position, as previously stated	\$ 9,392,818	\$ 7,267,962	\$ 1,637,902
GASB 75 adjustment for deferred outflows of resources – contributions subsequent to measurement period	72,240	46,452	532
GASB 75 adjustment for net OPEB liability	<u>(1,108,875)</u>	<u>(574,470)</u>	<u>(23,169)</u>
Net position, as restated	<u><u>\$ 8,356,183</u></u>	<u><u>\$ 6,739,944</u></u>	<u><u>\$ 1,615,265</u></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 14, 2019, which is the date the financial statements were available to be released.

Required Supplementary Information

CITY OF WEIRTON, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

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	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,269,051	\$ 1,375,945	\$ 855,645	\$ 774,528	\$ 692,087
Interest on the total pension liability	1,422,562	1,285,632	1,411,041	1,423,372	1,409,584
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	(484,433)	(1,925,042)	52,844	678,004	-
Assumption changes	(405,564)	(3,768,469)	8,829,277	1,564,166	1,226,117
Benefit payments	(1,495,095)	(1,519,854)	(1,526,035)	(1,453,587)	(1,368,711)
Refunds	-	-	-	-	-
Net change in total pension liability	306,521	(4,551,788)	9,622,772	2,986,483	1,959,077
Total Pension Liability- beginning	39,557,901	44,109,689	34,486,917	31,500,434	29,541,357
Total Pension Liability- ending (a)	\$ 39,864,422	\$ 39,557,901	\$ 44,109,689	\$ 34,486,917	\$ 31,500,434
Plan Fiduciary Net Position					
Employer contributions	\$ 1,294,687	\$ 1,955,294	\$ 972,529	\$ 841,146	\$ 876,690
Employee contributions	194,206	175,462	163,095	166,071	158,156
Pension plan net investment income	361,868	433,149	(46,782)	192,027	641,466
Benefit payments	(1,495,095)	(1,519,854)	(1,523,831)	(1,456,339)	(1,368,711)
Refunds	-	-	-	-	-
Pension plan administrative expense	(1,990)	(2,074)	(2,646)	(3,140)	(2,764)
Other	-	-	-	204,304	-
Net change in plan fiduciary net position	353,676	1,041,977	(437,635)	(55,931)	304,837
Plan fiduciary net position- beginning	5,070,149	4,028,172	4,465,807	4,521,738	4,216,901
Plan fiduciary net position- ending (b)	\$ 5,423,825	\$ 5,070,149	\$ 4,028,172	\$ 4,465,807	\$ 4,521,738
Net pension liability (a) - (b)	\$ 34,440,597	\$ 34,487,752	\$ 40,081,517	\$ 30,021,110	\$ 26,978,696
Plan fiduciary net position as a percentage of total pension liability	13.61%	12.82%	9.13%	12.95%	14.35%
Covered employee payroll	1,907,577	1,740,164	1,658,979	1,607,962	1,622,175
Net pension liability as a percentage of covered employee payroll	1805.46%	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
2018	\$ 39,864,422	\$ 5,423,825	\$ 34,440,597	13.61%	\$ 1,907,577	1805.46%
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	1633.12%

CITY OF WEIRTON, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

Employer Defined Benefit Plans

Policemen's Pension and Relief Fund

III. Schedule of Contributions - Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,412,280	\$ 2,298,887	\$ 2,228,433	\$ 1,639,294	\$ 1,536,682	\$ 1,477,051	\$	\$	\$	\$
City contributions in relation to the actuarially determined contribution	(895,000)	(1,574,527)	(626,941)	(501,814)	(514,687)	(546,064)				
State contributions in relation to the actuarially determined contribution	<u>(399,687)</u>	<u>(380,767)</u>	<u>(345,588)</u>	<u>(339,332)</u>	<u>(362,002)</u>	<u>(363,021)</u>				
Contribution deficiency (excess)	\$ <u>1,117,593</u>	\$ <u>343,593</u>	\$ <u>1,255,904</u>	\$ <u>798,148</u>	\$ <u>659,993</u>	\$ <u>567,966</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Government's covered-employee payroll	\$ 1,907,577	\$ 1,740,164	\$ 1,658,979	\$ 1,670,962	\$ 1,622,175	\$ 1,593,506	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	46.92%	90.48%	37.79%	30.03%	31.73%	34.27%				
City and state contributions as a percentage of covered-employee payroll	67.87%	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, 2018

