

City of Weirton, West Virginia

Financial Statements and Independent Auditor's Report

For the Fiscal Year Ended June 30, 2020

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 2020**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
TIF

NONMAJOR FUNDS

Youth Job Program
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
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2020**

| | |
|---|----|
| Introductory Section | |
| City Officials | 1 |
| Financial Section | |
| Independent Auditor's Report..... | 2 |
| Basic Financial Statements: | |
| <i>Government-wide Financial Statements:</i> | |
| Statement of Net Position..... | 5 |
| Statement of Activities..... | 7 |
| <i>Fund Financial Statements:</i> | |
| Balance Sheet – Governmental Funds..... | 8 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position..... | 9 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 10 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 11 |
| Statement of Net Position – Proprietary Funds | 12 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 14 |
| Statement of Cash Flows – Proprietary Funds..... | 15 |
| Statement of Fiduciary Net Position – Fiduciary Funds..... | 17 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... | 18 |
| Notes to the Financial Statements..... | 19 |
| Required Supplementary Information | |
| Defined Benefit Pension Trusts..... | 60 |
| Cost Sharing Multi – Employer Plans - Pensions | 65 |
| Cost Sharing Multi – Employer Plan – OPEB..... | 67 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund | 68 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Coal Severance Tax Fund | 69 |
| Supplementary Information | |
| Combining and Individual Fund Statements and Schedules | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 70 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds..... | 71 |
| Combining Statement of Fiduciary Net Position – Fiduciary Funds..... | 72 |
| Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... | 73 |
| Schedule of Expenditures of State Awards | 74 |
| Schedule of Expenditures of Federal Awards | 75 |
| Notes to the Schedule of Expenditures of Federal Awards | 76 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 77 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 79 |
| Schedule of Findings and Questioned Costs | 81 |

Introductory Section

**CITY OF WEIRTON, WEST VIRGINIA
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2020**

| OFFICE | NAME | TERM ENDS |
|------------------------------------|---------------------------|-------------------|
| <u>Elected</u> | | |
| Mayor: | Harold Miller | December 31, 2024 |
| Council Members: | | |
| Ward 1: | Tim Connell | December 31, 2024 |
| Ward 2: | Michael Adams | December 31, 2024 |
| Ward 3: | Fred Marsh | December 31, 2024 |
| Ward 4: | George Ash, Sr. | December 31, 2024 |
| Ward 5: | Flora Perrone | December 31, 2024 |
| Ward 6: | Enzo Fracasso | December 31, 2024 |
| Ward 7: | Terry Weigel | December 31, 2024 |
| <u>Appointed</u> | | |
| City Manager: | Joe DiBartolomeo | |
| Chief Code Official: | Matt Burskey | |
| City Attorney: | Vincent Gurrera | |
| City Clerk: | Kimberly Long | |
| City Judge: | Dean Makricostas | |
| Finance Director: | Diana Smoljanovich | |
| Fire Chief: | Kevin Himmelrick (Acting) | |
| Library Director: | Richard Rekowski | |
| Planning and Development Director: | Jessica Gumm | |
| 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, 2020 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 opinions 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, 2020, 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.

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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 the Governmental Accounting Standards Board (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. Such information, although not a part of the basic financial statements, is required by the 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. We have 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 express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any 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 are presented for purposes of 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 12, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Ferrari & Associates, PLLC

**Morgantown, West Virginia
March 12, 2021**

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2020

| | Primary Government | | Total |
|---|---------------------------------|---------------------------------|---------------------------------|
| | Governmental Activities | Business-type Activities | |
| Assets | | | |
| Cash and cash equivalents | \$ 4,498,395 | \$ 887,345 | \$ 5,385,740 |
| Investments | 1,876,732 | 195,027 | 2,071,759 |
| Receivables, net: | | | |
| Taxes | 2,030,512 | - | 2,030,512 |
| Charges for services | 519,127 | 1,173,282 | 1,692,409 |
| Intergovernmental | 2,416,411 | - | 2,416,411 |
| Other fees and proceeds | 604 | - | 604 |
| Internal balances | (447,216) | 447,216 | - |
| Due from fiduciary funds | 63,888 | - | 63,888 |
| Inventories | - | 110,530 | 110,530 |
| Other assets | 33,783 | - | 33,783 |
| Net pension asset | 24,557 | - | 24,557 |
| Restricted assets: | | | |
| Cash and cash equivalents | 62 | 1,833,988 | 1,834,050 |
| Capital assets: | | | |
| Land and construction in progress | 1,940,591 | 1,036,324 | 2,976,915 |
| Other capital assets, net of depreciation | 20,912,689 | 31,831,623 | 52,744,312 |
| Total assets | <u>33,870,135</u> | <u>37,515,335</u> | <u>71,385,470</u> |
| Deferred Outflows | | | |
| OPEB items | 133,620 | 340,992 | 474,612 |
| Pension items | 2,494,290 | 265,376 | 2,759,666 |
| Total deferred outflows of resources | <u>2,627,910</u> | <u>606,368</u> | <u>3,234,278</u> |
| Total assets and deferred outflows | <u>\$ 36,498,045</u> | <u>\$ 38,121,703</u> | <u>\$ 74,619,748</u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2020

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | |
| Liabilities | | | |
| Accounts payable | \$ 503,630 | \$ 517,775 | \$ 1,021,405 |
| Wages and benefits payable | 498,199 | 126,836 | 625,035 |
| Notes payable, current | 64,563 | 46,668 | 111,231 |
| Capital lease obligations payable, current | 271,103 | 64,423 | 335,526 |
| Compensated absences | 964,013 | 163,494 | 1,127,507 |
| Unearned revenues | 189,925 | - | 189,925 |
| Security deposit | 25,000 | - | 25,000 |
| Grant advances | 1,268 | - | 1,268 |
| Due to fiduciary funds | 42,757 | - | 42,757 |
| Liabilities payable from restricted assets: | | | |
| Bonds payable, current | - | 1,025,455 | 1,025,455 |
| Accrued interest payable | - | 59,470 | 59,470 |
| Notes payable, non-current | - | 462,657 | 462,657 |
| Capital lease obligations payable, non-current | 369,431 | 158,997 | 528,428 |
| Bonds payable, non-current | - | 14,265,529 | 14,265,529 |
| Bond anticipation notes payable, non-current | - | 472,288 | 472,288 |
| Net OPEB liability | 932,095 | 1,161,386 | 2,093,481 |
| Net pension liability | 31,713,999 | 319,963 | 32,033,962 |
| Total liabilities | 35,575,983 | 18,844,941 | 54,420,924 |
| Deferred Inflows | | | |
| OPEB items | 564,683 | 542,945 | 1,107,628 |
| Pension items | 6,951,135 | 245,494 | 7,196,629 |
| Total deferred inflows of resources | 7,515,818 | 788,439 | 8,304,257 |
| Net Position | | | |
| Net investment in capital assets | 22,212,746 | 16,371,930 | 38,584,676 |
| Restricted for: | | | |
| Capital projects | 2,751,890 | - | 2,751,890 |
| Debt service | - | 1,088,877 | 1,088,877 |
| Net pension asset | 24,557 | - | 24,557 |
| Other purposes | 2,207,874 | 745,111 | 2,952,985 |
| Unrestricted | (33,790,823) | 282,405 | (33,508,418) |
| Total net position | (6,593,756) | 18,488,323 | 11,894,567 |
| Total liabilities, deferred inflows, and net position | \$ 36,498,045 | \$ 38,121,703 | \$ 74,619,748 |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

| | Program Revenues | | | | Net (Expense) Revenues and Changes in Net Position | | |
|---------------------------------------|----------------------|----------------------------|--|--|---|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Functions/Programs | | | | | | | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 3,563,815 | \$ 519,152 | \$ 87,814 | \$ - | \$ (2,956,849) | \$ - | \$ (2,956,849) |
| Public safety | 6,884,554 | 2,227,608 | 3,077,538 | 1,570 | (1,577,838) | - | (1,577,838) |
| Highway and streets | 3,115,414 | 854,437 | 416,684 | 213,680 | (1,630,613) | - | (1,630,613) |
| Health and sanitation | 1,362,802 | 1,650,038 | 13,737 | - | 300,973 | - | 300,973 |
| Culture and recreation | 1,063,303 | 7,011 | 247,815 | - | (808,477) | - | (808,477) |
| Social services | 40,754 | - | 46,297 | - | 5,543 | - | 5,543 |
| Interest | 10,848 | - | - | - | (10,848) | - | (10,848) |
| Total governmental activities | <u>16,041,490</u> | <u>5,258,246</u> | <u>3,889,885</u> | <u>215,250</u> | <u>(6,678,109)</u> | <u>-</u> | <u>(6,678,109)</u> |
| Business-type activities: | | | | | | | |
| Water board | 3,968,708 | 3,977,216 | - | 37,466 | - | 45,974 | 45,974 |
| Sanitary board | 3,085,228 | 3,198,952 | 30,677 | 15,592 | - | 159,993 | 159,993 |
| Board of park commissions | 1,055,192 | 339,446 | - | 33,313 | - | (682,433) | (682,433) |
| Total business-type activities | <u>8,109,128</u> | <u>7,515,614</u> | <u>30,677</u> | <u>86,371</u> | <u>-</u> | <u>(476,466)</u> | <u>(476,466)</u> |
| Total government | <u>\$ 24,150,618</u> | <u>\$ 12,773,860</u> | <u>\$ 3,920,562</u> | <u>\$ 301,621</u> | <u>(6,678,109)</u> | <u>(476,466)</u> | <u>(7,154,575)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 3,491,614 | - | 3,491,614 |
| B & O taxes | | | | | 3,878,177 | - | 3,878,177 |
| Sales taxes | | | | | 2,893,846 | - | 2,893,846 |
| Excise tax on utilities | | | | | 1,040,296 | - | 1,040,296 |
| Other taxes | | | | | 695,410 | - | 695,410 |
| Video lottery and table gaming | | | | | 372,796 | - | 372,796 |
| Unrestricted investment earnings | | | | | 70,266 | 26,180 | 96,446 |
| Other | | | | | 88,872 | 53,570 | 142,442 |
| Gain (loss) on sale of assets | | | | | - | 4,742 | 4,742 |
| Transfers | | | | | (592,750) | 592,750 | - |
| Total general revenues and transfers | | | | | <u>11,938,527</u> | <u>677,242</u> | <u>12,615,769</u> |
| Changes in net position | | | | | 5,260,418 | 200,776 | 5,461,194 |
| Net position - beginning, as restated | | | | | <u>(11,854,174)</u> | <u>18,287,547</u> | <u>6,433,373</u> |
| Net position - ending | | | | | <u>\$ (6,593,756)</u> | <u>\$ 18,488,323</u> | <u>\$ 11,894,567</u> |

