

# **City of Weirton, West Virginia**

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

**For the Fiscal Year Ended June 30, 2019**

**CITY OF WEIRTON, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
For the Fiscal Year Ended June 30, 2019**

**GOVERNMENTAL FUND TYPES**

MAJOR FUNDS

General  
Coal Severance Tax

NONMAJOR FUNDS

Youth Job Program  
TIF  
Public Safety  
CDBG

OTHER FUNDS

Internal Service Fund-Gasoline

**PROPRIETARY FUND TYPES**

MAJOR FUNDS

Water  
Sewerage  
Board of Park Commissions

NONMAJOR FUNDS

Parking

**COMPONENT UNITS**

*Blended*

Library

**FIDUCIARY FUNDS**

Agency  
Policemen's Pension  
Firemen's Pension

**CITY OF WEIRTON, WEST VIRGINIA**  
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**For the Fiscal Year Ended June 30, 2019**

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## **Introductory Section**

**CITY OF WEIRTON, WEST VIRGINIA  
CITY OFFICIALS  
For the Fiscal Year Ended June 30, 2019**

OFFICE	NAME	TERM ENDS
<b><u>Elected</u></b>		
Mayor:	Harold Miller	June 2019
Council Members:		
Ward 1:	Tim Connell	June 2019
Ward 2:	Michael Adams (Appointed)	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
<b><u>Appointed</u></b>		
City Manager:	Diana Smoljanovich (Interim)	
Chief Code Official:	Matt Burskey	
City Attorney:	Vincent Gurrera	
City Clerk:	DeeAnn Pulliam	
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

616 Schubert Place | 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, 2019 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, 2019, 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

616 Schubert Place | Morgantown, WV 26505

## 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 for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining statements of individual nonmajor fund financial statements and fiduciary 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 as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor and fiduciary fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor and fiduciary fund 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.

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.



# Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, 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 23, 2020**

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 4,422,941	\$ 1,458,770	\$ 5,881,711
Investments	2,831,648	368,738	3,200,386
Receivables, net:			
Taxes	2,245,517	-	2,245,517
Charges for services	581,164	1,258,574	1,839,738
Intergovernmental	18,810	-	18,810
Other fees and proceeds	2,296	-	2,296
Internal balances	(326,612)	326,612	-
Due from fiduciary funds	63,890	-	63,890
Inventories	-	110,999	110,999
Other assets	68,671	-	68,671
Net pension asset	11,675	-	11,675
Restricted assets:			
Cash and cash equivalents	12,089	1,180,294	1,192,383
Capital assets:			
Land and construction in progress	1,868,134	2,552,988	4,421,122
Other capital assets, net of depreciation	19,732,016	30,983,392	50,715,408
<b>Total assets</b>	<b>31,532,239</b>	<b>38,240,367</b>	<b>69,772,606</b>
<b>Deferred Outflows</b>			
OPEB items	106,803	323,222	430,025
Pension items	4,155,390	543,033	4,698,423
<b>Total deferred outflows of resources</b>	<b>4,262,193</b>	<b>866,255</b>	<b>5,128,448</b>
<b>Total assets and deferred outflows</b>	<b>\$ 35,794,432</b>	<b>\$ 39,106,622</b>	<b>\$ 74,901,054</b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 829,303	\$ 579,078	\$ 1,408,381
Wages and benefits payable	308,419	103,951	412,370
Notes payable, current	-	40,976	40,976
Capital lease obligations payable, current	151,295	62,269	213,564
Compensated absences	651,511	157,067	808,578
Unearned revenues	189,927	-	189,927
Security deposit	25,000	-	25,000
Grant advances	1,279	-	1,279
Due to fiduciary funds	42,627	-	42,627
Liabilities payable from restricted assets:			
Bonds payable, current	-	1,002,375	1,002,375
Accrued interest payable	-	32,023	32,023
Notes obligations payable, non-current	-	409,024	409,024
Capital lease obligations payable, non-current	114,278	225,069	339,347
Bonds payable, non-current	-	15,290,995	15,290,995
Net OPEB liability	1,187,904	1,454,582	2,642,486
Net pension liability	36,505,232	396,356	36,901,588
Total liabilities	40,006,775	19,753,765	59,760,540
<b>Deferred Inflows</b>			
OPEB items	512,776	351,171	863,947
Pension items	7,083,511	540,171	7,623,682
Total deferred inflows of resources	7,596,287	891,342	8,487,629
<b>Net Position</b>			
Net investment in capital assets	21,334,577	16,505,672	37,840,249
Restricted for:			
Capital projects	2,586,127	-	2,586,127
Debt service	-	986,678	986,678
Net pension asset	11,675	-	11,675
Other purposes	2,022,536	193,616	2,216,152
Unrestricted	(37,763,545)	775,549	(36,987,996)
Total net position	(11,808,630)	18,461,515	6,652,885
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 35,794,432</b>	<b>\$ 39,106,622</b>	<b>\$ 74,901,054</b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 2,031,923	\$ 418,381	\$ 63,790	\$ 396,661	\$ (1,153,091)	\$ -	\$ (1,153,091)
Public safety	8,944,653	2,158,206	706,618	15,950	(6,063,879)	-	(6,063,879)
Highway and streets	4,343,934	848,533	282,792	151,476	(3,061,133)	-	(3,061,133)
Health and sanitation	1,390,248	1,685,353	-	-	295,105	-	295,105
Culture and recreation	1,032,732	12,499	182,076	-	(838,157)	-	(838,157)
Social services	69,717	-	79,709	-	9,992	-	9,992
Interest	8,049	-	-	-	(8,049)	-	(8,049)
Total governmental activities	17,821,256	5,122,972	1,314,985	564,087	(10,819,212)	-	(10,819,212)
Business-type activities:							
Water board	3,738,978	4,054,055	-	49,191	-	364,268	364,268
Sanitary board	3,221,647	3,295,559	30,905	750	-	105,567	105,567
Board of park commissions	1,097,530	445,823	-	10,000	-	(641,707)	(641,707)
Total business-type activities	8,058,155	7,795,437	30,905	59,941	-	(171,872)	(171,872)
Total government	\$ 25,879,411	\$ 12,918,409	\$ 1,345,890	\$ 624,028	(10,819,212)	(171,872)	(10,991,084)
General revenues:							
Taxes:							
Property taxes					3,521,660	-	3,521,660
B & O taxes					4,174,848	-	4,174,848
Sales taxes					2,827,200	-	2,827,200
Excise tax on utilities					1,220,721	-	1,220,721
Other taxes					749,052	-	749,052
Video lottery and table gaming					462,356	-	462,356
Unrestricted investment earnings					95,860	61,107	156,967
Other					90,612	23,773	114,385
Gain (loss) on sale of assets					-	(4,352)	(4,352)
Capital asset transfers					361,790	-	361,790
Transfers					(601,000)	601,000	-
Total general revenues and transfers					12,903,099	681,528	13,584,627
Changes in net position					2,083,887	509,656	2,593,543
Net position - beginning, as restated					(13,892,517)	17,951,859	4,059,342
Net position - ending					\$ (11,808,630)	\$ 18,461,515	\$ 6,652,885

**CITY OF WEIRTON, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2019**

	General	Coal Severance Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 993,838	\$ 108,221	\$ 3,112,629	\$ 4,214,688
Investments	2,831,648	-	-	2,831,648
Receivables, net				
Taxes	2,164,182	20,016	61,319	2,245,517
Charges for services	559,213	-	-	559,213
Intergovernmental	6,634	-	12,176	18,810
Other fees and proceeds	2,296	-	-	2,296
Due from other funds	145,059	-	630	145,689
Due from fiduciary funds	63,890	-	-	63,890
Prepaid expenses	65,351	-	3,320	68,671
Restricted cash and cash equivalents	-	-	12,089	12,089
Total assets	<u>\$ 6,832,111</u>	<u>\$ 128,237</u>	<u>\$ 3,202,163</u>	<u>\$ 10,162,511</u>
<b>Liabilities, Deferred Inflows and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 459,098	\$ 100,000	\$ 119,781	\$ 678,879
Wages and benefits payable	296,333	-	12,086	308,419
Compensated absences	112,159	-	8,435	120,594
Due to other funds	510,526	1,138	14,087	525,751
Due to fiduciary funds	42,627	-	-	42,627
Security deposit	-	-	25,000	25,000
Unearned revenue	-	-	189,927	189,927
Grant Advances	-	-	1,279	1,279
Total liabilities	<u>1,420,743</u>	<u>101,138</u>	<u>370,595</u>	<u>1,892,476</u>
<b>Deferred Inflows</b>				
Unavailable revenue-taxes	<u>67,875</u>	<u>-</u>	<u>8,198</u>	<u>76,073</u>
<b>Fund balances</b>				
Non-spendable for:				
Prepaid expenses	65,351	-	3,320	68,671
Restricted for:				
Capital projects	-	-	2,586,127	2,586,127
Culture and recreation	2,022,536	-	-	2,022,536
Committed for:				
Capital projects	969,425	-	-	969,425
Insurance	657,810	-	-	657,810
General expenditures	79,135	-	-	79,135
Assigned for:				
General expenditures	-	27,099	233,923	261,022
Unassigned for:				
Unassigned	<u>1,549,236</u>	<u>-</u>	<u>-</u>	<u>1,549,236</u>
Total fund balances	<u>5,343,493</u>	<u>27,099</u>	<u>2,823,370</u>	<u>8,193,962</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 6,832,111</u>	<u>\$ 128,237</u>	<u>\$ 3,202,163</u>	<u>\$ 10,162,511</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

Total fund balance, governmental funds	\$	8,193,962
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets of \$47,567,315 net of accumulated depreciation of \$25,967,165, 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.		21,600,150
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Certain other long-term assets are not available to pay current period expenditures and, therefore, are unearned in the funds. These consist of unearned property taxes and business and occupational taxes.		76,073
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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.		133,230
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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.		(530,917)
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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	106,803		
OPEB deferred inflows	(512,776)		
			(405,973)
Pension deferred outflows	4,155,390		
Pension deferred inflows	<u>(7,083,511)</u>		(2,928,121)

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	11,675		
Net OPEB liability	(1,187,904)		
Net pension liability	<u>(36,505,232)</u>		(37,681,461)