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	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 371,654	\$ 414,783	\$ 305,455	\$ 262,275	\$ 275,216
Interest on the total pension liability	888,071	836,975	856,444	797,673	780,380
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	(2,930)	(910,435)	390,283	(58,032)	-
Assumption changes	-	(852,836)	2,057,993	-	-
Benefit payments	(679,743)	(649,622)	(651,642)	(612,845)	(600,032)
Refunds	-	-	-	-	-
Net change in total pension liability	577,052	(1,161,135)	2,958,533	389,071	455,564
Total Pension Liability- beginning	13,815,118	14,976,253	12,017,720	11,628,649	11,173,085
Total Pension Liability- ending (a)	\$ 14,392,170	\$ 13,815,118	\$ 14,976,253	\$ 12,017,720	\$ 11,628,649
Plan Fiduciary Net Position					
Employer contributions	\$ 643,214	\$ 681,189	\$ 455,266	\$ 431,213	\$ 563,823
Employee contributions	97,251	85,170	82,461	84,967	80,120
Pension plan net investment income	771,192	1,015,378	(57,862)	347,248	1,162,109
Benefit payments	(679,743)	(649,622)	(643,235)	(615,116)	(600,032)
Refunds	-	-	-	-	-
Pension plan administrative expense	(2,458)	(5,546)	(5,453)	(2,396)	(8,950)
Other	-	-	-	264,114	-
Net change in plan fiduciary net position	829,456	1,126,569	(168,823)	510,030	1,197,070
Plan fiduciary net position- beginning	10,140,910	9,014,341	9,183,164	8,673,134	7,476,064
Plan fiduciary net position- ending (b)	\$ 10,970,366	\$ 10,140,910	\$ 9,014,341	\$ 9,183,164	\$ 8,673,134
Net pension liability (a) - (b)	\$ 3,421,804	\$ 3,674,208	\$ 5,961,912	\$ 2,834,556	\$ 2,955,515
Plan fiduciary net position as a percentage of total pension liability	76.22%	73.40%	60.19%	76.41%	74.58%
Covered employee payroll	1,039,842	1,026,836	1,115,043	958,555	983,476
Net pension liability as a percentage of covered employee payroll	329.07%	357.82%	534.68%	295.71%	300.52%

II. Schedule of Net Pension Liability - Multiyear

Fiscal Year Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2018	\$ 14,392,170	\$ 10,970,366	\$ 3,421,804	76.22%	\$ 1,039,842	329.07%
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, 2018

Employer Defined Benefit Plans

Firemen's Pension and Relief Fund

III. Schedule of Contributions - Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 503,189	\$ 530,081	\$ 613,070	\$ 354,731	\$ 396,427	\$ 518,823	\$	\$	\$	\$
City contributions in relation to the actuarially determined contribution	(425,000)	(467,280)	(247,273)	(231,096)	(215,978)	(201,850)				
State contributions in relation to the actuarially determined contribution	(218,214)	(213,909)	(207,993)	(200,118)	(347,845)	(206,660)				
Contribution deficiency (excess)	\$ <u>(140,025)</u>	\$ <u>(151,108)</u>	\$ <u>157,804</u>	\$ <u>(76,483)</u>	\$ <u>(167,396)</u>	\$ <u>110,313</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Government's covered-employee payroll	\$ 1,039,842	\$ 1,026,836	\$ 1,115,043	\$ 958,555	\$ 983,476	\$ 918,877	\$	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	40.87%	45.51%	22.18%	24.11%	21.96%	21.97%				
City and state contributions as a percentage of covered-employee payroll	61.86%	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, 2018

Employer Defined Benefit Plans

Policemen's and Firemen's Pension and Relief Fund

IV Money-Weighted Rates of Return - Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Policemen's Pension and Relief Fund	7.10%	10.80%	(1.20)%	4.10%	15.80%					
Firemen's Pension and Relief Fund	7.60%	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, 2018**

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, 2018, measurement date based on actuarial liabilities as of July 1, 2017.
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 contribution. 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 2027.
Actuarial assumptions:	
Investment rate of return	4.000% per year.
GASB 67/68 discount rate	3.7175% per year at June 30, 2018, and 3.6512% at June 30, 2017.
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. Assumed to be payable to all members receiving payments.