CITY OF WEIRTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

| | General | Coal Severance Tax | TIF | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------|---------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,065,112 | \$ 1,660 | \$ 2,753,642 | \$ 508,167 | \$ 4,328,581 |
| Investments | 1,876,732 | - | - | - | 1,876,732 |
| Receivables, net | | | | | |
| Taxes | 2,003,317 | 8,620 | 18,575 | - | 2,030,512 |
| Charges for services | 509,548 | - | - | - | 509,548 |
| Intergovernmental | 2,384,737 | - | - | 31,674 | 2,416,411 |
| Other fees and proceeds | 604 | - | - | - | 604 |
| Due from other funds | 81,729 | - | - | 68,099 | 149,828 |
| Due from fiduciary funds | 63,888 | - | - | - | 63,888 |
| Prepaid expenses | 31,960 | - | - | 1,823 | 33,783 |
| Restricted cash and cash equivalents | 22 | - | - | 40 | 62 |
| Total assets | \$ 8,017,649 | \$ 10,280 | \$ 2,772,217 | \$ 609,803 | \$ 11,409,949 |
| Liabilities, Deferred Inflows and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 462,594 | \$ - | \$ 1,752 | \$ 18,909 | \$ 483,255 |
| Wages and benefits payable | 484,348 | - | - | 13,851 | 498,199 |
| Compensated absences | 128,946 | - | - | 6,846 | 135,792 |
| Due to other funds | 618,502 | - | - | 30,466 | 648,968 |
| Due to fiduciary funds | 42,757 | - | - | - | 42,757 |
| Security deposit | - | - | - | 25,000 | 25,000 |
| Unearned revenue | - | - | - | 189,925 | 189,925 |
| Note payable | - | - | - | 64,563 | 64,563 |
| Grant Advances | - | - | - | 1,268 | 1,268 |
| Total liabilities | 1,737,147 | - | 1,752 | 350,828 | 2,089,727 |
| Deferred Inflows | | | | | |
| Unavailable revenue-taxes | 60,956 | - | 18,575 | - | 79,531 |
| Fund balances | | | | | |
| Non-spendable for: | | | | | |
| Prepaid expenses | 31,960 | - | - | 1,823 | 33,783 |
| Restricted for: | | | | | |
| Culture and recreation | 2,207,874 | - | - | - | 2,207,874 |
| Committed for: | | | | | |
| Capital projects | 129,105 | - | 2,751,890 | - | 2,880,995 |
| General expenditures | 53,499 | - | - | - | 53,499 |
| Assigned for: | | | | | |
| General expenditures | - | 10,280 | - | 257,152 | 267,432 |
| Unassigned for: | | | | | |
| Unassigned | 3,797,108 | - | - | - | 3,797,108 |
| Total fund balances | 6,219,546 | 10,280 | 2,751,890 | 258,975 | 9,240,691 |
| Total liabilities, deferred inflows, and fund balances | \$ 8,017,649 | \$ 10,280 | \$ 2,772,217 | \$ 609,803 | \$ 11,409,949 |

CITY OF WEIRTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020

| | | |
|---|---------------------|--------------------|
| Total fund balance, governmental funds | \$ | 9,240,691 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets of \$50,087,575 net of accumulated depreciation of \$27,234,295, 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. | | 22,853,280 |
| 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. | | 79,531 |
| 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. | | 210,942 |
| 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. | | (828,221) |
| 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 | | 133,620 |
| OPEB deferred inflows | <u>(564,683)</u> | (431,063) |
| Pension deferred outflows | | 2,494,290 |
| Pension deferred inflows | <u>(6,951,135)</u> | (4,456,845) |
| 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 | | 24,557 |
| Net OPEB liability | | (932,095) |
| Net pension liability | <u>(31,713,999)</u> | (32,621,537) |
| Capital lease obligations do not require the use of current financial resources and therefore are reported only in the Statement of Net Position. | | <u>(640,534)</u> |
| Net position of governmental activities in the Statement of Net Position | <u>\$</u> | <u>(6,593,756)</u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

| | General | Coal Severance Tax | TIF | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------|---------------------|---|--------------------------------|
| Revenues | | | | | |
| Property taxes | \$ 2,882,866 | \$ - | \$ 400,519 | \$ 205,889 | \$ 3,489,274 |
| B&O taxes | 3,877,059 | - | - | - | 3,877,059 |
| Sales taxes | 2,893,846 | - | - | - | 2,893,846 |
| Excise tax on utilities | 1,040,296 | - | - | - | 1,040,296 |
| Other taxes | 644,016 | 50,256 | - | - | 694,272 |
| Fines and forfeitures | 96,393 | - | - | 7,011 | 103,404 |
| Licenses, permits, and fees | 211,692 | - | - | - | 211,692 |
| Intergovernmental | 3,547,947 | - | - | 307,803 | 3,855,750 |
| Charges for services | 4,732,082 | - | - | - | 4,732,082 |
| Video lottery and table gaming | 372,796 | - | - | - | 372,796 |
| Investment income | 55,390 | 406 | 12,170 | 2,300 | 70,266 |
| Contributions | - | - | - | 249,385 | 249,385 |
| Other | 81,913 | - | - | 6,959 | 88,872 |
| Total revenues | 20,436,296 | 50,662 | 412,689 | 779,347 | 21,678,994 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 3,388,285 | - | 246,926 | 35,320 | 3,670,531 |
| Public safety | 9,504,128 | 38,500 | - | 47,414 | 9,590,042 |
| Highways and streets | 4,370,393 | - | - | 213,680 | 4,584,073 |
| Health and sanitation | 1,475,752 | 28,981 | - | - | 1,504,733 |
| Culture and recreation | 178,115 | - | - | 835,380 | 1,013,495 |
| Social services | 6,338 | - | - | 34,416 | 40,754 |
| Debt Service: | | | | | |
| Capital leases - principal | 202,355 | - | - | - | 202,355 |
| Capital leases - interest | 10,848 | - | - | - | 10,848 |
| Total expenditures | 19,136,214 | 67,481 | 246,926 | 1,166,210 | 20,616,831 |
| Excess (deficiency) of revenues over expenditures | 1,300,082 | (16,819) | 165,763 | (386,863) | 1,062,163 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from capital leases | 577,316 | - | - | - | 577,316 |
| Transfers from other funds | - | - | - | 408,595 | 408,595 |
| Transfers to other funds | (1,001,345) | - | - | - | (1,001,345) |
| Net other financing sources (uses) | (424,029) | - | - | 408,595 | (15,434) |
| Net changes in fund balances | 876,053 | (16,819) | 165,763 | 21,732 | 1,046,729 |
| Fund balances - beginning | 5,343,493 | 27,099 | 2,586,127 | 237,243 | 8,193,962 |
| Fund balances - ending | \$ 6,219,546 | \$ 10,280 | \$ 2,751,890 | \$ 258,975 | \$ 9,240,691 |