Capital lease obligations do not require the use of current financial resources and therefore are reported only in the Statement of Net Position.		<u>(265,573)</u>
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Net position of governmental activities in the Statement of Net Position	\$	<u><u>(11,808,630)</u></u>
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**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	General	Coal Severance Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 2,888,301	\$ -	\$ 613,064	\$ 3,501,365
B&O taxes	4,174,202	-	-	4,174,202
Sales taxes	2,827,200	-	-	2,827,200
Excise tax on utilities	1,220,721	-	-	1,220,721
Other taxes	687,842	61,210	-	749,052
Fines and forfeitures	108,970	-	22,499	131,469
Licenses, permits, and fees	248,808	-	-	248,808
Intergovernmental	982,117	-	698,930	1,681,047
Charges for services	4,682,093	-	-	4,682,093
Video lottery and table gaming	462,356	-	-	462,356
Investment income	81,031	488	14,341	95,860
Contributions	-	-	198,025	198,025
Other	88,448	-	2,164	90,612
Total revenues	18,452,089	61,698	1,549,023	20,062,810
<b>Expenditures</b>				
Current:				
General government	3,862,244	111,439	581,288	4,554,971
Public safety	8,810,045	-	48,914	8,858,959
Highways and streets	4,185,832	-	151,486	4,337,318
Health and sanitation	1,310,388	-	-	1,310,388
Culture and recreation	286,991	9,492	734,990	1,031,473
Social services	1,888	-	67,829	69,717
Debt Service:				
Capital leases - principal	200,266	-	-	200,266
Capital leases - interest	8,049	-	-	8,049
Total expenditures	18,665,703	120,931	1,584,507	20,371,141
Excess (deficiency) of revenues over expenditures	(213,614)	(59,233)	(35,484)	(308,331)
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital leases	239,642	-	-	239,642
Transfers from other funds	-	-	391,637	391,637
Capital transfers from other funds	361,790	-	-	361,790
Transfers to other funds	(985,637)	(7,000)	-	(992,637)
Net other financing sources (uses)	(384,205)	(7,000)	391,637	432
Net changes in fund balances	(597,819)	(66,233)	356,153	(307,899)
Fund balances - beginning, as restated	5,941,312	93,332	2,467,217	8,501,861
Fund balances - ending	\$ 5,343,493	\$ 27,099	\$ 2,823,370	\$ 8,193,962

**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, 2019**

Net change in fund balances - total governmental funds:	\$	(307,899)
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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 \$3,381,139 exceeded depreciation expense of \$1,297,635 in the current period.		2,083,504
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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		20,941
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Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which new capital leases of \$239,642 exceeded capital lease payments of \$200,266.		(39,376)
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Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68 and No. 75:

Amount of pension expenditures at fund modified accrual level	3,603,767	
Amount of pension expenses recognized at government - wide level	<u>(3,131,902)</u>	471,865
Amount of OPEB expenditures at fund modified accrual level	106,803	
Amount of OPEB expenses recognized at government - wide level	<u>53,456</u>	160,259

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. These result in a net increase in compensated absences of \$21,538.		(21,538)
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An internal service fund is used by management to charge the cost of gasoline to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		<u>(283,869)</u>
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Change in net position of governmental activities	\$	<u><u>2,083,887</u></u>
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**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2019**

	Business-Type Activities - Enterprise Funds					Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 414,842	\$ 597,872	\$ 445,055	\$ 1,001	\$ 1,458,770	\$ 208,253
Investments	-	-	368,738	-	368,738	-
Accounts receivable, net	708,215	550,359	-	-	1,258,574	21,950
Due from other funds	-	459,636	15,000	-	474,636	55,418
Inventories	110,999	-	-	-	110,999	-
Total current assets	<u>1,234,056</u>	<u>1,607,867</u>	<u>828,793</u>	<u>1,001</u>	<u>3,671,717</u>	<u>285,621</u>
<b>Restricted assets</b>						
Cash and cash equivalents	<u>636,027</u>	<u>544,267</u>	<u>-</u>	<u>-</u>	<u>1,180,294</u>	<u>-</u>
Total restricted assets	<u>636,027</u>	<u>544,267</u>	<u>-</u>	<u>-</u>	<u>1,180,294</u>	<u>-</u>
<b>Non-current assets</b>						
Capital assets						
Land and construction in progress	2,189,796	49,476	9,135	304,581	2,552,988	-
Other capital assets, net of accumulated depreciation	<u>16,978,266</u>	<u>12,913,234</u>	<u>1,091,892</u>	<u>-</u>	<u>30,983,392</u>	<u>-</u>
Total non-current assets	<u>19,168,062</u>	<u>12,962,710</u>	<u>1,101,027</u>	<u>304,581</u>	<u>33,536,380</u>	<u>-</u>
Total assets	<u>21,038,145</u>	<u>15,114,844</u>	<u>1,929,820</u>	<u>305,582</u>	<u>38,388,391</u>	<u>285,621</u>
<b>Deferred outflows</b>						
OPEB items	142,689	180,533	-	-	323,222	-
Pension items	<u>285,492</u>	<u>235,554</u>	<u>21,987</u>	<u>-</u>	<u>543,033</u>	<u>-</u>
Total deferred outflows of resources	<u>428,181</u>	<u>416,087</u>	<u>21,987</u>	<u>-</u>	<u>866,255</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 21,466,326</u>	<u>\$ 15,530,931</u>	<u>\$ 1,951,807</u>	<u>\$ 305,582</u>	<u>\$ 39,254,646</u>	<u>\$ 285,621</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2019**

	Business-Type Activities - Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	Internal Service Fund-Gasoline
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 500,807	\$ 43,354	\$ 34,917	\$ -	\$ 579,078	\$ 150,423
Wages and benefits payable	46,446	42,430	15,075	-	103,951	-
Due to other funds	142,385	5,639	-	-	148,024	1,968
Compensated absences	73,005	76,027	8,035	-	157,067	-
Note payable, current	40,976	-	-	-	40,976	-
Capital lease payable, current	-	62,269	-	-	62,269	-
Total current liabilities	803,619	229,719	58,027	-	1,091,365	152,391
<b>Liabilities payable from restricted assets</b>						
Bond interest payable, current	20,367	11,656	-	-	32,023	-
Bonds payable, current	523,596	478,779	-	-	1,002,375	-
Total liabilities payable from restricted assets	543,963	490,435	-	-	1,034,398	-
<b>Non-current liabilities</b>						
Net OPEB liability	824,119	630,463	-	-	1,454,582	-
Net pension liability	192,736	164,065	39,555	-	396,356	-
Note payable, non-current	409,024	-	-	-	409,024	-
Capital lease payable, non-current	-	225,069	-	-	225,069	-
Bonds payable, non-current	8,821,556	6,469,439	-	-	15,290,995	-
Total non-current liabilities	10,247,435	7,489,036	39,555	-	17,776,026	-
Total liabilities	11,595,017	8,209,190	97,582	-	19,901,789	152,391
<b>Deferred inflows</b>						
OPEB items	245,300	91,342	14,529	-	351,171	-
Pension items	274,192	227,835	38,144	-	540,171	-
Total deferred inflows of resources	519,492	319,177	52,673	-	891,342	-
<b>Net Position</b>						
Net investment in capital assets	9,372,910	5,727,154	1,101,027	304,581	16,505,672	-
Restricted for:						
Debt service	466,161	520,517	-	-	986,678	-
Other purposes	169,866	23,750	-	-	193,616	-
Unrestricted	(657,120)	731,143	700,525	1,001	775,549	133,230
Total net position	9,351,817	7,002,564	1,801,552	305,582	18,461,515	133,230
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 21,466,326</b>	<b>\$ 15,530,931</b>	<b>\$ 1,951,807</b>	<b>\$ 305,582</b>	<b>\$ 39,254,646</b>	<b>\$ 285,621</b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds					
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	Internal Service Fund-Gasoline
<b>Operating Revenues</b>						
Charges for services:						
Fees for services	\$ 4,054,055	\$ 3,295,559	\$ 374,718	\$ -	\$ 7,724,332	\$ -
Concessions, merchandise sales and commissions	-	-	71,105	-	71,105	-
Internal service charges	-	-	-	-	-	239,135
Total charges for services	4,054,055	3,295,559	445,823	-	7,795,437	239,135
Operating grants and contributions	-	30,905	-	-	30,905	-
Total operating revenues	4,054,055	3,326,464	445,823	-	7,826,342	239,135
<b>Operating Expenses</b>						
Personal services	1,618,664	1,608,485	501,259	-	3,728,408	-
Operations, maintenance, and contractual services	1,325,594	847,818	347,074	-	2,520,486	-
Materials and supplies	143,563	112,907	56,584	-	313,054	161,214
Depreciation	392,195	501,542	192,613	-	1,086,350	-
Total operating expenses	3,480,016	3,070,752	1,097,530	-	7,648,298	161,214
Operating income (loss)	574,039	255,712	(651,707)	-	178,044	77,921
<b>Non-Operating Revenues (Expenses)</b>						
Investment income	29,640	16,678	14,784	5	61,107	-
Interest on bonds and note obligations	(258,962)	(150,895)	-	-	(409,857)	-
Gain (losses) on disposal of capital assets	-	(85)	(4,267)	-	(4,352)	-
Other revenue	14,754	1,144	7,875	-	23,773	-
Total non-operating revenue (expenses)	(214,568)	(133,158)	18,392	5	(329,329)	-
Income (loss) before contributions and transfers	359,471	122,554	(633,315)	5	(151,285)	77,921
Capital grants and contributions	49,191	750	10,000	-	59,941	-
Capital assets transferred to other funds	-	-	-	-	-	(361,790)
Transfers from other funds	-	-	601,000	-	601,000	-
Change in net position	408,662	123,304	(22,315)	5	509,656	(283,869)
Total net position - beginning, as restated	8,943,155	6,879,260	1,823,867	305,577	17,951,859	417,099
Total net position, ending	\$ 9,351,817	\$ 7,002,564	\$ 1,801,552	\$ 305,582	\$ 18,461,515	\$ 133,230

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds					Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	
<b>Cash Flows from Operating Activities</b>						
Cash received from customers	\$ 4,031,607	\$ 3,171,813	\$ 445,823	\$ -	\$ 7,649,243	\$ (103,280)
Cash received for internal services	-	-	-	-	-	308,679
Cash payments to suppliers for goods and services	(1,787,575)	(964,664)	(394,979)	-	(3,147,218)	(46,046)
Cash payments to employees and professional contractors for services	(1,733,433)	(1,629,299)	(521,263)	-	(3,883,995)	-
Payments (to) for internal services	323	(4,553)	(534)	-	(4,764)	-
Other operating revenues	-	30,905	-	-	30,905	-
Net cash provided (used) by operating activities	510,922	604,202	(470,953)	-	644,171	159,353
<b>Cash Flows from Non-Operating Activities</b>						
Other non-operating revenues	14,754	1,144	7,875	-	23,773	-
Net cash provided by non-operating activities	14,754	1,144	7,875	-	23,773	-
<b>Cash Flows from Non-Capital Financing Activities</b>						
Transfers from other funds	-	-	586,000	-	586,000	(361,790)
Net cash provided by non-capital financing activities	-	-	586,000	-	586,000	(361,790)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition and construction of capital assets	(1,909,761)	(230,446)	(186,338)	-	(2,326,545)	-
Proceeds from sale of capital assets	-	-	6,694	-	6,694	-
Proceeds from issue of bonds, notes, and capital leases	521,138	125,000	-	-	646,138	-
Principal paid on bonds, notes and capital leases	(510,989)	(511,027)	-	-	(1,022,016)	-
Interest paid on bonds and notes	(259,943)	(151,688)	-	-	(411,631)	-
Capital contributions and grants received	49,191	750	10,000	-	59,941	-
Net cash provided (used) by capital and related financing activities	(2,110,364)	(767,411)	(169,644)	-	(3,047,419)	-
<b>Cash Flows from Investing Activities</b>						
Proceeds from sale of investments	-	-	(10,933)	-	(10,933)	-
Investment income	29,640	16,678	14,784	5	61,107	-
Net cash provided (used) by investing activities	29,640	16,678	3,851	5	50,174	-
Net increase (decrease) in cash and cash equivalents	(1,555,048)	(145,387)	(42,871)	5	(1,743,301)	(202,437)
Cash and cash equivalents, beginning	2,605,917	1,287,526	487,926	996	4,382,365	410,690
Cash and cash equivalents, ending	\$ 1,050,869	\$ 1,142,139	\$ 445,055	\$ 1,001	\$ 2,639,064	\$ 208,253