**CITY OF WEIRTON, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018**

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, 2018, measurement date based on actuarial liabilities as of July 1, 2017.
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 2039.
Actuarial assumptions:	
Investment rate of return	6.500% per year.
GASB 67/68 discount rate	6.500% per year at June 30, 2015, and 6.500% at June 30, 2017.
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. Assumed to be payable to all members receiving payments.

CITY OF WEIRTON, WEST VIRGINIA
COST SHARING MULTI - EMPLOYER PLANS - PENSIONS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

Cost Sharing Multi - Employer Plans

West Virginia Public Employee Retirement System (PERS)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Government's proportion of the net pension liability (asset) (percentage)	0.3208%	0.2954%	0.3116%	0.3100%	0.2903%					
Government's proportionate share of the net pension liability (asset)	\$ 1,384,557	\$ 2,715,379	\$ 1,740,061	\$ 1,144,273	\$ 2,646,569	\$	\$	\$	\$	\$
Government's covered-employee payroll	\$ 4,295,958	\$ 4,085,289	\$ 4,285,371	\$ 4,151,848	\$ 3,885,621	\$	\$	\$	\$	\$
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.23%	66.47%	40.60%	27.56%	68.11%					
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	98.98%	79.70%					

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution.	\$ 469,548	\$ 515,515	\$ 551,514	\$ 599,952	\$ 602,018	\$ 543,987	\$ 576,628	\$ 478,704	\$ 407,381	\$ 413,502
Contributions in relation to the contractually required contribution	<u>(469,548)</u>	<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>
Contribution deficiency (excess)	\$ <u>—</u>									
Government's covered-employee payroll	\$ 4,268,618	\$ 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
Contributions as a percentage of covered-employee payroll	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	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 PLANS - PENSIONS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

Cost Sharing Multi - Employer Plans

West Virginia Municipal Police Officers and Firefighters Retirement System (MPFRS)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Government's proportion of the net pension liability (asset) (percentage)	0.0183%									
Government's proportionate share of the net pension liability (asset)	\$ (513)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government's covered-employee payroll	\$ 2,482	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(20.67%)									
Plan fiduciary net position as a percentage of the total pension liability	203.46%									

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution.	\$ 3,377	\$ 211	\$	\$	\$	\$	\$	\$	\$	\$
Contributions in relation to the contractually required contribution	(3,377)	(211)	_____	_____	_____	_____	_____	_____	_____	_____
Contribution deficiency (excess)	\$ -	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government's covered-employee payroll	\$ 39,729	\$ 2,482	\$	\$	\$	\$	\$	\$	\$	\$
Contributions as a percentage of covered-employee payroll	8.50%	8.50%								

* - 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 - OPEB
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

Cost Sharing Multi - Employer OPEB Plan

West Virginia Public Employees Insurance Agency (WV PEIA)

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

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset) (percentage)	0.117770%	0.147370%
City's proportionate share of the net OPEB liability (asset)	\$ 2,895,979	\$ 3,659,668
City's covered-employee payroll	\$ N/A**	\$ N/A**
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	N/A**	N/A**
Plan fiduciary net position as a percentage of the total OPEB liability	25.10%	21.64%

II. Schedule of Government OPEB Contributions - Last 10 Years*

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 122,676	\$ 133,880
Contributions in relation to the contractually required contribution	<u>(122,676)</u>	<u>(133,880)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ N/A**	\$ N/A**
Contributions as a percentage of covered-employee payroll	N/A**	N/A**

* - 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, City's should present information for those years for which information is available.