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, 2020

| | | |
|---|------------------|-------------------------|
| Net change in fund balances - total governmental funds: | \$ | 1,046,729 |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlays as expense. The outlays are allocated over their estimated useful lives and reported as depreciation expense for the period. This is the amount by which capital outlays of \$2,586,873 exceeded depreciation expense of \$1,333,736 in the current period. | | |
| | | 1,253,137 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This consists of an increase in property taxes and a decrease in business and occupational taxes. | | |
| | | 3,458 |
| 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 \$577,316 exceeded capital lease payments of \$202,355. | | |
| | | (374,961) |
| 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 | 3,726,488 | |
| Amount of pension expenses recognized at government - wide level | <u>(451,097)</u> | |
| | | 3,275,391 |
| Amount of OPEB expenditures at fund modified accrual level | 120,039 | |
| Amount of OPEB expenses recognized at government - wide level | <u>110,680</u> | |
| | | 230,719 |
| 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 \$251,767. | | |
| | | (251,767) |
| 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>77,712</u> |
| Change in net position of governmental activities | \$ | <u><u>5,260,418</u></u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | | Internal Service Fund-Gasoline |
|--|---|-----------------------------|------------------------------|--|-----------------------------|-----------------------------------|
| | Water Board | Sanitary Board | Board of Park Commissions | Nonmajor Enterprise Fund Parking | Total Enterprise Funds | |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 366,976 | \$ 109,672 | \$ 409,692 | \$ 1,005 | \$ 887,345 | \$ 169,814 |
| Investments | - | - | 195,027 | - | 195,027 | - |
| Accounts receivable, net | 653,421 | 519,861 | - | - | 1,173,282 | 9,579 |
| Due from other funds | 6,597 | 509,798 | - | - | 516,395 | 51,924 |
| Inventories | 110,530 | - | - | - | 110,530 | - |
| Total current assets | <u>1,137,524</u> | <u>1,139,331</u> | <u>604,719</u> | <u>1,005</u> | <u>2,882,579</u> | <u>231,317</u> |
| Restricted assets | | | | | | |
| Cash and cash equivalents | 734,949 | 1,099,039 | - | - | 1,833,988 | - |
| Total restricted assets | <u>734,949</u> | <u>1,099,039</u> | <u>-</u> | <u>-</u> | <u>1,833,988</u> | <u>-</u> |
| Non-current assets | | | | | | |
| Capital assets | | | | | | |
| Land and construction in progress | 374,891 | 350,852 | 6,000 | 304,581 | 1,036,324 | - |
| Other capital assets, net of accumulated depreciation | 18,407,693 | 12,406,974 | 1,016,956 | - | 31,831,623 | - |
| Total non-current assets | <u>18,782,584</u> | <u>12,757,826</u> | <u>1,022,956</u> | <u>304,581</u> | <u>32,867,947</u> | <u>-</u> |
| Total assets | <u>20,655,057</u> | <u>14,996,196</u> | <u>1,627,675</u> | <u>305,586</u> | <u>37,584,514</u> | <u>231,317</u> |
| Deferred outflows | | | | | | |
| OPEB items | 192,672 | 148,320 | - | - | 340,992 | - |
| Pension items | 132,025 | 111,817 | 21,534 | - | 265,376 | - |
| Total deferred outflows of resources | <u>324,697</u> | <u>260,137</u> | <u>21,534</u> | <u>-</u> | <u>606,368</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 20,979,754</u> | <u>\$ 15,256,333</u> | <u>\$ 1,649,209</u> | <u>\$ 305,586</u> | <u>\$ 38,190,882</u> | <u>\$ 231,317</u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | | Internal Service Fund-Gasoline |
|--|---|----------------------|------------------------------|--|---------------------------|-----------------------------------|
| | Water Board | Sanitary Board | Board of Park Commissions | Nonmajor Enterprise Fund Parking | Total Enterprise Funds | |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ 437,293 | \$ 56,328 | \$ 24,154 | \$ - | \$ 517,775 | \$ 20,375 |
| Wages and benefits payable | 58,701 | 56,959 | 11,176 | - | 126,836 | - |
| Due to other funds | 58,966 | 9,925 | 288 | - | 69,179 | - |
| Compensated absences | 74,599 | 80,369 | 8,526 | - | 163,494 | - |
| Note payable, current | 46,668 | - | - | - | 46,668 | - |
| Capital lease payable, current | - | 64,423 | - | - | 64,423 | - |
| Total current liabilities | <u>676,227</u> | <u>268,004</u> | <u>44,144</u> | <u>-</u> | <u>988,375</u> | <u>20,375</u> |
| Liabilities payable from restricted assets | | | | | | |
| Bond interest payable, current | 32,946 | 26,524 | - | - | 59,470 | - |
| Bonds payable, current | 537,030 | 488,425 | - | - | 1,025,455 | - |
| Total liabilities payable from restricted assets | <u>569,976</u> | <u>514,949</u> | <u>-</u> | <u>-</u> | <u>1,084,925</u> | <u>-</u> |
| Non-current liabilities | | | | | | |
| Net OPEB liability | 702,248 | 459,138 | - | - | 1,161,386 | - |
| Net pension liability | 156,551 | 135,198 | 28,214 | - | 319,963 | - |
| Note payable, non-current | 462,657 | - | - | - | 462,657 | - |
| Capital lease payable, non-current | - | 158,997 | - | - | 158,997 | - |
| Bond anticipation notes payable, non-current | 217,369 | 254,919 | - | - | 472,288 | - |
| Bonds payable, non-current | 8,284,515 | 5,981,014 | - | - | 14,265,529 | - |
| Total non-current liabilities | <u>9,823,340</u> | <u>6,989,266</u> | <u>28,214</u> | <u>-</u> | <u>16,840,820</u> | <u>-</u> |
| Total liabilities | <u>11,069,543</u> | <u>7,772,219</u> | <u>72,358</u> | <u>-</u> | <u>18,914,120</u> | <u>20,375</u> |
| Deferred inflows | | | | | | |
| OPEB items | 336,409 | 196,829 | 9,707 | - | 542,945 | - |
| Pension items | 118,526 | 96,068 | 30,900 | - | 245,494 | - |
| Total deferred inflows of resources | <u>454,935</u> | <u>292,897</u> | <u>40,607</u> | <u>-</u> | <u>788,439</u> | <u>-</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 9,234,345 | 5,810,048 | 1,022,956 | 304,581 | 16,371,930 | - |
| Restricted for: | | | | | | |
| Debt service | 530,937 | 557,940 | - | - | 1,088,877 | - |
| Other purposes | 204,012 | 541,099 | - | - | 745,111 | - |
| Unrestricted | (514,018) | 282,130 | 513,288 | 1,005 | 282,405 | 210,942 |
| Total net position | <u>9,455,276</u> | <u>7,191,217</u> | <u>1,536,244</u> | <u>305,586</u> | <u>18,488,323</u> | <u>210,942</u> |
| Total liabilities, deferred inflows, and net position | <u>\$ 20,979,754</u> | <u>\$ 15,256,333</u> | <u>\$ 1,649,209</u> | <u>\$ 305,586</u> | <u>\$ 38,190,882</u> | <u>\$ 231,317</u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | | Internal Service Fund-Gasoline |
|---|---|---------------------|------------------------------|--|---------------------------|-----------------------------------|
| | Water Board | Sanitary Board | Board of Park Commissions | Nonmajor Enterprise Fund Parking | Total Enterprise Funds | |
| Operating Revenues | | | | | | |
| Charges for services: | | | | | | |
| Fees for services | \$ 3,977,216 | \$ 3,198,952 | \$ 277,130 | \$ - | \$ 7,453,298 | \$ - |
| Concessions, merchandise sales and commissions | - | - | 62,316 | - | 62,316 | - |
| Internal service charges | - | - | - | - | - | 467,282 |
| Total charges for services | <u>3,977,216</u> | <u>3,198,952</u> | <u>339,446</u> | <u>-</u> | <u>7,515,614</u> | <u>467,282</u> |
| Operating grants and contributions | - | 30,677 | - | - | 30,677 | - |
| Total operating revenues | <u>3,977,216</u> | <u>3,229,629</u> | <u>339,446</u> | <u>-</u> | <u>7,546,291</u> | <u>467,282</u> |
| Operating Expenses | | | | | | |
| Personal services | 1,745,716 | 1,552,073 | 501,805 | - | 3,799,594 | - |
| Operations, maintenance, and contractual services | 1,163,532 | 777,079 | 287,338 | - | 2,227,949 | - |
| Materials and supplies | 141,421 | 107,817 | 64,515 | - | 313,753 | 389,570 |
| Depreciation | 653,320 | 506,260 | 201,534 | - | 1,361,114 | - |
| Total operating expenses | <u>3,703,989</u> | <u>2,943,229</u> | <u>1,055,192</u> | <u>-</u> | <u>7,702,410</u> | <u>389,570</u> |
| Operating income (loss) | <u>273,227</u> | <u>286,400</u> | <u>(715,746)</u> | <u>-</u> | <u>(156,119)</u> | <u>77,712</u> |
| Non-Operating Revenues (Expenses) | | | | | | |
| Investment income | 12,390 | 11,653 | 2,133 | 4 | 26,180 | - |
| Interest on bonds and note obligations | (264,719) | (141,999) | - | - | (406,718) | - |
| Gain (losses) on disposal of capital assets | - | 4,887 | (145) | - | 4,742 | - |
| Other revenue | 38,845 | 4,620 | 10,105 | - | 53,570 | - |
| Total non-operating revenue (expenses) | <u>(213,484)</u> | <u>(120,839)</u> | <u>12,093</u> | <u>4</u> | <u>(322,226)</u> | <u>-</u> |
| Income (loss) before contributions and transfers | 59,743 | 165,561 | (703,653) | 4 | (478,345) | 77,712 |
| Capital grants and contributions | 37,466 | 15,592 | 33,313 | - | 86,371 | - |
| Transfers from other funds | 6,250 | 7,500 | 579,000 | - | 592,750 | - |
| Change in net position | 103,459 | 188,653 | (91,340) | 4 | 200,776 | 77,712 |
| Total net position - beginning, as restated | <u>9,351,817</u> | <u>7,002,564</u> | <u>1,627,584</u> | <u>305,582</u> | <u>18,287,547</u> | <u>133,230</u> |
| Total net position - ending | <u>\$ 9,455,276</u> | <u>\$ 7,191,217</u> | <u>\$ 1,536,244</u> | <u>\$ 305,586</u> | <u>\$ 18,488,323</u> | <u>\$ 210,942</u> |

See accompanying notes and independent auditor's report.