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds					Internal Service Fund-Gasoline
	Water Board	Sanitary Board	Board of Park Commissions	Nonmajor Enterprise Fund Parking	Total Enterprise Funds	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ 574,039	\$ 255,712	\$ (651,707)	\$ -	\$ 178,044	\$ 77,921
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	392,195	501,542	192,613	-	1,086,350	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(22,448)	9,920	-	-	(12,528)	(4,661)
(Increase) decrease in due from other funds	-	(133,666)	-	-	(133,666)	(29,075)
(Increase) decrease in inventories	(7,910)	-	-	-	(7,910)	-
(Increase) decrease in OPEB related deferred outflows of resources	(64,193)	(113,633)	-	-	(177,826)	-
(Increase) decrease in pension related deferred outflows of resources	(81,540)	(75,912)	11,166	-	(146,286)	-
Increase (decrease) in accounts payable	(296,445)	(3,939)	8,681	-	(291,703)	113,200
Increase (decrease) in wages and benefits payable	14,594	11,263	5,135	-	30,992	-
Increase (decrease) in due to other funds	(13,740)	(4,553)	(534)	-	(18,827)	1,968
Increase (decrease) in compensated absences	810	4,890	430	-	6,130	-
Increase (decrease) in net OPEB liability	(40,724)	74,349	(6,369)	-	27,256	-
Increase (decrease) in net pension liability	(153,286)	(123,902)	(36,109)	-	(313,297)	-
Increase (decrease) in OPEB related deferred inflows of resources	43,080	70,478	1,220	-	114,778	-
Increase (decrease) in pension related deferred inflows of resources	166,490	131,653	4,521	-	302,664	-
Net cash provided (used) by operating activities:	<u>\$ 510,922</u>	<u>\$ 604,202</u>	<u>\$ (470,953)</u>	<u>\$ -</u>	<u>\$ 644,171</u>	<u>\$ 159,353</u>
<b>Reconciliation of Cash and Cash Equivalents</b>						
Cash and cash equivalents	\$ 414,842	\$ 597,872	\$ 445,055	\$ 1,001	\$ 1,458,770	\$ 208,253
Restricted cash and cash equivalents	636,027	544,267	-	-	1,180,294	-
Total cash and cash equivalents	<u>\$ 1,050,869</u>	<u>\$ 1,142,139</u>	<u>\$ 445,055</u>	<u>\$ 1,001</u>	<u>\$ 2,639,064</u>	<u>\$ 208,253</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2019**

	Pension Trust Funds	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 842,772	\$ 41,426
Due from other funds	42,627	-
Investments, at fair value:		
Money markets	632,662	-
Corporate obligations	685,209	-
Mutual funds	5,773,314	-
Equities	11,009,203	-
Total investments	<u>18,100,388</u>	<u>-</u>
Total assets	<u>18,985,787</u>	<u>41,426</u>
<b>Liabilities</b>		
Accounts payable	-	40,447
Payroll withholdings	27,616	-
Due to other funds	<u>62,911</u>	<u>979</u>
Total liabilities	<u>90,527</u>	<u>41,426</u>
<b>Net Position</b>		
Net position held in trust	<u><u>\$ 18,895,260</u></u>	<u><u>\$ -</u></u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY**  
**NET POSITION - FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	Pension Trust Funds
<b>Additions</b>	
Contributions	
Employer	\$ 2,736,451
Plan members	281,512
Insurance premium tax allocation	<u>617,943</u>
Total contributions	<u>3,635,906</u>
Investment income	
Interest and dividends	376,214
Net realized and unrealized gains (losses)	883,651
Less: investment expense	<u>(57,130)</u>
Net investment income	<u>1,202,735</u>
Total additions	<u>4,838,641</u>
<b>Deductions</b>	
Benefits and refunds	2,328,547
Administrative	<u>9,025</u>
Total deductions	<u>2,337,572</u>
Change in net position	2,501,069
Net position held in trust for pension benefits	
Beginning of year	<u>16,394,191</u>
End of year	<u><u>\$ 18,895,260</u></u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

The accounting and reporting framework and the more significant accounting principles and practices of the City of Weirton, West Virginia (the City) conform to generally accepted accounting principles as applicable to governmental units and are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2019.

**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 and its component unit. This blended component unit, although a legally separate entity, is in substance part of the City's operations. The Library is reported as a blended component unit as a nonmajor governmental fund.

**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, 2019**

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

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

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

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

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

The accounts of the City are organized on the basis of funds or group of accounts, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows of resources, fund balances, 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 fund types and 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.

**Special Revenue Funds** - Special revenue funds are used to account for the specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes. The City reports the following as major special revenue funds:

*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 proprietary fund types and funds:

**Enterprise funds** – Enterprise funds are employed to report on activities financed primarily by revenues generated by the activities themselves.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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*Proprietary Funds* distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The City reports the following major proprietary 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.

**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.

The City reports the following fiduciary funds types and funds:

**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.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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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.

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 City reports its investments at fair value as determined primarily by quoted market prices and matrix pricing of similar debt securities, except for 1) non-participating investment contracts (nonnegotiable certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair market value and 2) investments held by 2a-7 like external investment pools such as the WV Money Market and WV Government Money Market pools, which are measured at amortized cost, as permissible under Governmental Accounting Standards Board (GASB) Statement No. 31, as amended by GASB Statements No. 72 and 79. All investment income, including changes in fair market value of investments, are recognized as revenue in the operating statement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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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. 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 \$1,192,383.

**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. 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.

**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

**CITY OF WEIRTON, WEST VIRGINIA**  
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**8. 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.

**9. 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.

**10. 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.

**11. Net Position**

Net position presents the difference between assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments. Net position is reported as invested in capital assets for the portion of net position related to the historical cost of capital assets less any accumulated depreciation and less any debt that remains outstanding that was used to finance those capital assets. All other net position is reported as unrestricted. When an expense is incurred that can be paid using either restricted or unrestricted resources, the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**12. 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.

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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. Formal action 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.

### **13. 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.

### **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 positions of the West Virginia Public Employee Retirement System (PERS) and the West Virginia Municipal Police Officer and Firefighter Retirement System (MPFRS) 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 and MPFRS. 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 RIIBT'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, 2018, the City adopted GASB Statement No. 88, *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*. The objective of the requirements of this statement is to improve consistency in the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. There is no effect on beginning net position or fund balance.

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**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.

**NOTE II - TRANSFERS**

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

Substantial operating subsidies are provided by the General Fund to the Board of Park Commissions as well as during the year the Gasoline fund transferred capital assets to the General Fund. 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, 2019:

	Major governmental funds		Internal Service fund
	General fund	Coal severance	Gasoline fund
Governmental activities			
Major governmental funds			
General fund	-	-	\$ 361,790
Business – type activities			
Major enterprise funds			
Board of park commissions	\$ 594,000	\$ 7,000	-
Total transfers	<u>\$ 594,000</u>	<u>\$ 7,000</u>	<u>\$ 361,790</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
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**NOTE III – PROPERTY TAXES**

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.

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, 2019 were assessed as follows:

<u>Assessed class of property</u>	<u>Assessed valuation for tax purposes</u>	<u>Current expense</u>
Class I	\$ -	12.5 cents
Class II	281,716,080	25.0 cents
Class IV	431,334,172	50.0 cents

**NOTE IV – 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**  
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**NOTE V – 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, 2019, the balance of the stabilization fund is \$2,942,035.

**NOTE VI – DEPOSITS AND INVESTMENTS**

**1. Custodial Credit Risk**

*Deposits* - The City has \$6,934,643 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, 2019.

**2. Investments**

As of June 30, 2019, the City held the following investments:

	Level (Note VII)	Governmental	Fiduciary	Business – type activities	Total
Money markets	1	\$ 2,831,648	\$ 632,662	\$ 741	\$ 3,465,051
Certificate of deposits	*	-	-	194,770	194,770
Corporate obligations	2	-	685,209	-	685,209
Mutual funds	1	-	5,773,314	173,227	5,946,541
Equities	1	-	11,009,203	-	11,009,203
Municipal bond commission	**	-	-	986,679	986,679
Total Investments		<u>\$ 2,831,648</u>	<u>\$ 18,100,388</u>	<u>\$ 1,355,417</u>	<u>\$ 22,287,453</u>

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

*\*\*Municipal Bond Commission:* The City's business-type activities investments include funds held at the WV Municipal Bond Commission (MBC) for the revenue bond issuances. The funds held by the MBC are invested in the WV Government Money Market Pool at the WV Board of Treasury Investments (BTI), through the West Virginia State Treasury. The investment of the WV Government Money Market Pool is carried at amortized cost and measured at amortized cost for financial reporting purposes. Additional information regarding the pool as well as the most recent financial statements can be found at [www.wvbt.org](http://www.wvbt.org).

The West Virginia Legislature created the MBC to act as the fiscal agent/trustee for bond issuances of the State and its political subdivisions. The oversight of the MBC is the State Treasurer's Office, the State Auditor's 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 sinking fund accounts. Standard and Poor's has recognized this annual Legislative appropriation and the MBC's management as a Credit Enhancement Program.

**CITY OF WEIRTON, WEST VIRGINIA**  
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**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

In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures, external investment pools are excluded from the requirements of concentration of credit risk.

*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	\$ 484,000	
Corporate Obligations –			
Johnson & Johnson	2	50,536	Aaa
Colgate – Palmolive	2	101,348	Aa3
Merck & Co.	2	71,611	A1
JP Morgan Chase	2	50,175	A2
Bank of America	2	103,237	A2
Total Corporate Obligations		376,907	
Total Mutual Funds	1	1,794,299	
Total Equities	1	3,779,898	
Total Investments		\$ 6,435,104	

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	\$ 148,662	
Corporate Obligations –			
Colgate – Palmolive	2	100,348	Aa3
Wells Fargo	2	103,476	A2
Bristol – Myers Squibb	2	103,478	A2
Total Corporate Obligations		308,302	
Total Mutual Funds	1	3,979,015	
Total Equities	1	7,229,305	
Total Investments		\$ 11,665,284	

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE VII – 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.

*Corporate Obligations:* Valued at closing price in the active market in which the security is traded.