** - The City does not have covered-employee payroll as the participants of the plan are retired.

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, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
Revenues						
Taxes:						
Property taxes	\$ 2,770,000	\$ 2,770,000	\$ 2,768,718	\$ 67,348	\$ 2,836,066	\$ 1,282
B&O	4,700,000	4,500,000	3,058,732	935,689	3,994,421	1,441,268
Sales taxes	2,050,000	2,520,000	1,973,969	695,501	2,669,470	546,031
Excise tax on utilities	1,175,000	1,175,000	1,104,265	76,648	1,180,913	70,735
Other taxes	497,000	497,000	444,682	133,688	578,370	52,318
Total taxes:	11,192,000	11,462,000	9,350,366	1,908,874	11,259,240	2,111,634
Fines and forfeitures	127,500	127,500	108,880	4,797	113,677	18,620
Licenses, permits, and fees	230,000	230,000	266,323	-	266,323	(36,323)
Intergovernmental	449,000	451,730	505,695	663,704	1,169,399	(53,965)
Charges for services	4,626,847	4,367,347	4,061,710	271,851	4,333,561	305,637
Video lottery and table gaming proceeds	350,000	350,000	396,508	35,572	432,080	(46,508)
Charges to other funds	78,806	78,806	71,544	(71,544)	-	7,262
Investment income	7,500	7,500	40,712	-	40,712	(33,212)
Reimbursements	50,000	50,000	55,851	(55,851)	-	(5,851)
Other	30,000	30,000	98,194	(15,693)	82,501	(68,194)
Total revenues before prior year fund balance	17,141,653	17,154,883	14,955,783	2,741,710	17,697,493	2,199,100
Prior year fund balance (1)	2,895,670	3,067,121	-	-	-	3,067,121
Total revenues and prior year fund balance	20,037,323	20,222,004	14,955,783	2,741,710	17,697,493	5,266,221
Expenditures						
Current:						
General government	4,902,081	4,651,762	4,028,169	(975,220)	3,052,949	623,593
Public safety	8,342,780	8,657,780	7,624,682	746,813	8,371,494	1,033,098
Highway and streets	4,330,789	4,450,789	4,044,306	(63,904)	3,980,402	406,483
Health and sanitation	1,278,536	1,278,536	1,121,497	(88,325)	1,033,172	157,039
Culture and recreation	1,168,137	1,168,137	212,930	53,023	265,953	955,207
Social services	15,000	15,000	12,106	-	12,106	2,894
Debt Service:						
Principal	-	-	-	310,371	310,371	-
Interest and other charges	-	-	-	8,760	8,760	-
Total expenditures	20,037,323	20,222,004	17,043,690	(8,482)	17,035,207	3,178,314
Excess (deficiency) of revenues over expenditures	-	-	(2,087,907)	2,750,192	662,286	2,087,907
Other Financing Sources (Uses)						
Transfers out	-	-	-	(968,137)	(968,137)	-
Net other financing sources (uses)	-	-	-	(968,137)	(968,137)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(2,087,907)	1,782,055	(305,851)	
Fund balances - beginning	2,895,670	3,067,121	6,247,164	-	6,247,164	
Less prior year fund balance budgeted	(2,895,670)	(3,067,121)	-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 4,159,257	\$ 1,782,055	\$ 5,941,313	

(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.

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, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Actual Cash Basis with Final Budget - Positive (Negative)
Revenues						
Other taxes	\$ 40,000	\$ 52,000	\$ 36,723	\$ 16,205	\$ 52,928	\$ 15,277
Investment income	70	70	481	-	481	(411)
Total revenues before prior year fund balance	40,070	52,070	37,204	16,205	53,409	14,866
Prior year fund balance (1)	96,070	101,573	-	-	-	101,573
Total revenues and prior year fund balance	136,140	153,643	37,204	16,205	53,409	116,439
Expenditures						
General government	121,140	78,643	26,807	-	26,807	51,836
Culture and recreation	-	60,000	50,000	(47,057)	2,943	10,000
Social services	15,000	15,000	-	-	-	15,000
Total expenditures	136,140	153,643	76,807	(47,057)	29,750	76,836
Excess (deficiency) of revenues over expenditures	-	-	(39,603)	63,262	23,659	39,603
Other Financing Sources (Uses)						
Transfers to other funds	-	-	-	(47,057)	(47,057)	-
Net other financing sources (uses)	-	-	-	(47,057)	(47,057)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(39,603)	16,205	(23,398)	39,603
Fund balance, beginning	96,070	101,573	116,730	-	116,730	
Less prior year fund balance budgeted	(96,070)	(101,573)	-	-	-	
Fund balance, ending	\$ -	\$ -	\$ 77,127	\$ 16,205	\$ 93,332	