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | | |
|--|---|---------------------|------------------------------|--|---------------------------|-----------------------------------|
| | Water Board | Sanitary Board | Board of Park Commissions | Nonmajor Enterprise Fund Parking | Total Enterprise Funds | Internal Service Fund-Gasoline |
| Cash Flows from Operating Activities | | | | | | |
| Cash received from customers | \$ 4,032,010 | \$ 3,179,288 | \$ 339,446 | \$ - | \$ 7,550,744 | \$ 141,899 |
| Cash received for internal services | - | - | - | - | - | 341,248 |
| Cash payments to suppliers for goods and services | (1,420,060) | (856,741) | (359,537) | - | (2,636,338) | (521,586) |
| Cash payments to employees and professional contractors for services | (1,850,996) | (1,603,724) | (528,166) | - | (3,982,886) | - |
| Payments (to) for internal services | (31,357) | (10,892) | (2,791) | - | (45,040) | - |
| Other operating revenues | - | 30,677 | - | - | 30,677 | - |
| Net cash provided (used) by operating activities | <u>729,597</u> | <u>738,608</u> | <u>(551,048)</u> | <u>-</u> | <u>917,157</u> | <u>(38,439)</u> |
| Cash Flows from Non-Operating Activities | | | | | | |
| Other non-operating revenues | <u>38,845</u> | <u>4,620</u> | <u>10,105</u> | <u>-</u> | <u>53,570</u> | <u>-</u> |
| Net cash provided by non-operating activities | <u>38,845</u> | <u>4,620</u> | <u>10,105</u> | <u>-</u> | <u>53,570</u> | <u>-</u> |
| Cash Flows from Non-Capital Financing Activities | | | | | | |
| Transfers from other funds | <u>6,250</u> | <u>7,500</u> | <u>594,000</u> | <u>-</u> | <u>607,750</u> | <u>-</u> |
| Net cash provided by non-capital financing activities | <u>6,250</u> | <u>7,500</u> | <u>594,000</u> | <u>-</u> | <u>607,750</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| Acquisition and construction of capital assets | (155,699) | (179,071) | (123,608) | - | (458,378) | - |
| Proceeds from sale of capital assets | - | 4,885 | - | - | 4,885 | - |
| Proceeds from issue of bonds, bond anticipation notes, notes, and capital leases | 205,226 | 132,614 | - | - | 337,840 | - |
| Principal paid on bonds, notes and capital leases | (564,282) | (542,697) | - | - | (1,106,979) | - |
| Interest paid on bonds and notes | (252,140) | (127,132) | - | - | (379,272) | - |
| Capital contributions and grants received | <u>30,869</u> | <u>15,592</u> | <u>33,313</u> | <u>-</u> | <u>79,774</u> | <u>-</u> |
| Net cash provided (used) by capital and related financing activities | <u>(736,026)</u> | <u>(695,809)</u> | <u>(90,295)</u> | <u>-</u> | <u>(1,522,130)</u> | <u>-</u> |
| Cash Flows from Investing Activities | | | | | | |
| Investment income | <u>12,390</u> | <u>11,653</u> | <u>1,875</u> | <u>4</u> | <u>25,922</u> | <u>-</u> |
| Net cash provided (used) by investing activities | <u>12,390</u> | <u>11,653</u> | <u>1,875</u> | <u>4</u> | <u>25,922</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 51,056 | 66,572 | (35,363) | 4 | 82,269 | (38,439) |
| Cash and cash equivalents - beginning | <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> |
| Cash and cash equivalents - ending | <u>\$ 1,101,925</u> | <u>\$ 1,208,711</u> | <u>\$ 409,692</u> | <u>\$ 1,005</u> | <u>\$ 2,721,333</u> | <u>\$ 169,814</u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | | Internal Service Fund-Gasoline |
|--|---|---------------------|------------------------------|--|---------------------------|-----------------------------------|
| | Water Board | Sanitary Board | Board of Park Commissions | Nonmajor Enterprise Fund Parking | Total Enterprise Funds | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | |
| Operating income (loss) | \$ 273,227 | \$ 286,400 | \$ (715,746) | \$ - | \$ (156,119) | \$ 77,712 |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | | | |
| Depreciation | 653,320 | 506,260 | 201,534 | - | 1,361,114 | - |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in accounts receivable | 54,794 | 30,498 | - | - | 85,292 | 12,371 |
| (Increase) decrease in due from other funds | - | (50,162) | - | - | (50,162) | 3,494 |
| (Increase) decrease in inventories | 469 | - | - | - | 469 | - |
| (Increase) decrease in OPEB related deferred outflows of resources | (49,983) | 32,213 | - | - | (17,770) | - |
| (Increase) decrease in pension related deferred outflows of resources | 153,467 | 123,737 | 453 | - | 277,657 | - |
| Increase (decrease) in accounts payable | (63,514) | 12,977 | (10,762) | - | (61,299) | (130,048) |
| Increase (decrease) in wages and benefits payable | 12,255 | 14,529 | (3,899) | - | 22,885 | - |
| Increase (decrease) in due to other funds | (83,419) | 4,286 | 288 | - | (78,845) | (1,968) |
| Increase (decrease) in compensated absences | 1,594 | 4,342 | 491 | - | 6,427 | - |
| Increase (decrease) in net OPEB liability | (121,871) | (171,325) | - | - | (293,196) | - |
| Increase (decrease) in net pension liability | (36,185) | (28,867) | (11,341) | - | (76,393) | - |
| Increase (decrease) in OPEB related deferred inflows of resources | 91,109 | 105,487 | (4,822) | - | 191,774 | - |
| Increase (decrease) in pension related deferred inflows of resources | (155,666) | (131,767) | (7,244) | - | (294,677) | - |
| Net cash provided (used) by operating activities: | <u>\$ 729,597</u> | <u>\$ 738,608</u> | <u>\$ (551,048)</u> | <u>\$ -</u> | <u>\$ 917,157</u> | <u>\$ (38,439)</u> |
| Reconciliation of Cash and Cash Equivalents | | | | | | |
| Cash and cash equivalents | \$ 366,976 | \$ 109,672 | \$ 409,692 | \$ 1,005 | \$ 887,345 | \$ 169,814 |
| Restricted cash and cash equivalents | <u>734,949</u> | <u>1,099,039</u> | <u>-</u> | <u>-</u> | <u>1,833,988</u> | <u>-</u> |
| Total cash and cash equivalents | <u>\$ 1,101,925</u> | <u>\$ 1,208,711</u> | <u>\$ 409,692</u> | <u>\$ 1,005</u> | <u>\$ 2,721,333</u> | <u>\$ 169,814</u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2020

| | Pension Trust Funds | Agency Fund |
|---|------------------------|----------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,173,140 | \$ 43,163 |
| Insurance premium tax allocation receivable | 104,031 | - |
| Due from other funds | 42,757 | - |
| Investments, at fair value: | | |
| Money markets | 569,466 | - |
| Corporate obligations | 691,638 | - |
| Mutual funds | 6,712,971 | - |
| Equities | 12,323,545 | - |
| Total investments | <u>20,297,620</u> | <u>-</u> |
| Total assets | <u>21,617,548</u> | <u>43,163</u> |
| Liabilities | | |
| Accounts payable | 109 | 42,184 |
| Payroll withholdings | 5,997 | - |
| Due to other funds | 62,911 | 979 |
| Total liabilities | <u>69,017</u> | <u>43,163</u> |
| Net Position | | |
| Net position held in trust | <u>\$ 21,548,531</u> | <u>\$ -</u> |

CITY OF WEIRTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2020

| | Pension Trust Funds |
|---|------------------------|
| Additions | |
| Contributions | |
| Employer | \$ 2,740,600 |
| Plan members | 304,918 |
| Insurance premium tax allocation | 651,037 |
| Total contributions | 3,696,555 |
| Investment income | |
| Interest and dividends | 425,407 |
| Net realized and unrealized gains (losses) | 912,673 |
| Less: investment expense | (61,900) |
| Net investment income | 1,276,180 |
| Total additions | 4,972,735 |
| Deductions | |
| Benefits and refunds | 2,311,187 |
| Administrative | 8,277 |
| Total deductions | 2,319,464 |
| Change in net position | 2,653,271 |
| Net position held in trust for pension benefits | |
| Beginning of year | 18,895,260 |
| End of year | \$ 21,548,531 |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020.

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, 2020

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.

TIF Fund - This special revenue fund accounts for revenues and expenditures from property tax levied with the TIF district.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. Measurement Focus and Basis of Accounting

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

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

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 include cash on hand, deposits with financial institutions or fiscal agents, and money market deposits with trust departments.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 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 \$1,834,050.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

7. Capital Assets and Depreciation

The City's property, plant, equipment, and proprietary fund infrastructure and governmental fund infrastructure purchased or constructed after June 30, 1980 with useful lives of more than one year are stated at historical cost, or estimated historical cost, if actual cost is unavailable, and are comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as acquisition and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Infrastructure recorded by the City includes roads/streets, alleys, bridges, trails, and trail bridges.

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

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

8. Capitalized Interest

The City capitalizes net interest costs on funds borrowed to finance the construction of capital assets. During the year ended June 30, 2020, there was \$13,423 and \$15,742 from the Water Board and Sanitary Board, respectively in interest which required capitalization.

9. Compensated Absences

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

10. Long – Term Debt

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

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

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

11. Deferred Inflows of Resources

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

12. Net Position

Net position 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.

13. Fund Balance

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

| | |
|--------------|---|
| Nonspendable | The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. |
| Restricted | A fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. |
| Committed | The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action. The City's highest level of decision-making authority is City Council. 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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

14. 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.

15. 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.

16. Postemployment Benefits Other Than Pensions (OPEB)

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

17. Change in Accounting Principle

Effective July 1, 2019, the City adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of the requirements of this statement is to provide temporary relief to governments and other stakeholders in life of the COVID-19 pandemic. There is no effect on beginning net position or fund balance.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020:

| | Major governmental fund |
|-----------------------------|-------------------------------|
| | General fund |
| Governmental activities | |
| Nonmajor governmental funds | \$ 408,595 |
| Business – type activities | |
| Major enterprise funds | |
| Water Board | 6,250 |
| Sanitary Board | 7,500 |
| Board of park commissions | 579,000 |
| Total transfers | \$ 1,001,345 |

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 distraint 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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020 were assessed as follows:

| Assessed class of property | Assessed valuation for tax purposes | Current expense |
|-------------------------------|--|-----------------|
| Class I | \$ - | 12.5 cents |
| Class II | 291,248,470 | 25.0 cents |
| Class IV | 430,916,406 | 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.

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, 2020, the balance of the stabilization fund is \$2,738,462.

NOTE VI – DEPOSITS AND INVESTMENTS

1. Custodial Credit Risk

Deposits - The City has \$6,765,386 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, 2020.

Investments - As of June 30, 2020, the City held the following investments:

| | Level (Note VII) | Governmental | Fiduciary | Business – type activities | Total |
|---------------------------|---------------------|---------------------|----------------------|-------------------------------|----------------------|
| Money markets | 1 | \$ 1,876,732 | \$ 569,466 | \$ - | \$ 2,446,198 |
| Certificate of deposits | * | - | - | 195,027 | 195,027 |
| Corporate obligations | 2 | - | 691,638 | - | 691,638 |
| Mutual funds | 1 | - | 6,712,971 | - | 6,712,971 |
| Equities | 1 | - | 12,323,545 | - | 12,323,545 |
| Municipal bond commission | ** | - | - | 1,088,878 | 1,088,878 |
| Total Investments | | \$ 1,876,732 | \$ 20,297,620 | \$ 1,283,905 | \$ 23,458,257 |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

**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.

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.