**NOTE VIII – RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS**

*Governmental Funds*

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

<u>Receivable Type</u>	<u>General Fund</u>	<u>Coal Severance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Taxes	\$ 2,253,369	\$ 20,016	\$ 61,319	\$ 2,334,704
Charges for services	1,733,642	-	-	1,733,642
Fees and other receivables	2,296	-	-	2,296
Intergovernmental	6,634	-	12,176	18,810
Less: Allowance for uncollectible accounts	(1,263,616)	-	-	(1,263,616)
Net accounts receivable	<u>\$ 2,732,325</u>	<u>\$ 20,016</u>	<u>\$ 73,495</u>	<u>\$ 2,825,836</u>
Uncollectible amounts netted with revenues	<u>\$ (173,649)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (173,649)</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

*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:

	Water Board	Sanitary Board	Total
Accounts receivable	\$ 790,307	\$ 637,742	\$ 1,428,049
Less: Allowance for uncollectible accounts	(82,092)	(87,383)	(169,475)
Net accounts receivable	\$ 708,215	\$ 550,359	\$ 1,258,574
Uncollectible amounts netted with revenues	\$ 29,033	\$ 40,278	\$ 69,311

**NOTE IX – MINIMUM LEASE OBLIGATION**

**Governmental Activities**

The City has four outstanding lease agreements which were made for the purchase of police equipment, two street trucks and general equipment. The cost and accumulated depreciation for assets under capital lease were \$517,883 and \$187,173, respectively.

**Business-Type Activities**

The City has two outstanding lease agreements which were made for the purchase of one vacuum truck and one dump truck. The cost and accumulated depreciation for assets under capital lease were \$384,713 and \$86,198, respectively.

The total lease payments less interest costs are as follows:

Year Ending June 30	Governmental Activities	Business-Type Activities
2019	\$ 157,178	\$ 71,402
2020	84,613	71,402
2021	32,473	71,412
2022	-	74,319
2023	-	18,435
Total capital leases payable	274,264	306,970
Less: Interest costs	(8,691)	(19,632)
Present value of future minimum lease payments	265,573	287,338
Less: Current portion	(151,295)	(62,269)
Capital leases, non-current	\$ 114,278	\$ 225,069

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**NOTE X – CAPITAL ASSETS**

*Construction in progress*

Active construction in progress is composed of the following:

	<u>Expended</u>	<u>Remaining Commitment</u>
<i>Governmental Activities</i>		
City Building HVAC	\$ 174,469	\$ -
Development	780,519	-
Total Governmental Activities	<u>\$ 954,988</u>	<u>\$ -</u>
 <i>Business – Type Activities</i>		
Water Board		
Water Read Meters	\$ 2,071,908	\$ 194,597
Board of Park Commissions		
Playground Improvements	3,135	-
Total Business-Type Activities	<u>\$ 2,075,043</u>	<u>\$ 194,597</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:

<i>Governmental activities</i>		<i>Business – type activities</i>	
General Government	\$ 189,942	Water Board	\$ 392,195
Public Safety	433,697	Sanitary Board	501,542
Highways and Streets	441,210	Board of Park Commissions	192,613
Health and Sanitation	86,791		<u>\$ 1,086,350</u>
Culture and Recreation	145,995		
	<u>\$ 1,297,635</u>		

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

A summary of changes in fixed assets for the fiscal year ended June 30, 2019 is as follows:

	Balance 07/01/2018	Additions	Deductions	Balance 06/30/2019	Accumulated Depreciation Prior Years	Depreciation Expense Current Year	Deductions	Net Balance 6/30/2019
<b>Governmental Activities</b>								
<b>Non-Depreciable capital assets</b>								
Land	\$ 913,146	\$ -	\$ -	\$ 913,146	\$ -	\$ -	\$ -	\$ 913,146
Construction in progress	271,481	683,507	-	954,988	-	-	-	954,988
<b>Depreciable capital assets</b>								
Land improvements	1,900,098	-	-	1,900,098	1,881,510	6,271	-	12,317
Infrastructure	17,417,381	1,456,546	-	18,873,927	5,429,922	312,032	-	13,131,973
Buildings and improvements	8,656,918	370,277	-	9,027,195	6,517,414	181,657	-	2,328,124
Vehicle and equipment	15,091,229	870,809	(64,077)	15,897,961	10,904,761	797,675	(64,077)	4,259,602
<b>Total Governmental</b>	<b>\$ 44,250,253</b>	<b>\$ 3,381,139</b>	<b>\$ (64,077)</b>	<b>\$ 47,567,315</b>	<b>\$ 24,733,607</b>	<b>\$ 1,297,635</b>	<b>\$ (64,077)</b>	<b>\$ 21,600,150</b>
<b>Business- Type Activities</b>								
<b>Non-Depreciable capital assets</b>								
Land	\$ 477,945	\$ -	\$ -	\$ 477,945	\$ -	\$ -	\$ -	\$ 477,945
Construction in progress	6,192,770	1,854,587	(5,972,314)	2,075,043	-	-	-	2,075,043
<b>Depreciable capital assets</b>								
Land improvements	194,131	-	-	194,131	170,399	3,370	-	20,362
Infrastructure	46,480,315	5,436,867	-	51,917,182	30,655,158	524,732	-	20,737,292
Buildings and improvements	9,674,227	481,884	(10,733)	10,145,378	5,620,053	257,710	(10,023)	4,277,638
Vehicle and equipment	3,841,157	262,281	(51,079)	4,052,359	2,629,943	177,165	(46,641)	1,291,892
General plant facilities	6,252,289	263,240	-	6,515,529	1,735,948	123,373	-	4,656,208
<b>Total Business-Type</b>	<b>\$ 73,112,834</b>	<b>\$ 8,298,859</b>	<b>\$ (6,034,126)</b>	<b>\$ 75,377,567</b>	<b>\$ 40,811,501</b>	<b>\$ 1,086,350</b>	<b>\$ (56,664)</b>	<b>\$ 33,536,380</b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE XI – LONG TERM DEBT**

*Revenue Bonds*

Revenue bonds outstanding as of June 30, 2019 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, 2019 are as follows:

Year Ending June 30	Water Board		Sanitary Board	
	Principal	Interest	Principal	Interest
2020	\$ 523,596	\$ 241,648	\$ 478,779	\$ 135,388
2021	537,030	228,213	488,425	125,739
2022	550,576	214,666	498,269	115,899
2023	564,486	200,755	508,308	105,858
2024	578,572	186,670	518,552	95,616
2025-2029	2,965,255	705,645	2,431,471	320,274
2030-2034	2,282,445	349,916	1,669,962	124,503
2035-2038	1,343,191	65,755	354,452	4,442
Total	<u>\$ 9,345,152</u>	<u>\$ 2,193,269</u>	<u>\$ 6,948,218</u>	<u>\$ 1,027,719</u>

*Additional Debt Disclosure*

	Amount of Original Issue	Ranges of Final Maturity Date	Ranges of Interest Rates
Water Board	\$ 11,951,208	2028-2038	2% - 3.52% plus .50-1% administration fee
Sanitary Board	<u>10,103,404</u>	2028-2035	2% plus 1% administration fee
Total	<u>\$ 21,983,475</u>		

**Notes Payable – Direct Borrowing**

The City entered into a loan agreement with a local bank to finance improvements to water facilities. A description of this loan activity is as follows:

Business - Type Activities	Maturity Date	Issued	Retired	Balance
United Bank	7/28/2029	450,000	-	450,000

**Interest Rate** – The interest rate of this note is 4.500% annum from now until January 29, 2023. Afterwards, the rate may change on this date (Change Date) for the next 5 years based on Federal Home Loan Bank rate – 5 year amortizing in effect on the Change Date plus 2.500 percentage points. The interest rate will never be greater than 8.00% or less than 3.500%.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*Significant Default and Termination Events with Finance Related Consequences*

The note contains provisions in the agreement with the lender which provide for the security (collateral) for the borrowing as well as default provisions and/or termination events with finance-related consequences for the City. Furthermore, the agreement may have subjective loan acceleration clauses. The following provides a description of the significant conditions present in the agreement.

*Covenants*

- **Notices of Claims and Litigation/Notice of Adverse Events** - City will promptly notify Lender in writing of all threatened and actual litigation, governmental proceeding, default, and every other occurrence that may have a material adverse effect on City's business, financial condition, or the property.
- **Insurance** - City will maintain adequate fire and extended risk insurance coverage, business interruption, workers' compensation, commercial general liability, and other insurance required by law or as may be required by Lender. If the City fails to maintain required insurance, the absence of the required insurance will be an Event of Default.
- **Confirmatory Documents and Actions** - City agrees that on Lender's request, City will do any act or execute any additional documents that are or may be required to make the terms of the Loan conform to the conditions contained in Lender's commitment to City.
- **Payment of taxes** - City will pay all taxes, levies, and assessments required by all local, state, and federal agencies. City's failure to promptly pay any tax, levy, or assessment due will be an Event of Default unless City is diligently disputing the amount and City has established a reserve account for the payment of the taxes if City does not prevail in the dispute.
- **Business Existence and Operations** - City will keep City's existence in its current organizational form in full force and effect unless Lender gives prior written consent to City's proposed change. City will not sell or merge City's business or any part of City's business without the Lender's prior written consent, City will continue its business as currently conducted. City will not change its name, its identification number, or its place of organization without Lender's prior written consent. City will keep its books and records at the address in this Agreement. City will promptly notify Lender in writing of any planned change in City's principal place of business.
- **Environmental Compliance** - City will comply with all laws affecting the environment.
- **Use of Proceeds** - City will use the Loan proceeds in its business.
- **No Encumbrances or Transfer of Assets** - City will not mortgage, assign, hypothecate, or encumber any of the Property except to Lender without Lender's prior written permission. City will not sell, transfer, or assign any of the Property without Lender's prior written permission. City will not merge, consolidate, sell, transfer, license, lease, encumber or otherwise dispose of City's Property or City's business.
- **Other Information** - City will submit Annual Financial Statements within 120 days after the end of each fiscal Year in form acceptable to Lender.



**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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*Default Events*

- **Noncompliance with Lender Agreements** - Default by City under any provision of this Agreement, the Related Documents, or any other agreement with Lender.
- **False Statements** - If a Party made or makes a false or misleading misrepresentation in this Agreement, in the Related Documents, in any supporting material submitted to Lender or to third parties providing reports to Lender, or in Financial Statements given or to be given to Lender
- **Material Adverse Change** - Any material adverse change in the City's business, financial condition, or the Property has occurred or is imminent; if the full performance of the obligations of any Party is materially impaired; or if the Collateral and its value or Lender's rights with respect thereto are materially impaired in any way.
- **Insolvency or Liquidation** - A Party voluntarily suspends transaction of its business or does not generally pay debts as they mature.
- **Default on Unrelated Debt** - If City materially defaults under a provision of an agreement with a third party or if the indebtedness under such an agreement is accelerated.
- **Judgements or Attachments** - If there is entered against the City a judgment that materially affects the City's business, financial condition, or the property, or if a tax lien, levy, writ of attachment, garnishment, execution, or similar item is or will be issued against the Collateral.
- **Collateral Impairment** - Lender has a good-faith belief that Lender's rights in the collateral are or will soon be impaired or that the collateral itself is or soon will be impaired.
- **Termination of Existence or Change of Control** - If the City is sold or merged or if the City's suspends business or ceases to exist.
- **Insecurity** - If Lender has a good-faith belief that City is unable or will soon be unable to perform duties.
- **Default of Insurance and Payment of taxes covenants**, as described above.