(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, 2018

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
Assets						
Cash and cash equivalents	\$ 305	\$ 2,171,110	\$ 104,917	\$ 346,363	\$ 1,279	\$ 2,623,974
Investments	-	-	-	575,730	-	575,730
Receivables, net						
Taxes	-	2,160	-	-	-	2,160
Intergovernmental	-	244,333	-	6,389	23,274	273,996
Due from other funds	-	258	422	-	-	680
Prepaid expenses	-	-	-	3,320	-	3,320
Total assets	<u>\$ 305</u>	<u>\$ 2,417,861</u>	<u>\$ 105,339</u>	<u>\$ 931,802</u>	<u>\$ 24,553</u>	<u>\$ 3,479,860</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 143,858	\$ -	\$ 3,178	\$ 7,429	\$ 154,465
Wages and benefits payable	-	-	-	12,040	-	12,040
Compensated absences	-	-	-	30,629	-	30,629
Due to other funds	-	-	-	5,568	15,845	21,413
Security deposit	-	-	25,000	-	-	25,000
Unearned revenue	-	2,160	121,389	68,538	-	192,087
Grant advances	-	-	-	-	1,279	1,279
Total liabilities	<u>-</u>	<u>146,018</u>	<u>146,389</u>	<u>119,953</u>	<u>24,553</u>	<u>436,913</u>
Fund Balances						
Non-spendable for:						
Prepaid expenses	-	-	-	3,320	-	3,320
Restricted for:						
Capital projects	-	2,271,843	-	-	-	2,271,843
Assigned for:						
General expenditures	<u>305</u>	<u>-</u>	<u>(41,050)</u>	<u>808,529</u>	<u>-</u>	<u>767,784</u>
Total fund balances	<u>305</u>	<u>2,271,843</u>	<u>(41,050)</u>	<u>811,849</u>	<u>-</u>	<u>3,042,947</u>
Total liabilities and fund balances	<u>\$ 305</u>	<u>\$ 2,417,861</u>	<u>\$ 105,339</u>	<u>\$ 931,802</u>	<u>\$ 24,553</u>	<u>\$ 3,479,860</u>

CITY OF WEIRTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
Revenues						
Property taxes	\$ -	\$ 433,955	\$ -	\$ 177,188	\$ -	\$ 611,143
Fees and fines	-	-	628	9,132	-	9,760
Intergovernmental	-	244,333	28,934	-	410,225	683,492
Investment income	2	10,701	-	47,720	-	58,423
Contributions	-	-	19,373	163,871	-	183,244
Other	-	-	-	147	-	147
Total revenues	<u>2</u>	<u>688,989</u>	<u>48,935</u>	<u>398,058</u>	<u>410,225</u>	<u>1,546,209</u>
Expenditures						
Current:						
General government	-	386,445	38,234	-	99,787	524,466
Public safety	-	-	37,855	-	-	37,855
Highway and streets	-	-	-	-	300,633	300,633
Culture and recreation	-	-	-	739,774	-	739,774
Social services	-	-	-	-	9,805	9,805
Total expenditures	<u>-</u>	<u>386,445</u>	<u>76,089</u>	<u>739,774</u>	<u>410,225</u>	<u>1,612,533</u>
Excess (deficiency) of revenues over expenditures	<u>2</u>	<u>302,544</u>	<u>(27,154)</u>	<u>(341,716)</u>	<u>-</u>	<u>(66,324)</u>
Other Financing Sources (Uses)						
Transfers from other funds	-	-	-	389,137	-	389,137
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,137</u>	<u>-</u>	<u>389,137</u>
Net changes in fund balances	<u>2</u>	<u>302,544</u>	<u>(27,154)</u>	<u>47,421</u>	<u>-</u>	<u>322,813</u>
Fund balances - beginning	<u>303</u>	<u>1,969,299</u>	<u>(13,896)</u>	<u>764,428</u>	<u>-</u>	<u>2,720,134</u>
Fund balances, ending	<u>\$ 305</u>	<u>\$ 2,271,843</u>	<u>\$ (41,050)</u>	<u>\$ 811,849</u>	<u>\$ -</u>	<u>\$ 3,042,947</u>

CITY OF WEIRTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Pension Trust Funds			Total Pension Trust Funds
	Policemen's Funds	Firemen's Pension		
Assets				
Cash and cash equivalents	\$ 74,470	\$ 103,080	\$ 177,550	
Investments, at fair value:				
Money markets	148,103	222,047	370,150	
Government agency obligations	74,958	99,944	174,902	
Corporate obligations	528,638	614,694	1,143,332	
Mutual funds	1,251,166	3,118,052	4,369,218	
Common stock	<u>3,372,943</u>	<u>6,819,524</u>	<u>10,192,467</u>	
Total investments	<u>5,375,808</u>	<u>10,874,261</u>	<u>16,250,069</u>	
Total assets	<u>5,450,278</u>	<u>10,977,341</u>	<u>16,427,619</u>	
Liabilities				
Payroll withholdings	19,976	4,504	24,480	
Due to other funds	<u>6,477</u>	<u>2,471</u>	<u>8,948</u>	
Total liabilities	<u>26,453</u>	<u>6,975</u>	<u>33,428</u>	
Net Position				
Net position held in trust for pension benefits	<u>\$ 5,423,825</u>	<u>\$ 10,970,366</u>	<u>\$ 16,394,191</u>	