2. 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:

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 | \$ 415,975 | |
| Corporate Obligations – | | | |
| Johnson & Johnson | 2 | 50,223 | Aaa |
| Colgate – Palmolive | 2 | 100,871 | Aa3 |
| Merck & Co. | 2 | 70,706 | A1 |
| JP Morgan Chase | 2 | 50,625 | A2 |
| Bank of America | 2 | 100,000 | A2 |
| Total Corporate Obligations | | <u>372,425</u> | |
| Total Mutual Funds | 1 | <u>2,408,526</u> | |
| Total Equities | 1 | <u>4,665,899</u> | |
| Total Investments | | <u>\$ 7,862,825</u> | |

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 | \$ 153,491 | |
| Corporate Obligations – | | | |
| Colgate – Palmolive | 2 | 100,871 | Aa3 |
| Wells Fargo | 2 | 109,555 | A2 |
| Bristol – Myers Squibb | 2 | 108,787 | A2 |
| Total Corporate Obligations | | <u>319,213</u> | |
| Total Mutual Funds | 1 | <u>4,304,445</u> | |
| Total Equities | 1 | <u>7,657,646</u> | |
| Total Investments | | <u>\$ 12,434,795</u> | |

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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>TIF</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--|---------------------|-----------------------|------------------|---------------------------------|---------------------|
| Taxes | \$ 2,094,661 | \$ 8,620 | \$ 18,575 | \$ - | \$ 2,121,856 |
| Charges for services | 1,757,595 | - | - | - | 1,757,595 |
| Fees and other receivables | 604 | - | - | - | 604 |
| Intergovernmental | 2,384,737 | - | - | 31,674 | 2,416,411 |
| Less: Allowance for uncollectible accounts | <u>(1,339,391)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,339,391)</u> |
| Net accounts receivable | <u>\$ 4,898,206</u> | <u>\$ 8,620</u> | <u>\$ 18,575</u> | <u>\$ 31,674</u> | <u>\$ 4,957,075</u> |
| Uncollectible amounts netted with revenues | <u>\$ 27,224</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,224</u> |

Proprietary Funds

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

| | <u>Water Board</u> | <u>Sanitary Board</u> | <u>Total</u> |
|--|--------------------|-----------------------|---------------------|
| Accounts receivable | \$ 735,513 | \$ 607,244 | \$ 1,342,757 |
| Less: Allowance for uncollectible accounts | <u>(82,092)</u> | <u>(87,383)</u> | <u>(169,475)</u> |
| Net accounts receivable | <u>\$ 653,421</u> | <u>\$ 519,861</u> | <u>\$ 1,173,282</u> |
| Uncollectible amounts netted with revenues | <u>\$ 25,945</u> | <u>\$ 32,274</u> | <u>\$ 58,219</u> |

NOTE IX – MINIMUM LEASE OBLIGATION

Governmental Activities

The City has five outstanding lease agreements which were made for the purchase of general equipment, a street truck, two dump trucks, and a sanitation truck. The cost and accumulated depreciation for assets under capital lease were \$817,368 and \$105,701, respectively.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 \$146,546, respectively.

The total lease payments less interest costs are as follows:

| | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| <u>Year Ending June 30</u> | | |
| 2021 | \$ 285,066 | \$ 71,402 |
| 2022 | 232,948 | 71,412 |
| 2023 | 145,399 | 71,319 |
| 2024 | - | 23,749 |
| Total capital leases payable | 663,413 | 237,882 |
| Less: Interest costs | (22,879) | (14,462) |
| Present value of future minimum lease payments | 640,534 | 223,420 |
| Less: Current portion | (271,103) | (64,423) |
| Capital leases, non-current | \$ 369,431 | \$ 158,997 |

NOTE X – CAPITAL ASSETS

Construction in progress

Active construction in progress is composed of the following:

| | Expended | Remaining Commitment |
|-----------------------------------|--------------|-------------------------|
| <i>Governmental Activities</i> | | |
| Development | \$ 1,027,445 | \$ - |
| <i>Business – Type Activities</i> | | |
| <i>Water Board</i> | | |
| Water Plant Expansion | \$ 257,003 | \$ 1,042,997 |
| <i>Sanitary Board</i> | | |
| Sanitary Plant Expansion | 301,376 | 998,624 |
| Total Business-Type Activities | \$ 558,379 | \$ 2,041,621 |

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

Depreciation

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

| | | | |
|-------------------------|--------------|----------------------------|--------------|
| Governmental activities | | Business – type activities | |
| General Government | \$ 189,973 | Water Board | \$ 653,320 |
| Public Safety | 389,332 | Sanitary Board | 506,260 |
| Highways and Streets | 513,788 | Board of Park Commissions | 201,534 |
| Health and Sanitation | 89,169 | | \$ 1,361,114 |
| Culture and Recreation | 151,474 | | |
| | \$ 1,333,736 | | |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

A summary of changes in fixed assets for the fiscal year ended June 30, 2020 is as follows:

| | Balance 07/01/2019 | Additions | Deductions | Balance 06/30/2020 | Accumulated Depreciation Prior Years | Depreciation Expense Current Year | Deductions | Net Balance 6/30/2020 |
|---------------------------------------|-----------------------|---------------------|-----------------------|-----------------------|--|---|--------------------|--------------------------|
| Governmental Activities | | | | | | | | |
| Non-Depreciable capital assets | | | | | | | | |
| Land | \$ 913,146 | \$ - | \$ - | \$ 913,146 | \$ - | \$ - | \$ - | \$ 913,146 |
| Construction in progress | 954,988 | 246,926 | (174,469) | 1,027,445 | - | - | - | 1,027,445 |
| Depreciable capital assets | | | | | | | | |
| Land improvements | 1,900,098 | - | - | 1,900,098 | 1,887,780 | 6,271 | - | 6,047 |
| Infrastructure | 18,873,927 | 1,471,384 | - | 20,345,311 | 5,741,953 | 341,436 | - | 14,261,922 |
| Buildings and improvements | 9,027,195 | 174,469 | - | 9,201,664 | 6,693,859 | 189,867 | - | 2,317,938 |
| Vehicle and equipment | 15,897,961 | 868,563 | (66,613) | 16,699,911 | 11,643,580 | 796,162 | (66,613) | 4,326,782 |
| Total Governmental | <u>\$ 47,567,315</u> | <u>\$ 2,761,342</u> | <u>\$ (241,082)</u> | <u>\$ 50,087,575</u> | <u>\$ 25,967,172</u> | <u>\$ 1,333,736</u> | <u>\$ (66,613)</u> | <u>\$ 22,853,280</u> |
| Business- Type Activities | | | | | | | | |
| Non-Depreciable capital assets | | | | | | | | |
| Land | \$ 477,945 | \$ - | \$ - | \$ 477,945 | \$ - | \$ - | \$ - | \$ 477,945 |
| Construction in progress | 2,075,043 | 647,817 | (2,164,481) | 558,379 | - | - | - | 558,379 |
| Depreciable capital assets | | | | | | | | |
| Land improvements | 194,131 | - | - | 194,131 | 173,940 | 2,500 | - | 17,691 |
| Infrastructure | 51,917,182 | - | - | 51,917,182 | 31,179,892 | 632,014 | - | 20,105,276 |
| Buildings and improvements | 10,145,378 | 98,004 | (3,625) | 10,239,757 | 5,868,214 | 286,134 | (3,435) | 4,088,844 |
| Vehicle and equipment | 4,052,359 | 2,111,831 | (48,285) | 6,115,905 | 2,760,123 | 317,804 | (48,285) | 3,086,263 |
| General plant facilities | 6,515,529 | - | - | 6,515,529 | 1,859,318 | 122,662 | - | 4,533,549 |
| Total Business-Type | <u>\$ 75,377,567</u> | <u>\$ 2,857,652</u> | <u>\$ (2,216,391)</u> | <u>\$ 76,018,828</u> | <u>\$ 41,841,487</u> | <u>\$ 1,361,114</u> | <u>\$ (51,720)</u> | <u>\$ 32,867,947</u> |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE XI – SHORT TERM DEBT

Note Payable

On April 30, 2020, the City received a loan in the amount \$64,563 under the Paycheck Protection Program (PPP) through the Small Business Administration (SBA).

The PPP, established as part of the Coronavirus Aid Relief and Economic Security Act (CARES Act), provides loans to qualifying entities for an amount up to two and one-half times of the average monthly payroll expenses. The loan and accrued interest are forgivable after a twenty-four-week period as long as the entity uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the entity terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over twenty-four months at a fixed interest rate of 1%, with a deferral of payments for the first six months. Total interest expense for the City over the life of the loan would be \$947. As of June 30, 2020, the City has used the entire amount for qualified purposes consistent with the PPP.

While the City currently believes that the use of the loan proceeds will meet the conditions for forgiveness of the loan, the loan has not been forgiven as of June 30, 2020.

The following are the maturities of the unforgiven portion of the loan as of June 30, 2020:

| | | |
|-------|-----------|---------------|
| 2021 | \$ | 23,945 |
| 2022 | | 32,497 |
| 2023 | | 8,121 |
| Total | <u>\$</u> | <u>64,563</u> |

NOTE XII – LONG TERM DEBT

Revenue Bonds

Revenue bonds outstanding as of June 30, 2020 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, 2020 are as follows:

| Year Ending June 30 | Water Board | | Sanitary Board | |
|---------------------|---------------------|---------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 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 | 593,431 | 171,813 | 528,999 | 85,169 |
| 2026-2030 | 2,885,099 | 630,488 | 2,223,272 | 273,200 |
| 2031-2035 | 2,195,063 | 285,558 | 1,703,614 | 90,852 |
| 2036-2039 | 917,288 | 33,458 | - | - |
| Total | <u>\$ 8,821,545</u> | <u>\$ 1,951,621</u> | <u>\$ 6,469,439</u> | <u>\$ 892,333</u> |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 | 10,103,404 | 2028-2035 | 2% plus 1% administration fee |
| Total | <u>\$ 22,054,612</u> | | |

Bond Anticipation Notes (BANs)

The City issued \$2,600,000 of BANs on April 29, 2020 through the West Virginia Development Authority to finance the cost of the design of expansion to the existing public combined waterworks and sanitary system. The BANs mature on May 1, 2022. The City plans to issue long-term revenue bonds prior to the maturity date of the BANs to finance the remainder of the expansion projects. Prior to the issuance of the bonds, the City will be required to adopt a rate increase. Semiannual interest payments at a fixed rate of 2.90% are required based on the amount of principal advanced. The outstanding balances as of June 30, 2020 were \$217,369 and \$254,919 for the Water Board and Sanitary Board, respectively, as the BANs had not been fully drawn down yet. There were no interest or principal payments in the current year.

| | Payable at June 30, 2019 | Additions | Deductions | Payable at June 30, 2020 |
|---------------------------------|-----------------------------|-------------------|-------------|-----------------------------|
| Business Type Activities | | | | |
| Major enterprise funds | | | | |
| Water Board | \$ - | \$ 217,369 | \$ - | \$ 217,369 |
| Sanitary Board | - | 254,919 | - | 254,919 |
| Total Business Type Activities | <u>\$ -</u> | <u>\$ 472,288</u> | <u>\$ -</u> | <u>\$ 472,288</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:

| | Maturity Date | Issued | Retired | Balance |
|-----------------------------------|------------------|-----------|---------|-----------|
| Business - Type Activities | | | | |
| United Bank | 7/28/2029 | \$550,000 | 40,675 | \$509,325 |

Interest Rate – The interest rate on this note is 4.5% per annum from January 29, 2019 until January 29, 2023. The rate may change on January 29, 2023 and every 5 years thereafter based on the Federal Home Loan Bank rate – 5 year amortizing in effect on the date of change plus 2.5 percentage points. The interest rate will never be greater than 8.0% or less than 3.5%.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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.