*Default Remedies*

- **Acceleration, Set Off** - Upon an Event of Default, the Loan and the Indebtedness may, at Lender's sole option, be declared immediately due and payable. Lender may apply the Parties' bank accounts and any other property held by Lender against the Indebtedness.

The annual debt service requirements to maturity for notes payable as of June 30, 2019 are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 40,976	\$ 21,925
2021	46,668	21,951
2022	48,812	19,807
2023	51,055	17,565
2024	53,400	15,220
2025-2029	209,089	32,467
Total	<u>\$ 450,000</u>	<u>\$ 128,935</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

The following is a summary of changes in long – term debt for the year ended June 30, 2019:

	Payable at June 30, 2018	Additions	Deductions	Payable at June 30, 2019
<b>Governmental Activities</b>				
Capital leases payable	\$ 226,197	\$ 239,642	\$ (200,266)	\$ 265,573
Compensated absences	662,071	-	(10,560)	651,511
Net OPEB liability	1,468,653	-	(280,749)	1,187,904
Net pension liability	38,537,305	7,216,185	(9,248,258)	36,505,232
<b>Total Governmental Activities</b>	<b>\$ 40,894,226</b>	<b>\$ 7,455,827</b>	<b>\$ (9,739,833)</b>	<b>\$ 38,610,220</b>
	Payable at June 30, 2018	Additions	Deductions	Payable at June 30, 2019
<b>Business - Type Activities</b>				
Compensated absences	\$ 150,937	\$ 6,130	\$ -	\$ 157,067
Notes payable				
- Direct borrowing	-	450,000	-	450,000
Capital leases payable	204,043	125,000	(41,705)	287,338
Revenue bonds payable	17,202,543	71,138	(980,311)	16,293,370
Net OPEB liability	1,427,326	27,256	-	1,454,582
Net pension liability	709,653	65,290	(378,587)	396,356
<b>Total Business - Type Activities</b>	<b>\$ 19,543,565</b>	<b>\$ 744,814</b>	<b>\$ (1,400,603)</b>	<b>\$ 19,038,713</b>

**NOTE XII – RISK MANAGEMENT**

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

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

**NOTE XIII – REVENUES AND EXPENDITURES – BENEFITS FUNDED BY THE STATE OF WEST VIRGINIA**

For the year ended June 30, 2019, the State of West Virginia contributed payments on behalf of City employees as follows:

City of Weirton Policemen's Pension and Relief Fund	\$ 390,069
City of Weirton Firemen's Pension and Relief Fund	227,874
<b>Total</b>	<b>\$ 617,943</b>

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

**NOTE XIV – INTERFUND RECEIVABLES AND PAYABLES**

Generally, outstanding balances between funds reported as “due to/from other funds” are related to purposes described in Note 1 as well as for other 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.”

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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	Board of park commissions	Internal service fund	Total due from
<b>Governmental activities</b>							
Major governmental funds							
General fund	\$ -	\$ 258	\$ 372	\$ 450,314	\$ 15,000	\$ 44,582	\$ 510,526
Coal severance	1,138	-	-	-	-	-	1,138
Non-major governmental funds							
Library	5,147	-	-	-	-	-	5,147
CDBG	8,940	-	-	-	-	-	8,940
<b>Business-type activities</b>							
Major enterprise funds							
Water board	125,583	-	-	9,322	-	7,480	142,385
Sanitary board	2,283	-	-	-	-	3,356	5,639
Internal service fund	1,968	-	-	-	-	-	1,968
Total due to	<u>\$ 145,059</u>	<u>\$ 258</u>	<u>\$ 372</u>	<u>\$ 459,636</u>	<u>\$ 15,000</u>	<u>\$ 55,418</u>	<u>\$ 675,743</u>

**NOTE XV – 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*

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 and Firemen's Pension Relief Fund**

Plan Descriptions:

Unless otherwise indicated, The Policemen's Pension and Relief Fund (PPRF) and Firemen's Pension and Relief Fund (FPRF) information in this Note is provided as of the latest actuarial valuation, July 1, 2018 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2019.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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All permanent full-time police department personnel and permanent full-time fire department personnel hired prior to October 1, 2016 are covered by these plans 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. There is 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. There is no service requirement if death 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, 2018, membership of the plan is as follows:

	PPRF	FPRF
Retirees and Beneficiaries	50	21
Inactive, Non retired Members	-	-
Active Members	35	22
Total	85	43

**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, 2019 was \$2,133,389. The total employee contribution was \$186,200.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Eligible firemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible firemen hired between January 1, 2010 and October 1, 2016 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2019 was \$1,264,119. The total employee contribution was \$95,312.

The City does not contribute to the PPRF or the FPRF 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 PPRF and the FPRF to be solvent under this method for the next consecutive fifteen-year period. This solvency plan must be actuarially updated on an annual basis.

**Policemen's Pension and Relief Fund** - The minimum required contribution of the City and State, according to the July 1, 2018 actuarial report, was \$2,726,520. Actual contributions were \$2,726,520 for the year ended June 30, 2019.

**Firemen's Pension and Relief fund** - The minimum required contribution of the City and State, according to the July 1, 2018 actuarial report, was \$559,116. Actual contributions were \$627,874 for the year ended June 30, 2019.

**Net Pension Liability:**

The components of net pension liability are as follows:

	PPRF	FPRF
Total pension liability	\$ 39,154,190	\$ 15,826,193
Less – Plan fiduciary net position	7,152,822	11,742,438
Plan net pension liability	<u>\$ 32,001,368</u>	<u>\$ 4,083,755</u>
 Plan fiduciary net position as a percentage of total pension liability	 18.27%	 74.20%
 Single discount rate	 4.500%	 6.500%

**Single Discount Rate**

**PPRF** - A single discount rate of 4.500% was used to measure the total pension liability as of June 30, 2019. This single discount rate was based on the expected rate of return on pension plan investments of 4.500%, and the municipal bond rate of 3.130%.

**FPRF** - A single discount rate of 6.500% was used to measure the total pension liability as of June 30, 2019. 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 3.130%.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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 the single discount rate, 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:

PPRF		Discount Rate Assumption	
1% Decrease 3.500%		4.500%	1% Increase 5.500%
\$ 38,228,124		\$ 32,001,368	\$ 27,043,870
FPRF		Discount Rate Assumption	
1% Decrease 5.500%		6.500%	1% Increase 7.500%
\$ 6,192,845		\$ 4,083,755	\$ 2,355,888

**Changes in Net Pension Liability:**

At fiscal year-end, the government reported the following net pension liability related to the PPRF and FPRF. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019 using the actuarial assumptions and methods described in the appropriate section of this note.

PPRF	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
<b>Balances at June 30, 2018</b>	\$ 39,864,422	\$ 5,423,825	\$ 34,440,597
Service costs	1,101,726	-	1,101,726
Interest on total pension liability	1,452,498	-	1,452,498
Difference between expected and actual experience	3,174,075	-	(3,174,075)
Changes of assumptions	4,820,731	-	(4,820,731)
Employer contributions	-	2,336,451	(2,336,451)
State contributions	-	390,069	(390,069)
Employee contributions	-	186,200	(186,200)
Net investment income	-	410,827	(410,827)
Benefit payments	1,590,800	(1,590,800)	-
Administrative expense	-	(3,750)	3,750
<b>Balances at June 30, 2019</b>	\$ 39,154,190	\$ 7,152,822	\$ 32,001,368

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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FPRF	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a – b)
<b>Balances at June 30, 2018</b>	\$ 14,392,170	\$ 10,970,366	\$ 3,421,804
Service costs	452,415	-	452,415
Interest on total pension liability	912,022	-	912,022
Difference between expected and actual experience	807,333	-	807,333
Employer contributions	-	400,000	(400,000)
State contributions	-	227,874	(227,874)
Employee contributions	-	95,312	(95,312)
Net investment income	-	791,908	(791,908)
Benefit payments	(737,747)	(737,747)	-
Administrative expense	-	(5,275)	(5,275)
<b>Balances at June 30, 2019</b>	<u>\$ 15,826,193</u>	<u>\$ 11,742,438</u>	<u>\$ 4,083,755</u>

The City recognized government-wide pension expense related to the PPRF of \$2,189,528 and contribution revenue of \$390,069 for support provided to the plan by the State of West Virginia.

The City recognized government-wide pension expense related to the FPRF of \$903,500 and contribution revenue of \$227,874 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 from the following sources:

PPRF	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,362,098	\$ 792,912
Changes in actuarial assumptions	299,525	4,873,002
Net difference between projected and actual earnings on pension plan investments	-	267,032
	<u>\$ 2,661,623</u>	<u>\$ 5,932,946</u>
 FPRF	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Difference between expected and actual experience	\$ 730,433	\$ 363,690
Changes in actuarial assumptions	445,929	340,241
Net difference between projected and actual earnings on pension plan investments	-	174,553
	<u>\$ 1,176,362</u>	<u>\$ 878,484</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30	PPRF	FPRF
2020	\$ (1,757,961)	\$ 296,276
2021	(931,081)	(268,701)
2022	(554,901)	124,105
2023	(27,380)	146,198
Total	\$ <u>(3,271,323)</u>	\$ <u>297,878</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, 2019, 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.

PPFR: According to the most recent actuarial report as of July 1, 2018, the average annual salary for benefits was \$63,707. There were 50 pensioners as of June 30, 2019 receiving an average of \$31,816 in pension benefits with expected cost-of-living increases up to 2.75%.

FPRF: According to the most recent actuarial report as of July 1, 2018, the average annual salary for benefits was \$60,178. There were 21 pensioners as of June 30, 2019 receiving an average of \$35,131 in pension benefits with expected cost-of-living increases up to 2.75%.

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

	<u>PPRF</u>	<u>FPRF</u>
General inflation rate:	2.75%	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.	
Discount rate:		
July 1, 2017	3.7175%	6.5000%
July 1, 2018	4.5000%	6.5000%
Investment rate of return:		
July 1, 2017	4.0000%	6.5000%
July 1, 2018	4.5000%	6.5000%
	<i>Net of pension plan expense, including inflation</i>	



**CITY OF WEIRTON, WEST VIRGINIA**  
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Mortality:	Active: RP-2014 Blue Collar Healthy Employee. (Assumes 10% of deaths are duty related and 90% are non-duty related) 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.	
Year fund is projected to be fully funded:	2050	2043
Changes in assumptions:	The premium tax allocation projection methodology was changed to reallocate the premium tax allocation in future years for plans that are projected to be 100% funded in the projection period	
	The discount rate changed from 4.0% to 4.5%	N/A

**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, 2019 is 7.1%.

The Firemen's Pension and Relief Fund's money weighted rate of return for the twelve month period ending June 30, 2019 is 7.3%.

**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, 2019, the City's investments were rated using Moody's Investor Services, when available.