CITY OF WEIRTON, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2018

	Policemen's Pension	Firemen's Pension	Total Pension Trust
Additions			
Contributions			
Employer	\$ 895,000	\$ 425,000	\$ 1,320,000
Plan members	194,206	97,251	291,457
Insurance premium tax allocation	<u>399,687</u>	<u>218,214</u>	<u>617,901</u>
Total contributions	<u>1,488,893</u>	<u>740,465</u>	<u>2,229,358</u>
Investment income:			
Interest and dividends	115,775	220,931	336,706
Net realized and unrealized gains (losses)	266,762	584,536	851,298
Less: investment expense	<u>(20,669)</u>	<u>(34,275)</u>	<u>(54,944)</u>
Net investment income	<u>361,868</u>	<u>771,192</u>	<u>1,133,060</u>
Total additions	<u>1,850,761</u>	<u>1,511,657</u>	<u>3,362,418</u>
Deductions			
Benefits	1,495,095	679,743	2,174,838
Administrative	<u>1,990</u>	<u>2,458</u>	<u>4,448</u>
Total deductions	<u>1,497,085</u>	<u>682,201</u>	<u>2,179,286</u>
Change in net position	353,676	829,456	1,183,132
Net position held in trust for pension benefits			
Beginning of year	<u>5,070,149</u>	<u>10,140,910</u>	<u>15,211,059</u>
End of year	<u>\$ 5,423,825</u>	<u>\$ 10,970,366</u>	<u>\$ 16,394,191</u>

CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2018

<u>State Grantor/Program Title</u>	<u>Identification Number</u>	<u>State Expenditures</u>
West Virginia Development Office		
Fall Festival	FF18-798	\$ 11,881
Total West Virginia Development Office		<u>11,881</u>
West Virginia Department of Transportation		
Industrial Access Road	U305-13-1.10	244,333
Total West Virginia Department of Transportation		<u>244,333</u>
West Virginia Department of Health and Human Services		
Water Analyzer	17076020171	49,311
Total West Virginia Department of Health and Human Services		<u>49,311</u>
Total Expenditures of State Awards		\$ 305,525

CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant	14.218	N/A	\$ -	\$ 517,504
Total Department of Housing Urban Development			-	517,504
Department of Justice				
<u>West Virginia Division of Justice and Community Services</u>				
Byrne Formula Grant	16.579	15-JAG	-	30,889
Edward Byrne Memorial Justice Assistance Grant	16.738	15-JAG	-	3,000
Total Department of Justice			-	33,889
Department of Transportation				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	N/A	387,258	387,258
Total Department of Transportation			387,258	387,258
Executive Office of the President				
<u>Laurel County Fiscal Court</u>				
High Intensity Drug Trafficking Areas Program	95.001	N/A	-	30,469
Total Executive Office of the President			-	30,469
Total Expenditures of Federal Awards			\$ 387,258	\$ 969,120

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

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, 2018. 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, 2018, 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 14, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, unidentified material weaknesses may exist.

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

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 14, 2019

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, 2018. 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, 2018.

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 14, 2019

CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified Opinion</u>
Internal control over financial reporting:	
• Material weakness(es) identified?	<u>No</u>
• Significant deficiencies identified that is not considered to be a material weakness?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<u>No</u>
• Significant deficiencies identified that is not considered to be a material weakness?	<u>No</u>

Type of auditor’s report issued on compliance for major programs:	<u>Unmodified Opinion</u>
---	---------------------------

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

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:	<u>\$750,000</u>
--	------------------

Auditee qualified as low-risk auditee?	<u>No</u>
--	-----------

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None

Section IV – Status of Prior Year Audit Findings

There were no federal award audit findings in the prior year. The financial statement finding of the recording of OPEB has been resolved.