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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

- **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, 2020 are as follows:

| Year Ending June 30 | Principal | Interest |
|---------------------|-------------------|-------------------|
| 2021 | \$ 46,668 | \$ 21,951 |
| 2022 | 48,812 | 19,807 |
| 2023 | 51,055 | 17,565 |
| 2024 | 53,400 | 15,220 |
| 2025 | 55,853 | 12,766 |
| 2026-2029 | 253,537 | 24,200 |
| Total | <u>\$ 509,325</u> | <u>\$ 111,509</u> |

The following is a summary of changes in long – term debt for the year ended June 30, 2020:

| | Payable at June 30, 2019, as restated | Additions | Deductions | Payable at June 30, 2020 |
|-----------------------------------|---|---------------------|-----------------------|-----------------------------|
| Governmental Activities | | | | |
| Capital leases payable | \$ 265,573 | \$ 577,316 | \$ (202,355) | \$ 640,534 |
| Compensated absences | 697,055 | 266,958 | - | 964,013 |
| Net OPEB liability | 1,187,904 | 18,880 | (274,689) | 932,095 |
| Net pension liability | 36,505,232 | 1,381,498 | (6,172,731) | 31,713,999 |
| Total Governmental Activities | <u>\$ 38,655,764</u> | <u>\$ 2,244,652</u> | <u>\$ (6,649,775)</u> | <u>\$ 34,250,641</u> |
| | | | | |
| Business - Type Activities | | | | |
| Compensated absences | \$ 157,067 | \$ 6,427 | \$ - | \$ 163,494 |
| Notes payable | | | | |
| - Direct borrowing | 450,000 | 100,000 | (40,675) | 509,325 |
| Capital leases payable | 287,338 | - | (63,918) | 223,420 |
| BANs payable | - | 472,288 | - | 472,288 |
| Revenue bonds payable | 16,293,370 | - | (1,002,386) | 15,290,984 |
| Net OPEB liability | 1,454,582 | 73,311 | (366,507) | 1,161,386 |
| Net pension liability | 396,356 | 199,430 | (275,823) | 319,963 |
| Total Business - Type Activities | <u>\$ 19,038,713</u> | <u>\$ 851,456</u> | <u>\$ (1,749,309)</u> | <u>\$ 18,140,860</u> |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

For the year ended June 30, 2020, the State of West Virginia contributed payments on behalf of City employees as follows:

| | | |
|---|----|------------|
| City of Weirton Policemen's Pension and Relief Fund | \$ | 408,735 |
| City of Weirton Firemen's Pension and Relief Fund | | 242,302 |
| Total | | \$ 651,037 |

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

NOTE XV – 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."

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

| | Governmental funds | | Proprietary funds | | | Total due from |
|---------------------------------|--------------------|-----------|-------------------|-------------|-----------------------|----------------|
| | General Fund | Library | Sanitary Board | Water Board | Internal Service Fund | |
| Governmental activities | | | | | | |
| Major governmental funds | | | | | | |
| General Fund | \$ - | \$ 68,099 | \$ 509,798 | \$ - | \$ 40,605 | \$ 618,502 |
| Non-major governmental funds | | | | | | |
| Library | 15,442 | - | - | - | - | 15,442 |
| CDBG | 8,427 | - | - | 6,597 | - | 15,024 |
| Business-type activities | | | | | | |
| Major enterprise funds | | | | | | |
| Water Board | 51,362 | - | - | - | 7,604 | 58,966 |
| Sanitary Board | 6,498 | - | - | - | 3,427 | 9,925 |
| Board of Park Commissions | - | - | - | - | 288 | 288 |
| | \$ 81,729 | \$ 68,099 | \$ 509,798 | \$ 6,597 | \$ 51,924 | \$ 718,147 |
| Total due to | \$ 81,729 | \$ 68,099 | \$ 509,798 | \$ 6,597 | \$ 51,924 | \$ 718,147 |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE XVI – 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, 2019 and GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules at measurement date of June 30, 2020.

All permanent full-time police department personnel hired prior to February 1, 2019 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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2019, membership of the plan is as follows:

| | PPRF | FPRF |
|-------------------------------|------|------|
| Retirees and Beneficiaries | 50 | 20 |
| Inactive, Non retired Members | - | - |
| Active Members | 35 | 21 |
| Total | 85 | 41 |

Funding Policies:

Eligible policemen hired prior to January 1, 2010 contribute 9% of their monthly salary. Eligible policemen hired between January 1, 2010 and February 1, 2019 contribute 9.5% of their monthly salary. The total covered payroll for fiscal year ended June 30, 2020 was \$2,062,366. The total employee contribution was \$199,230.

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, 2020 was \$1,178,596. The total employee contribution was \$105,687.

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, 2019 actuarial report, was \$2,797,576. Actual contributions were \$2,754,232 for the year ended June 30, 2020.

Firemen's Pension and Relief fund - The minimum required contribution of the City and State, according to the July 1, 2019 actuarial report, was \$650,523. Actual contributions were \$637,405 for the year ended June 30, 2020.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Net Pension Liability:

The components of net pension liability are as follows:

| | PPRF | FPRF |
|--|---------------|---------------|
| Total pension liability | \$ 36,656,636 | \$ 16,253,836 |
| Less – Plan fiduciary net position | 9,043,561 | 12,504,970 |
| Plan net pension liability | \$ 27,613,075 | \$ 3,748,866 |
| | | |
| Plan fiduciary net position as a percentage of total pension liability | 24.67% | 76.94% |
| | | |
| Single discount rate | 5.000% | 6.500% |

Single Discount Rate

PPRF - A single discount rate of 5.000% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based on the expected rate of return on pension plan investments of 5.000%, and the municipal bond rate of 2.450%.

FPRF - A single discount rate of 6.500% was used to measure the total pension liability as of June 30, 2020. 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 2.450%.

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 1% Decrease 4.000% | Discount Rate Assumption 5.000% | 1% Increase 6.000% |
|------|-------------------------------|---------------------------------------|-----------------------|
| \$ | 33,278,613 | \$ 27,613,075 | \$ 23,192,355 |
| FPRF | | | |
| | 1% Decrease 5.500% | Discount Rate Assumption 6.500% | 1% Increase 7.500% |
| \$ | 5,967,135 | \$ 3,748,866 | \$ 2,009,097 |

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and rolled forward to June 30, 2020 using the actuarial assumptions and methods described in the appropriate section of this note.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

| <u>PPRF</u> | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a – b) |
|---|--------------------------------|------------------------------------|----------------------------------|
| Balances at June 30, 2019 | \$ 39,154,190 | \$ 7,152,822 | \$ 32,001,368 |
| Service costs | 1,039,528 | - | 1,039,528 |
| Interest on total pension liability | 1,727,025 | - | 1,727,025 |
| Difference between expected and actual experience | (1,059,582) | - | (1,059,582) |
| Changes of assumptions | (2,640,836) | - | (2,640,836) |
| Employer contributions | - | 2,345,497 | (2,345,497) |
| State contributions | - | 408,735 | (408,735) |
| Employee contributions | - | 199,231 | (199,231) |
| Net investment income | - | 506,241 | (506,241) |
| Benefit payments | (1,563,689) | (1,563,689) | - |
| Administrative expense | - | (5,276) | 5,276 |
| Balances at June 30, 2020 | <u>\$ 36,656,636</u> | <u>\$ 9,043,561</u> | <u>\$ 27,613,075</u> |

| <u>FPRF</u> | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a – b) |
|---|--------------------------------|------------------------------------|----------------------------------|
| Balances at June 30, 2019 | \$ 15,826,193 | \$ 11,742,438 | \$ 4,083,755 |
| Service costs | 416,158 | - | 416,158 |
| Interest on total pension liability | 1,005,440 | - | 1,005,440 |
| Difference between expected and actual experience | (246,457) | - | (246,457) |
| Employer contributions | - | 395,103 | (395,103) |
| State contributions | - | 242,302 | (242,302) |
| Employee contributions | - | 105,687 | (105,687) |
| Net investment income | - | 769,939 | (769,939) |
| Benefit payments | (747,498) | (747,498) | - |
| Administrative expense | - | (3,001) | 3,001 |
| Balances at June 30, 2020 | <u>\$ 16,253,836</u> | <u>\$ 12,504,970</u> | <u>\$ 3,748,866</u> |

The City recognized government-wide pension expense related to the PPRF of \$(493,302) and contribution revenue of \$408,735 for support provided to the plan by the State of West Virginia.