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

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

**Plan Description, Contribution Information, and Funding Policies:**

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

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

Eligibility to participate	All City of Weirton full-time employees, except those covered by other pension plans.
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Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.
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	Tier I (hired before <u>7/1/2015</u> )	Tier II (hired after <u>7/1/2015</u> )
Plan member's contribution rate	4.50%	6.00%
City of Weirton's contribution rate	10.00%	10.00%

Period required to vest	Five years	Ten years
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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>
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Deferred retirement portion	No
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Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information:

Fiscal Year	Annual Pension Cost	Percentage Contributed
2019	\$ 457,959	100%
2018	\$ 469,548	100%
2017	\$ 515,515	100%

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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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2018 using the actuarial 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, 2019, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2018:

Amount for proportionate share of net pension liability	\$	816,465
Percentage for proportionate share of net pension liability		0.3164%
Increase / (decrease) % from prior proportion measured		0.0136%

For the year ended June 30, 2019, the government recognized the following pension expense:

	Government Activities	Business-Type Activities
Government – wide pension expense	\$ 47,906	\$ 65,290

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	\$ -	\$ 247,215	\$ -	\$ 233,614
Net changes in proportion and differences between employer contributions and proportionate share of contributions	45,809	16,265	57,818	55,660
Differences between expected and actual experience with regard to economic or demographic factors	20,840	1,040	19,693	983
Employer contributions to pension plan subsequent to the measurement date	241,713	-	216,246	-
	<u>\$ 308,362</u>	<u>\$ 264,520</u>	<u>\$ 293,757</u>	<u>\$ 290,257</u>

The amount reported as deferred outflows of resources related to the pension plan resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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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	Business-type activities Pension expense
2020	\$ 37,563	\$ 33,126
2021	(19,056)	(22,315)
2022	(173,650)	(183,927)
2023	(42,728)	(39,630)
Total	\$ (197,871)	\$ (212,746)

Annual money-weighted rate of return:

Money-weighted rate of return, net of investment expenses, for the year ended June 30, 2019, based on the measurement date of June 30, 2018 was 15.82%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 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%

The actuarial assumptions used in the July 1, 2018 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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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 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
Fixed income	15.0%	3.3%	0.50%
Domestic equity	27.5%	4.5%	1.24%
International equity	27.5%	8.6%	0.50%
Real Estate	10.0%	6.0%	0.60%
Private Equity	10.0%	6.4%	0.64%
Hedge Funds	10.0%	4.0%	0.40%
Total	100%		5.75%
Inflation			2.10%
			7.85%

**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 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)	\$ 3,290,635	\$ 816,465	\$ (1,275,473)

**Pension Plan Fiduciary Net Position:**

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

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**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](http://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"> <li>• Attainment of age 50 and the completion of 20 years of contributory service; or</li> <li>• Attainment of age 50 when age plus contributory service equals 70 while still in covered employment; or</li> <li>• Attainment of age 60 and completion of 10 years contributory service while still in covered employment; or</li> <li>• Attainment of age 62 and completion of 5 years of contributory service.</li> </ul> <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

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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
2019	\$ 7,660	100%
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, 2018, and the total pension liability used to calculate the net pension liability was 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.

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, 2019, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2018:

Amount for proportionate share of net pension liability (asset)	\$ (11,675)
Percentage for proportionate share of net pension liability	0.0316%
Increase / (decrease) % from prior proportion measured	0.7294%

For the year ended June 30, 2019, the government recognized the following pension expense:

	Government Activities
Government – wide pension expense	\$ (9,032)

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

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 363
Net changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,510
Changes in actuarial assumptions	-	688
Differences between expected and actual experience with regard to economic or demographic factors	1,383	-
Employer contributions to pension plan subsequent to the measurement date	7,660	-
	<u>\$ 9,043</u>	<u>\$ 7,561</u>

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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, 2020.

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
2020	\$ (1,170)
2021	(1,205)
2022	(1,309)
2023	(1,132)
2024	(967)
Thereafter	(395)
Total	<u>\$ (6,178)</u>

Annual money-weighted rate of return:

Money-weighted rate of return, net of investment expenses, for the year ended June 30, 2019, based on the measurement date of June 30, 2018 was 1.13%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 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%



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The actuarial assumptions used in the July 1, 2017 MPFRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2017.

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	PERS Target Asset Allocation	Long – term Expected Real Rate of Return	Weighted Average Expected Real Rate of Return
Fixed income	15.0%	3.3%	0.50%
Domestic equity	27.5%	4.5%	1.24%
International equity	27.5%	8.6%	0.50%
Real Estate	10.0%	6.0%	0.60%
Private Equity	10.0%	6.4%	0.64%
Hedge Funds	10.0%	4.0%	0.40%
Total	100%		5.75%
Inflation			2.10%
			7.85%

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 Rate 7.50%	1% Increase 8.50%
City's proportionate share of MPFRS's net pension liability (asset)	\$ (7,950)	\$ (11,675)	\$ (14,444)

Pension plan fiduciary net position:

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

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**NOTE XVI – 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 RHBT audited financial statements and actuarial reports can be found on the WV PEIA website at [www.peia.wv.gov](http://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 were as follows:

Governmental activities	
General	\$ 106,803
Total	<u>\$ 106,803</u>
Business-type activities	
Water Board	\$ 80,162
Sanitary Board	49,972
Total	<u>\$ 130,134</u>

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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 \$2,642,486 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, 2017, rolled forward to June 30, 2018, 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	\$ 2,642,486
Percentage for proportionate share of net OPEB liability	0.12317%
Increase/(decrease) % from prior proportion measured	(4.582338)%

For the year ended June 30, 2019, the City recognized the following OPEB expense:

	Government activities	Business-type activities
Government – wide pension expense	\$ (53,456)	\$ 89,772

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	\$ -	\$ 17,571	\$ -	\$ 21,515
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	354,607	193,088	157,498
Difference between expected and actual experience	-	21,988	-	26,923
Changes in assumptions	-	118,610	-	145,235
Employer contributions subsequent to the measurement date	106,803	-	130,134	-
	<u>\$ 106,803</u>	<u>\$ 512,776</u>	<u>\$ 323,222</u>	<u>\$ 351,171</u>

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, 2020.

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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
2020	\$ (162,298)	\$ (51,427)
2021	(162,298)	(51,427)
2022	(134,529)	(36,071)
2023	(49,253)	(13,874)
2024	(4,398)	(5,284)
Total	\$ (512,776)	\$ (158,083)

Actuarial assumptions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Public Employees Insurance Agency (WV PEIA)**

Actuarial assumptions:

Actuarial cost method	Entry Age Normal.
Amortization method	Level percentage of payroll, closed.
Remaining amortization period	20 years closed as of June 30, 2017.
Asset valuation method	Market value
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation.
Inflation rate	2.75%
Wage inflation	4.00%
Salary increases	Dependent upon pension system, ranging from 3.0% to 6.5%, including inflation.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.
Mortality	Post-Retirement: 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.
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims beginning in 2022 to account for the excise tax.
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

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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	\$ 3,105,716	\$ 2,642,486	\$ 2,256,334

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	Health Care Cost Trend Rates	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,186,515	\$ 2,642,486	\$ 3,198,071

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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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](http://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.

**NOTE XVII – 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	\$ 71,114
Business and occupational taxes	4,959
Total	<u>\$ 76,073</u>

**NOTE XVIII – CONTINGENCIES**

Litigation:

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.

Federal and State Grants:

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by the granting authorities for the purpose of ensuring compliance with the conditions of the awards. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**NOTE XIX – 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, 2019, the City's accounts receivable on the statement of net position pertaining to these goods and services were \$1,857,866.

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE XX – 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 XV 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 XXI – PRIOR PERIOD RESTATEMENT**

The following restatement was performed to the net positions and fund balance at the beginning of the year due to the reconciliation of investments within a non-major government fund and an enterprise fund.

The following beginning balances required restatement:

	Statement of Activities		Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Net Position
	Governmental Activities	Business-type Activities /	Non-major governmental fund	Enterprise Fund Board of Park Commissioners
Net position / fund balance, as previously stated	\$ (13,316,787)	\$ 17,788,436	\$ 3,042,947	\$ 1,660,444
Investments removed	(575,730)	-	(575,730)	-
Investments added	-	163,423	-	163,423
Net position / fund balance, as restated	<u>\$ (13,892,517)</u>	<u>\$ 17,951,859</u>	<u>\$ 2,467,217</u>	<u>\$ 1,823,867</u>

**NOTE XXII – SUBSEQUENT EVENTS**

The City's management has evaluated the effect that subsequent events would have on the City's financial statements through March 23, 2020, which is the date the financial statements were available to be released.

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## **Required Supplementary Information**



**CITY OF WEIRTON, WEST VIRGINIA**  
**DEFINED BENEFIT PENSION TRUSTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2019**

**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	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 1,101,726	\$ 1,269,051	\$ 1,375,945	\$ 855,645	\$ 774,528	\$ 692,087
Interest on the total pension liability	1,452,498	1,422,562	1,285,632	1,411,041	1,423,372	1,409,584
Difference between expected and actual experience	3,147,075	(484,433)	(1,925,042)	52,844	678,004	-
Assumption changes	(4,820,731)	(405,564)	(3,768,469)	8,829,277	1,564,166	1,226,117
Benefit payments	(1,590,800)	(1,495,095)	(1,519,854)	(1,526,035)	(1,453,587)	(1,368,711)
Net change in total pension liability	(710,232)	306,521	(4,551,788)	9,622,772	2,986,483	1,959,077
Total Pension Liability- beginning	39,864,422	39,557,901	44,109,689	34,486,917	31,500,434	29,541,357
Total Pension Liability- ending (a)	<u>\$ 39,154,190</u>	<u>\$ 39,864,422</u>	<u>\$ 39,557,901</u>	<u>\$ 44,109,689</u>	<u>\$ 34,486,917</u>	<u>\$ 31,500,434</u>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 2,726,520	\$ 1,294,687	\$ 1,955,294	\$ 972,529	\$ 841,146	\$ 876,690
Employee contributions	186,200	194,206	175,462	163,095	166,071	158,156
Pension plan net investment income	410,827	361,868	433,149	(46,782)	192,027	641,466
Benefit payments	(1,590,800)	(1,495,095)	(1,519,854)	(1,523,831)	(1,456,339)	(1,368,711)
Pension plan administrative expense	(3,750)	(1,990)	(2,074)	(2,646)	(3,140)	(2,764)
Other	-	-	-	-	204,304	-
Net change in plan fiduciary net position	1,728,997	353,676	1,041,977	(437,635)	(55,931)	304,837
Plan fiduciary net position- beginning	5,423,825	5,070,149	4,028,172	4,465,807	4,521,738	4,216,901
Plan fiduciary net position- ending (b)	<u>\$ 7,152,822</u>	<u>\$ 5,423,825</u>	<u>\$ 5,070,149</u>	<u>\$ 4,028,172</u>	<u>\$ 4,465,807</u>	<u>\$ 4,521,738</u>
Net pension liability (a) - (b)	<u>\$ 32,001,368</u>	<u>\$ 34,440,597</u>	<u>\$ 34,487,752</u>	<u>\$ 40,081,517</u>	<u>\$ 30,021,110</u>	<u>\$ 26,978,696</u>
Plan fiduciary net position as a percentage of total pension liability	18.27%	13.61%	12.82%	9.13%	12.95%	14.35%
Covered employee payroll	2,133,389	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	1500.02%	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
2019	\$ 39,154,190	\$ 7,152,822	\$ 32,001,368	18.27%	\$ 2,133,389	1500.02%
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	1663.12%

**CITY OF WEIRTON, WEST VIRGINIA  
DEFINED BENEFIT PENSION TRUSTS  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**Employer Defined Benefit Plans  
Policemen's Pension and Relief Fund**

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 2,726,520	\$ 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	(2,336,451)	(895,000)	(1,574,527)	(626,941)	(501,814)	(514,687)	(546,064)			
State contributions in relation to the actuarially determined contribution	<u>(390,069)</u>	<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>-</u>	\$ <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>
Government's covered-employee payroll	\$ 2,133,389	\$ 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	109.52%	46.92%	90.48%	37.79%	30.03%	31.73%	34.27%			
City and state contributions as a percentage of covered-employee payroll	127.80%	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, 2019**

**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	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 452,415	\$ 371,654	\$ 414,783	\$ 305,455	\$ 262,275	\$ 275,216
Interest on the total pension liability	912,022	888,071	836,975	856,444	797,673	780,380
Difference between expected and actual experience	807,333	(2,930)	(910,435)	390,283	(58,032)	-
Assumption changes	-	-	(852,836)	2,057,993	-	-
Benefit payments	(737,747.00)	(679,743.00)	(649,622.00)	(651,642.00)	(612,845.00)	(600,032.00)
Net change in total pension liability	1,434,023	577,052	(1,161,135)	2,958,533	389,071	455,564
Total Pension Liability- beginning	14,392,170	13,815,118	14,976,253	12,017,720	11,628,649	11,173,085
Total Pension Liability- ending (a)	<u>\$ 15,826,193</u>	<u>\$ 14,392,170</u>	<u>\$ 13,815,118</u>	<u>\$ 14,976,253</u>	<u>\$ 12,017,720</u>	<u>\$ 11,628,649</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 627,874	\$ 643,214	\$ 681,189	\$ 455,266	\$ 431,213	\$ 563,823
Employee contributions	95,312	97,251	85,170	82,461	84,967	80,120
Pension plan net investment income	791,908	771,192	1,015,378	(57,862)	347,248	1,162,109
Benefit payments	(737,747)	(679,743)	(649,622)	(643,235)	(615,116)	(600,032)
Pension plan administrative expense	(5,275)	(2,458)	(5,546)	(5,453)	(2,396)	(8,950)
Other	-	-	-	-	264,114	-
Net change in plan fiduciary net position	772,072	829,456	1,126,569	(168,823)	510,030	1,197,070
Plan fiduciary net position- beginning	10,970,366	10,140,910	9,014,341	9,183,164	8,673,134	7,476,064
Plan fiduciary net position- ending (b)	<u>\$ 11,742,438</u>	<u>\$ 10,970,366</u>	<u>\$ 10,140,910</u>	<u>\$ 9,014,341</u>	<u>\$ 9,183,164</u>	<u>\$ 8,673,134</u>
Net pension liability (a) - (b)	<u>\$ 4,083,755</u>	<u>\$ 3,421,804</u>	<u>\$ 3,674,208</u>	<u>\$ 5,961,912</u>	<u>\$ 2,834,556</u>	<u>\$ 2,955,515</u>
Plan fiduciary net position as a percentage of total pension liability	74.20%	76.22%	73.40%	60.19%	76.41%	74.58%
Covered employee payroll	1,264,119	1,039,842	1,026,836	1,115,043	958,555	983,476
Net pension liability as a percentage of covered employee payroll	323.05%	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
2019	\$ 15,826,193	\$ 11,742,438	\$ 4,083,755	74.20%	\$ 1,264,119	323.05%
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, 2019**

**Employer Defined Benefit Plans  
Firemen's Pension and Relief Fund**

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 559,116	\$ 503,189	\$ 530,081	\$ 613,070	\$ 354,731	\$ 396,427	\$ 518,823	\$	\$	\$
City contributions in relation to the actuarially determined contribution	(400,000)	(425,000)	(467,280)	(247,273)	(231,096)	(215,978)	(201,850)			
State contributions in relation to the actuarially determined contribution	<u>(227,874)</u>	<u>(218,214)</u>	<u>(213,909)</u>	<u>(207,993)</u>	<u>(200,118)</u>	<u>(347,845)</u>	<u>(206,660)</u>			
Contribution deficiency (excess)	\$ <u>(68,758)</u>	\$ <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>
Government's covered-employee payroll	\$ 1,264,119	\$ 1,039,842	\$ 1,026,836	\$ 1,115,043	\$ 958,555	\$ 983,476	\$ 918,877	\$	\$	\$
Employer contributions as a percentage of covered-employee payroll	31.64%	40.87%	45.51%	22.18%	24.11%	21.96%	21.97%			
City and state contributions as a percentage of covered-employee payroll	49.67%	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, 2019**

**Employer Defined Benefit Plans**

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Policemen's Pension and Relief Fund	7.10%	7.10%	10.80%	(1.20)%	4.10%	15.80%				
Firemen's Pension and Relief Fund	7.30%	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**  
**COST SHARING MULTI - EMPLOYER PLANS - PENSIONS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2019**

**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 \***

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Government's proportion of the net pension liability (asset) (percentage)	0.3164%	0.3208%	0.2954%	0.3116%	0.3100%	0.2903%				
Government's proportionate share of the net pension liability (asset)	\$ 816,465	\$ 1,384,557	\$ 2,715,379	\$ 1,740,061	\$ 1,144,273	\$ 2,646,569	\$	\$	\$	\$
Government's covered-employee payroll	\$ 4,268,618	\$ 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	19.13%	32.23%	66.47%	40.60%	27.56%	68.11%				
Plan fiduciary net position as a percentage of the total pension liability	96.33%	93.67%	86.11%	91.29%	98.98%	79.70%				

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution.	\$ 457,959	\$ 469,548	\$ 515,515	\$ 551,514	\$ 599,952	\$ 602,018	\$ 543,987	\$ 576,628	\$ 478,704	\$ 407,381
Contributions in relation to the contractually required contribution	<u>(457,959)</u>	<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>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Government's covered-employee payroll	\$ 4,579,590	\$ 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
Contributions as a percentage of covered-employee payroll	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%

\* - 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, 2019**

**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 \***

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Government's proportion of the net pension liability (asset) (percentage)	(0.315723%)	(0.018256%)								
Government's proportionate share of the net pension liability (asset)	\$ (11,675)	\$ (513)	\$	\$	\$	\$	\$	\$	\$	\$
Government's covered-employee payroll	\$ 39,729	\$ 2,482	\$	\$	\$	\$	\$	\$	\$	\$
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(29.39%)	(20.67%)								
Plan fiduciary net position as a percentage of the total pension liability (asset)	(184.45%)	(203.46%)								

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution.	\$ 7,660	\$ 3,377	\$ 211	\$	\$	\$	\$	\$	\$	\$
Contributions in relation to the contractually required contribution	(7,660)	(3,377)	(211)							
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$	\$	\$	\$	\$	\$	\$
Government's covered-employee payroll	\$ 90,118	\$ 39,729	\$ 2,482	\$	\$	\$	\$	\$	\$	\$
Contributions as a percentage of covered-employee payroll	8.50%	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, 2019**

**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><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
City's proportion of the net OPEB liability (asset) (percentage)	0.107460%	0.117770%	0.147370%
City's proportionate share of the net OPEB liability (asset)	\$ 2,642,486	\$ 2,895,979	\$ 3,659,668
City's covered-employee payroll	\$ N/A**	\$ 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**	N/A**
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	25.10%	21.64%

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

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Contractually required contribution	\$ 236,937	\$ 251,690	\$ 241,900
Contributions in relation to the contractually required contribution	<u>(236,937)</u>	<u>(251,690)</u>	<u>(241,900)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ N/A**	\$ N/A**	\$ N/A**
Contributions as a percentage of covered-employee payroll	N/A**	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, 2019**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>						
Taxes:						
Property taxes	\$ 2,768,333	\$ 2,852,597	\$ 2,921,691	\$ (33,390)	\$ 2,888,301	\$ (69,094)
B&O	4,000,000	4,080,000	4,100,182	74,020	4,174,202	(20,182)
Sales taxes	2,580,000	2,770,000	2,769,974	57,226	2,827,200	26
Excise tax on utilities	1,200,000	1,200,000	1,212,852	7,869	1,220,721	(12,852)
Other taxes	<u>597,000</u>	<u>622,300</u>	<u>657,561</u>	<u>30,281</u>	<u>687,842</u>	<u>(35,261)</u>
Total taxes:	11,145,333	11,524,897	11,662,260	136,006	11,798,266	(137,363)
Fines and forfeitures	127,500	127,500	114,783	(5,813)	108,970	12,717
Licenses, permits, and fees	230,000	230,000	248,808	-	248,808	(18,808)
Intergovernmental	1,071,558	428,700	337,353	644,764	982,117	91,347
Charges for services	4,367,347	4,703,347	4,537,112	144,981	4,682,093	166,235
Video lottery and table gaming proceeds	350,000	409,000	456,544	5,812	462,356	(47,544)
Charges to other funds	78,806	78,806	72,864	(72,864)	-	5,942
Investment income	7,500	7,500	81,031	-	81,031	(73,531)
Reimbursements	50,000	50,000	26,958	(26,958)	-	23,042
Other	<u>30,500</u>	<u>30,500</u>	<u>88,503</u>	<u>(55)</u>	<u>88,448</u>	<u>(58,003)</u>
Total revenues before prior year fund balance	17,458,544	17,590,250	17,626,216	825,873	18,452,089	(35,966)
Prior year fund balance (1)	<u>1,500,000</u>	<u>2,877,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,877,000</u>
Total revenues and prior year fund balance	<u>18,958,544</u>	<u>20,467,250</u>	<u>17,626,216</u>	<u>825,873</u>	<u>18,452,089</u>	<u>2,841,034</u>
<b>Expenditures</b>						
Current:						
General government	4,931,731	4,602,949	4,691,400	(829,156)	3,862,244	(88,451)
Public safety	7,225,256	8,318,245	8,083,259	726,786	8,810,045	234,986
Highway and streets	4,281,810	4,659,079	4,051,310	134,522	4,185,832	607,769
Health and sanitation	1,286,610	1,651,340	1,360,450	(50,062)	1,310,388	290,890
Culture and recreation	1,218,137	1,220,637	263,012	23,979	286,991	957,625
Social services	15,000	15,000	16,888	(15,000)	1,888	(1,888)
Debt Service:						
Principal	-	-	-	200,266	200,266	-
Interest and other charges	-	-	-	<u>8,049</u>	<u>8,049</u>	-
Total expenditures	<u>18,958,544</u>	<u>20,467,250</u>	<u>18,466,319</u>	<u>199,384</u>	<u>18,665,703</u>	<u>2,000,931</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(840,103)</u>	<u>626,489</u>	<u>(213,614)</u>	<u>840,103</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	-	-	-	239,642	239,642	-
Transfers in	-	-	-	361,790	361,790	-
Transfers out	-	-	-	<u>(985,637)</u>	<u>(985,637)</u>	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(384,205)</u>	<u>(384,205)</u>	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(840,103)	242,284	(597,819)	
Fund balances - beginning	<u>1,500,000</u>	<u>2,877,000</u>	<u>5,941,312</u>	<u>-</u>	<u>5,941,312</u>	
Less prior year fund balance budgeted	<u>(1,500,000)</u>	<u>(2,877,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,101,209</u>	<u>\$ 242,284</u>	<u>\$ 5,343,493</u>	