The City recognized government-wide pension expense related to the FPRF of \$789,366 and contribution revenue of \$242,302 for support provided to the plan by the State of West Virginia.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 | \$ 1,573,537 | \$ 1,011,726 |
| Changes in actuarial assumptions | - | 4,645,896 |
| Net difference between projected and actual earnings on pension plan investments | - | 327,997 |
| | \$ 1,573,537 | \$ 5,985,619 |

| FPRF | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 492,537 | \$ 365,954 |
| Changes in actuarial assumptions | 42,913 | 169,376 |
| Net difference between projected and actual earnings on pension plan investments | - | 189,092 |
| | \$ 535,450 | \$ 724,422 |

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 |
|--------------------|----------------|--------------|
| 2021 | \$ (1,887,038) | \$ (331,748) |
| 2022 | (1,510,858) | 61,058 |
| 2023 | (983,335) | 83,150 |
| 2024 | (30,851) | (1,432) |
| Total | \$ (4,412,082) | \$ (188,972) |

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, 2020, 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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

PPFR: According to the most recent actuarial report as of July 1, 2019, the average annual salary for benefits was \$60,004. There were 50 pensioners as of June 30, 2020 receiving an average of \$31,274 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, 2019, the average annual salary for benefits was \$61,130. There were 20 pensioners as of June 30, 2020 receiving an average of \$37,375 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, 2018 | 4.50% | 6.50% |
| July 1, 2019 | 5.00% | 6.50% |
| Investment rate of return: | | |
| July 1, 2018 | 4.50% | 6.50% |
| July 1, 2019 | 5.00% | 6.50% |
| | <i>Net of pension plan expense, including inflation</i> | |
| 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 | 2039 |
| 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 4.5% to 5.0% | N/A |

Money Weighted Rate of Return:

| | |
|-------------|-------------|
| <u>PPRF</u> | <u>FPRF</u> |
| 6.50% | 6.60% |

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

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, 2020, 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.

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

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

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Benefits and eligibility for distribution

Tier I

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.

Tier II

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

Deferred retirement portion

No

Provisions for:

Cost of living

No

Death benefits

Yes

Trend Information:

| Fiscal Year | Annual Pension Cost | Percentage Contributed |
|-------------|---------------------|------------------------|
| 2020 | \$ 520,057 | 100% |
| 2019 | \$ 457,959 | 100% |
| 2018 | \$ 469,548 | 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, 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.

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, 2020, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2019:

| | | |
|---|----|-----------|
| Amount for proportionate share of net pension liability | \$ | 672,021 |
| Percentage for proportionate share of net pension liability | | 0.3126% |
| Increase / (decrease) % from prior proportion measured | | (0.0122)% |

For the year ended June 30, 2020, the government recognized the following pension expense:

| | Government Activities | Business-Type Activities |
|-----------------------------------|-----------------------|--------------------------|
| Government – wide pension expense | \$ 156,026 | \$ 132,798 |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

| | <u>Governmental activities</u> | | <u>Business-type activities</u> | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> |
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ 127,252 | \$ - | \$ 115,652 |
| Net changes in proportion and differences between employer contributions and proportionate share of contributions | 32,884 | 5,078 | 29,336 | 43,157 |
| Differences between expected and actual experience with regard to economic or demographic factors | 13,626 | 30,748 | 12,384 | 27,945 |
| Changes in assumptions | - | 64,631 | - | 58,740 |
| Employer contributions to pension plan subsequent to the measurement date | <u>296,402</u> | <u>-</u> | <u>223,655</u> | <u>-</u> |
| | <u>\$ 342,912</u> | <u>\$ 227,709</u> | <u>\$ 265,375</u> | <u>\$ 245,494</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, 2021.

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:

| <u>Year ended June 30</u> | <u>Governmental activities</u> | <u>Business-type activities</u> |
|---------------------------|--------------------------------|---------------------------------|
| | <u>Pension expense</u> | <u>Pension expense</u> |
| 2021 | \$ (20,874) | \$ (28,727) |
| 2022 | (175,538) | (185,879) |
| 2023 | (21,736) | (22,746) |
| 2024 | 36,943 | 33,575 |
| 2025 | <u>6</u> | <u>4</u> |
| Total | <u>\$ (181,199)</u> | <u>\$ (203,773)</u> |

Annual money-weighted rate of return:

Money-weighted rate of return, net of investment expenses, for the year ended June 30, 2020, based on the measurement date of June 30, 2019 was 5.94%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

| | |
|---------------------------|--|
| 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 - 3.10% - 5.30% |
| | Nonstate – 3.35% - 6.50% |
| Investment rate of return | 7.50%, net of pension plan investment expense |
| | |
| Mortality rates | Active – 100% of Pub-2010 General Employees table, below median, headcount weighted, projected with scale MP-2018 |
| | Retired healthy males – 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 |
| | Retired healthy females – 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 |
| | Disabled males – 118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 |
| | Disabled females – 118% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018 |
| | |
| Withdrawal rates | State 2.28% - 45.63% |
| | Nonstate 2.00% - 35.88% |
| Disability rates | 0.005% - 0.540% |
| Retirement rates | 2.00% - 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, 2013 to June 30, 2018.

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:

| <u>Investment</u> | <u>PERS Target Asset Allocation</u> | <u>Long – term Expected Real Rate of Return</u> | <u>Weighted Average Expected Real Rate of Return</u> |
|----------------------|-------------------------------------|---|--|
| Fixed income | 15.0% | 3.3% | 0.50% |
| Domestic equity | 27.5% | 5.8% | 1.60% |
| International equity | 27.5% | 7.7% | 2.12% |
| Real Estate | 10.0% | 6.1% | 0.61% |
| Private Equity | 10.0% | 8.8% | 0.88% |
| Hedge Funds | 10.0% | 4.4% | 0.44% |
| | | | |
| Total | <u>100%</u> | | 6.15% |
| Inflation | | | <u>2.00%</u> |
| | | | <u>8.15%</u> |

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

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) | \$ 3,130,325 | \$ 672,021 | \$ (1,407,552) |

Pension Plan Fiduciary Net Position:

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

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 and police officers hired after February 1, 2019. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

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

| | |
|--|--|
| Eligibility to participate | All City of Weirton firefighters hired after October 1, 2016 and police officers hired after February 1, 2019. |
| 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 |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Benefits and eligibility for distribution

A MPFRS member is eligible for “normal” retirement when one of the following occurs:

- Attainment of age 50 and the completion of 20 years of contributory service; or
- Attainment of age 50 when age plus contributory service equals 70 while still in covered employment; or
- Attainment of age 60 and completion of 10 years contributory service while still in covered employment; or
- Attainment of age 62 and completion of 5 years of contributory service.

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:

- 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

Deferred retirement portion No

Provisions for:

Cost of living No
 Death benefit Yes
 Disability benefit Yes

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 |
|-------------|---------------------|------------------------|
| 2020 | \$ 38,449 | 100% |
| 2019 | \$ 7,660 | 100% |
| 2018 | \$ 3,377 | 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, 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.

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, 2020, the City reported the following proportion and increases/decreases from its proportion measured as of June 30, 2019:

| | | |
|---|----|----------|
| Amount for proportionate share of net pension liability (asset) | \$ | (24,557) |
| Percentage for proportionate share of net pension liability | | 0.0536% |
| Increase / (decrease) % from prior proportion measured | | 0.6964% |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

For the year ended June 30, 2020, the government recognized the following pension expense:

| | Governmental Activities |
|-----------------------------------|----------------------------|
| Government – wide pension expense | \$ (1,765) |

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

| | Governmental activities | |
|---|--------------------------------------|----------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources |
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ 145 |
| Net changes in proportion and differences between employer contributions and proportionate share of contributions | - | 12,346 |
| Changes in actuarial assumptions | - | 894 |
| Differences between expected and actual experience with regard to economic or demographic factors | 3,942 | - |
| Employer contributions to pension plan subsequent to the measurement date | 38,449 | - |
| | \$ 42,391 | \$ 13,385 |

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, 2021.

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:

| | Governmental activities Pension expense |
|--------------------|---|
| Year ended June 30 | |
| 2021 | \$ (2,044) |
| 2022 | (2,221) |
| 2023 | (1,921) |
| 2024 | (1,676) |
| 2025 | (1,253) |
| Thereafter | (329) |
| Total | \$ (9,444) |

Annual money-weighted rate of return:

Money-weighted rate of return, net of investment expenses, for the year ended June 30, 2020, based on the measurement date of June 30, 2019 was 8.5%.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019 for the pension plan, using the following actuarial assumptions, applied to all periods included in the measurement.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

| | |
|----------------------------|---|
| 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% |

The actuarial assumptions used in the July 1, 2018 MPFRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.

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

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

| Investment | 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% | 5.8% | 1.60% |
| International equity | 27.5% | 7.7% | 2.12% |
| Real Estate | 10.0% | 6.1% | 0.61% |
| Private Equity | 10.0% | 8.8% | 0.88% |
| Hedge Funds | 10.0% | 4.4% | 0.44% |
| Total | 100% | | 6.15% |
| Inflation | | | 2.00% |
| | | | 8.15% |

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

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) | \$ (15,275) | \$ (24,557) | \$ (31,504) |

Pension plan fiduciary net position:

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

NOTE XVII – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

West Virginia Public Employees Insurance Agency (WV PEIA)

General Information about the OPEB Plan

Plan description – The City participates in PERS. Although the City is a non-participating agency with the WV PEIA, eligible retirees have the option of obtaining health insurance benefits through WV PEIA under PERS. The West Virginia Other Postemployment Benefit Plan (the Plan), is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the WV PEIA and the RHBT staff. Plan benefits are established and revised by WV PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 63,000 covered lives at June 30, 2019.

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

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

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 | \$ 120,039 |
| Total | \$ 120,039 |
| | |
| Business-type activities | |
| Water Board | \$ 82,720 |
| Sanitary Board | 53,544 |
| Total | \$ 136,264 |

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 \$2,093,481 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, 2018, rolled forward to June 30, 2019, 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 | \$ 2,093,481 |
| Percentage for proportionate share of net OPEB liability | 0.12618% |
| Increase/(decrease) % from prior proportion measured | 2.442019% |

For the year ended June 30, 2020, the City recognized the following OPEB expense:

| | Government activities | Business-type activities |
|-----------------------------------|--------------------------|-----------------------------|
| Government – wide pension expense | \$ (110,680) | \$ 16,970 |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 | \$ - | \$ 10,055 | \$ - | \$ 12,529 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 13,351 | 231,806 | 204,442 | 128,181 |
| Difference between expected and actual experience | - | 108,709 | - | 135,451 |
| Changes in assumptions | - | 189,036 | - | 235,538 |
| Reallocation of opt-out employer change in proportionate share | 230 | 25,077 | 286 | 31,246 |
| Employer contributions subsequent to the measurement date | 120,039 | - | 136,264 | - |
| | <u>\$ 133,620</u> | <u>\$ 564,683</u> | <u>\$ 340,992</u> | <u>\$ 542,945</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, 2021.