(1) Budget includes fund balance carried over from prior years. It is not revenue of the current period but is presented as revenue only for 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, 2019**

	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)
<b>Revenues</b>						
Other taxes	\$ 45,000	\$ 57,500	\$ 57,399	\$ 3,811	\$ 61,210	\$ (101)
Investment income	70	70	488	-	488	418
Total revenues before prior year fund balance	45,070	57,570	57,887	3,811	61,698	(317)
Prior year fund balance (1)	35,000	85,000	-	-	-	85,000
Total revenues and prior year fund balance	80,070	142,570	57,887	3,811	61,698	84,683
<b>Expenditures</b>						
General government	50,070	50,070	11,439	-	11,439	38,631
Culture and recreation	10,000	22,500	9,492	-	9,492	13,008
Social services	20,000	20,000	-	-	-	20,000
Capital projects	-	50,000	100,000	-	100,000	(50,000)
Total expenditures	80,070	142,570	120,931	-	120,931	21,639
Excess (deficiency) of revenues over expenditures	-	-	(63,044)	3,811	(59,233)	63,044
<b>Other Financing Sources (Uses)</b>						
Transfers to other funds	-	-	(7,000)	-	(7,000)	7,000
Net other financing sources (uses)	-	-	(7,000)	-	(7,000)	7,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(70,044)	3,811	(66,233)	70,044
Fund balance, beginning	35,000	85,000	93,332	-	93,332	
Less prior year fund balance budgeted	(35,000)	(85,000)	-	-	-	
Fund balance, ending	\$ -	\$ -	\$ 23,288	\$ 3,811	\$ 27,099	

(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, 2019**

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 307	\$ 2,688,031	\$ 81,152	\$ 334,899	\$ 8,240	\$ 3,112,629
Receivables, net						
Taxes	-	8,198	-	53,121	-	61,319
Intergovernmental	-	-	-	-	12,176	12,176
Due from other funds	-	258	372	-	-	630
Prepaid expenses	-	-	-	3,320	-	3,320
Restricted cash and cash equivalents	-	-	12,089	-	-	12,089
Total assets	<u>\$ 307</u>	<u>\$ 2,696,487</u>	<u>\$ 93,613</u>	<u>\$ 391,340</u>	<u>\$ 20,416</u>	<u>\$ 3,202,163</u>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts payable	\$ -	\$ 102,162	\$ 82	\$ 7,340	\$ 10,197	\$ 119,781
Wages and benefits payable	-	-	-	12,086	-	12,086
Compensated absences	-	-	-	8,435	-	8,435
Due to other funds	-	-	-	5,147	8,940	14,087
Security deposit	-	-	25,000	-	-	25,000
Unearned revenue	-	-	121,389	68,538	-	189,927
Grant advances	-	-	-	-	1,279	1,279
Total liabilities	<u>-</u>	<u>102,162</u>	<u>146,471</u>	<u>101,546</u>	<u>20,416</u>	<u>370,595</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue-taxes	-	8,198	-	-	-	8,198
<b>Fund Balances</b>						
Non-spendable for:						
Prepaid expenses	-	-	-	3,320	-	3,320
Restricted for:						
Capital projects	-	2,586,127	-	-	-	2,586,127
Assigned for:						
General expenditures	307	-	(52,858)	286,474	-	233,923
Total fund balances	<u>307</u>	<u>2,586,127</u>	<u>(52,858)</u>	<u>289,794</u>	<u>-</u>	<u>2,823,370</u>
Total liabilities and fund balances	<u>\$ 307</u>	<u>\$ 2,696,487</u>	<u>\$ 93,613</u>	<u>\$ 391,340</u>	<u>\$ 20,416</u>	<u>\$ 3,202,163</u>

**CITY OF WEIRTON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	Youth Job Program	TIF	Public Safety	Library	CDBG	Total
<b>Revenues</b>						
Property taxes	\$ -	\$ 415,058	\$ -	\$ 198,006	\$ -	\$ 613,064
Fees and fines	-	-	10,000	12,499	-	22,499
Intergovernmental	-	396,661	-	-	302,269	698,930
Investment income	2	11,603	452	2,284	-	14,341
Contributions	-	-	15,950	182,075	-	198,025
Other	-	-	-	2,164	-	2,164
Total revenues	<u>2</u>	<u>823,322</u>	<u>26,402</u>	<u>397,028</u>	<u>302,269</u>	<u>1,549,023</u>
<b>Expenditures</b>						
Current:						
General government	-	509,038	8,469	-	63,781	581,288
Public safety	-	-	29,741	-	19,173	48,914
Highway and streets	-	-	-	-	151,486	151,486
Culture and recreation	-	-	-	734,990	-	734,990
Social services	-	-	-	-	67,829	67,829
Total expenditures	<u>-</u>	<u>509,038</u>	<u>38,210</u>	<u>734,990</u>	<u>302,269</u>	<u>1,584,507</u>
Excess (deficiency) of revenues over expenditures	<u>2</u>	<u>314,284</u>	<u>(11,808)</u>	<u>(337,962)</u>	<u>-</u>	<u>(35,484)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,637</u>	<u>-</u>	<u>391,637</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,637</u>	<u>-</u>	<u>391,637</u>
Net changes in fund balances	<u>2</u>	<u>314,284</u>	<u>(11,808)</u>	<u>53,675</u>	<u>-</u>	<u>356,153</u>
Fund balances - beginning, as restated	<u>305</u>	<u>2,271,843</u>	<u>(41,050)</u>	<u>236,119</u>	<u>-</u>	<u>2,467,217</u>
Fund balances, ending	<u>\$ 307</u>	<u>\$ 2,586,127</u>	<u>\$ (52,858)</u>	<u>\$ 289,794</u>	<u>\$ -</u>	<u>\$ 2,823,370</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2019**

	Pension Trust Funds		
	Policemen's Funds	Firemen's Pension	Total Pension Trust Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 693,441	\$ 149,331	\$ 842,772
Due from other funds	42,627	-	42,627
Investments, at fair value:			
Money markets	484,000	148,662	632,662
Corporate obligations	376,907	308,302	685,209
Mutual funds	1,794,299	3,979,015	5,773,314
Common stock	3,779,898	7,229,305	11,009,203
Total investments	6,435,104	11,665,284	18,100,388
Total assets	7,171,172	11,814,615	18,985,787
<b>Liabilities</b>			
Payroll withholdings	18,350	9,266	27,616
Due to other funds	-	62,911	62,911
Total liabilities	18,350	72,177	90,527
<b>Net Position</b>			
Net position held in trust for pension benefits	\$ 7,152,822	\$ 11,742,438	\$ 18,895,260

**CITY OF WEIRTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2019**

	Policemen's Pension	Firemen's Pension	Total Pension Trust
<b>Additions</b>			
Contributions			
Employer	\$ 2,336,451	\$ 400,000	\$ 2,736,451
Plan members	186,200	95,312	281,512
Insurance premium tax allocation	390,069	227,874	617,943
	<u>2,912,720</u>	<u>723,186</u>	<u>3,635,906</u>
Total contributions			
	<u>2,912,720</u>	<u>723,186</u>	<u>3,635,906</u>
Investment income:			
Interest and dividends	128,354	247,860	376,214
Net realized and unrealized gains (losses)	304,341	579,310	883,651
Less: investment expense	(21,868)	(35,262)	(57,130)
	<u>410,827</u>	<u>791,908</u>	<u>1,202,735</u>
Net investment income			
	<u>410,827</u>	<u>791,908</u>	<u>1,202,735</u>
Total additions	<u>3,323,547</u>	<u>1,515,094</u>	<u>4,838,641</u>
<b>Deductions</b>			
Benefits	1,590,800	737,747	2,328,547
Administrative	3,750	5,275	9,025
	<u>1,594,550</u>	<u>743,022</u>	<u>2,337,572</u>
Total deductions			
	<u>1,594,550</u>	<u>743,022</u>	<u>2,337,572</u>
Change in net position	1,728,997	772,072	2,501,069
Net position held in trust for pension benefits			
Beginning of year	5,423,825	10,970,366	16,394,191
End of year	<u>\$ 7,152,822</u>	<u>\$ 11,742,438</u>	<u>\$ 18,895,260</u>

**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

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<u>State Grantor/Program Title</u>	<u>Identification Number</u>	<u>State Expenditures</u>
<b>West Virginia Development Office</b>		
Fall Festival	FF19-798	\$ 11,881
Total West Virginia Development Office		<u>11,881</u>
<b>West Virginia Department of Transportation</b>		
Industrial Access Road	U305-13-1.10	396,661
Total West Virginia Department of Transportation		<u>396,661</u>
<b>West Virginia Department of Health and Human Services</b>		
Capitalization Grants for Drinking		
Water State Revolving Loan Funds	16DWTRFA009	64,565
Total West Virginia Department of Health and Human Services		<u>64,565</u>
<b>Total Expenditures of State Awards</b>		<u><u>\$ 473,107</u></u>



**CITY OF WEIRTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>Department of Housing and Urban Development</b>				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant	14.218	N/A	\$ -	\$ 343,966
Total Department of Housing Urban Development			-	343,966
<b>Department of Justice</b>				
<u>West Virginia Division of Justice and Community Services</u>				
Byrne Formula Grant	16.579	19-JAG	-	38,700
Edward Byrne Memorial Justice Assistance Grant	16.738	19-JAG	-	3,980
Total Department of Justice			-	42,680
<b>Department of Transportation</b>				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	N/A	282,792	282,792
Total Department of Transportation			282,792	282,792
<b>Environmental Protection Agency</b>				
<u>West Virginia Department of Health and Human Resources</u>				
Capitalization Grants for Drinking				
Water State Revolving Funds	66.468	16DWTRFA009	-	213,826
Total Environmental Protection Agency			-	213,826
<b>Executive Office of the President</b>				
<u>Laurel County Fiscal Court</u>				
High Intensity Drug Trafficking Areas Program	95.001	N/A	-	26,821
Total Executive Office of the President			-	26,821
<b>Total Expenditures of Federal Awards</b>			<b>\$ 282,792</b>	<b>\$ 910,085</b>

**CITY OF WEIRTON, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Weirton, West Virginia under programs of the federal government for the year ended June 30, 2019. 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 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

616 Schubert Place | 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, 2019, 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 23, 2020.

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

### **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

616 Schubert Place | 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 23, 2020**

# Ferrari & Associates, PLLC

616 Schubert Place | 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, 2019. 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, 2019.

# Ferrari & Associates, PLLC

616 Schubert Place | 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 23, 2020**

**CITY OF WEIRTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2019**

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

*Financial Statements*

Type of auditor’s report issued: Unmodified Opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? No

**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 audit findings in the prior year.