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 |
| 2021 | \$ (214,782) | \$ (87,487) |
| 2022 | (185,969) | (99,690) |
| 2023 | (90,691) | (118,829) |
| 2024 | (59,660) | (32,211) |
| Total | <u>\$ (551,102)</u> | <u>\$ (338,217)</u> |

Actuarial assumptions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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. |
| 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 | Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capital costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031. |
| 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

The long-term rates of return on OPEB plan investments are determined using a building-block method in which best-estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and a 10-year forecast of nominal geometric returns by major asset class were provided by the plan's investment advisors, including the West Virginia Investment Management Board (WV-IBM). The projected nominal return for the money Market Pool held with the West Virginia Board of Treasury Investments (WV-BTI) was estimated based on WV-IBM assumed inflation of 2.0% plus a 25-basis point spread.

The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

| <u>Asset Class</u> | <u>Long-term Expected Real Rate of Return</u> | <u>Target Allocation</u> |
|---------------------------|---|------------------------------|
| Global Equity | 4.8% | 49.5% |
| Core Plus Fixed Income | 2.1% | 13.5% |
| Core Real Estate | 4.1% | 9.0% |
| Hedge Fund | 2.4% | 9.0% |
| Private Equity | 6.8% | 9.0% |
| Cash and Cash Equivalents | 0.3% | 10.0% |
| Target Allocation | | <u>100.0%</u> |

Real returns by asset class, as shown in the above table, were estimated using a static inflation assumption of 2.0%. Consequently, real returns may not reflect the potential volatility of inflation by asset class

**CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

Discount rate:

A single discount rate of 7.15% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.15% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.62% as of the beginning of the year and 3.13% as of the end of the year. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, 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. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.

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 | \$ 2,498,508 | \$ 2,093,481 | \$ 1,754,542 |

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 | \$ 1,688,090 | \$ 2,093,481 | \$ 2,585,423 |

OPEB plan fiduciary net position:

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

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE XVIII – 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 | \$ 73,454 |
| Business and occupational taxes | <u>6,077</u> |
| Total | <u>\$ 79,531</u> |

NOTE XIX – 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 XX – 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, 2020, the City's accounts receivable on the statement of net position pertaining to these goods and services were \$1,759,381.

NOTE XXI – 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.

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

The actuarial present values of pension benefit obligations in Note XVI 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 XXII – PRIOR PERIOD RESTATEMENT

The following restatement was performed to the net positions at the beginning of the year due to the reconciliation of investments within the business-type activities and an enterprise fund and an adjustment to compensated absences within the governmental activities.

The following beginning balances required restatement:

| | <u>Statement of Activities</u> | | <u>Statement of Revenues, Expenses and Changes in Net Position</u> |
|---------------------------------------|------------------------------------|-------------------------------------|--|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Enterprise Fund Board of Park Commissions</u> |
| Net position, as previously stated | \$ (11,808,630) | \$ 18,461,515 | \$ 1,801,552 |
| Investments removed | - | (173,968) | (173,968) |
| Adjustment to compensated absences | (45,544) | - | - |
| Net position, as restated | <u>\$ (11,854,174)</u> | <u>\$ 18,287,547</u> | <u>\$ 1,627,584</u> |

NOTE XXIII – SUBSEQUENT EVENTS

The spread of the novel coronavirus (COVID-19) has severely impacted many local economies around the world. In many countries, businesses and organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and financial institutions have responded with monetary and fiscal interventions to try to stabilize economic conditions. The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial net position, fund balances, changes in net position, and changes in fund balances as of and for the year ended June 30, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and financial responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial net position, fund balances, and results of the Municipality for future periods.

The City's management has evaluated the effect that subsequent events would have on the City's financial statements through March 12, 2021, which is the date the financial statements were available to be released.

Required Supplementary Information

**CITY OF WEIRTON, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020**

**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 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | | | |
| Service cost | \$ 1,039,528 | \$ 1,101,726 | \$ 1,269,051 | \$ 1,375,945 | \$ 855,645 | \$ 774,528 | \$ 692,087 |
| Interest on the total pension liability | 1,727,025 | 1,452,498 | 1,422,562 | 1,285,632 | 1,411,041 | 1,423,372 | 1,409,584 |
| Difference between expected and actual experience | (1,059,582) | 3,147,075 | (484,433) | (1,925,042) | 52,844 | 678,004 | - |
| Assumption changes | (2,640,836) | (4,820,731) | (405,564) | (3,768,469) | 8,829,277 | 1,564,166 | 1,226,117 |
| Benefit payments | (1,563,689) | (1,590,800) | (1,495,095) | (1,519,854) | (1,526,035) | (1,453,587) | (1,368,711) |
| Net change in total pension liability | (2,497,554) | (710,232) | 306,521 | (4,551,788) | 9,622,772 | 2,986,483 | 1,959,077 |
| Total Pension Liability- beginning | 39,154,190 | 39,864,422 | 39,557,901 | 44,109,689 | 34,486,917 | 31,500,434 | 29,541,357 |
| Total Pension Liability- ending (a) | <u>\$ 36,656,636</u> | <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> |
| Plan Fiduciary Net Position | | | | | | | |
| Employer contributions | \$ 2,754,232 | \$ 2,726,520 | \$ 1,294,687 | \$ 1,955,294 | \$ 972,529 | \$ 841,146 | \$ 876,690 |
| Employee contributions | 199,231 | 186,200 | 194,206 | 175,462 | 163,095 | 166,071 | 158,156 |
| Pension plan net investment income | 506,241 | 410,827 | 361,868 | 433,149 | (46,782) | 192,027 | 641,466 |
| Benefit payments | (1,563,689) | (1,590,800) | (1,495,095) | (1,519,854) | (1,523,831) | (1,456,339) | (1,368,711) |
| Pension plan administrative expense | (5,276) | (3,750) | (1,990) | (2,074) | (2,646) | (3,140) | (2,764) |
| Other | - | - | - | - | - | 204,304 | - |
| Net change in plan fiduciary net position | 1,890,739 | 1,728,997 | 353,676 | 1,041,977 | (437,635) | (55,931) | 304,837 |
| Plan fiduciary net position- beginning | 7,152,822 | 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>\$ 9,043,561</u> | <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>\$ 27,613,075</u> | <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 | 24.67% | 18.27% | 13.61% | 12.82% | 9.13% | 12.95% | 14.35% |
| Covered employee payroll | 2,062,336 | 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 | 1338.92% | 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 |
|----------------------------|-------------------------|-------------------|-----------------------|---|-----------------|---|
| 2020 | \$ 36,656,636 | \$ 9,043,561 | \$ 27,613,075 | 24.67% | \$ 2,062,336 | 1338.92% |
| 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, 2020**

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

III. Schedule of Contributions - Last 10 Fiscal Years*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------------|--------------|---------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------|-------------|
| Actuarially determined contribution | \$ 2,797,576 | \$ 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 | (2,345,497) | (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 | (408,735) | (390,069) | (399,687) | (380,767) | (345,588) | (339,332) | (362,002) | (363,021) | - | - |
| Contribution deficiency (excess) | <u>\$ 43,344</u> | <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> |
| Government's covered-employee payroll | \$ 2,062,336 | \$ 2,133,389 | \$ 1,907,577 | \$ 1,740,164 | \$ 1,658,979 | \$ 1,607,962 | \$ 1,622,175 | \$ 1,593,506 | \$ - | \$ - |
| Employer contributions as a percentage of covered-employee payroll | 113.73% | 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 | 133.55% | 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, 2020**

**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 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | | | |
| Service cost | \$ 416,158 | \$ 452,415 | \$ 371,654 | \$ 414,783 | \$ 305,455 | \$ 262,275 | \$ 275,216 |
| Interest on the total pension liability | 1,005,440 | 912,022 | 888,071 | 836,975 | 856,444 | 797,673 | 780,380 |
| Difference between expected and actual experience | (246,457) | 807,333 | (2,930) | (910,435) | 390,283 | (58,032) | - |
| Assumption changes | - | - | - | (852,836) | 2,057,993 | - | - |
| Benefit payments | (747,498) | (737,747) | (679,743) | (649,622) | (651,642) | (612,845) | (600,032) |
| Net change in total pension liability | 427,643 | 1,434,023 | 577,052 | (1,161,135) | 2,958,533 | 389,071 | 455,564 |
| Total Pension Liability- beginning | 15,826,193 | 14,392,170 | 13,815,118 | 14,976,253 | 12,017,720 | 11,628,649 | 11,173,085 |
| Total Pension Liability- ending (a) | <u>\$ 16,253,836</u> | <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 | \$ 637,405 | \$ 627,874 | \$ 643,214 | \$ 681,189 | \$ 455,266 | \$ 431,213 | \$ 563,823 |
| Employee contributions | 105,687 | 95,312 | 97,251 | 85,170 | 82,461 | 84,967 | 80,120 |
| Pension plan net investment income | 769,939 | 791,908 | 771,192 | 1,015,378 | (57,862) | 347,248 | 1,162,109 |
| Benefit payments | (747,498) | (737,747) | (679,743) | (649,622) | (643,235) | (615,116) | (600,032) |
| Pension plan administrative expense | (3,001) | (5,275) | (2,458) | (5,546) | (5,453) | (2,396) | (8,950) |
| Other | - | - | - | - | - | 264,114 | - |
| Net change in plan fiduciary net position | 762,532 | 772,072 | 829,456 | 1,126,569 | (168,823) | 510,030 | 1,197,070 |
| Plan fiduciary net position- beginning | 11,742,438 | 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>\$ 12,504,970</u> | <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>\$ 3,748,866</u> | <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 | 76.94% | 74.20% | 76.22% | 73.40% | 60.19% | 76.41% | 74.58% |
| Covered employee payroll | 1,178,596 | 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 | 318.08% | 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 |
|----------------------------|-------------------------|-------------------|-----------------------|---|-----------------|---|
| 2020 | \$ 16,253,836 | \$ 12,504,970 | \$ 3,748,866 | 76.94% | \$ 1,178,596 | 318.08% |
| 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, 2020**

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

III. Schedule of Contributions - Last 10 Fiscal Years*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------------|--------------------|---------------------|---------------------|-------------------|--------------------|---------------------|-------------------|-------------|-------------|
| Actuarially determined contribution | \$ 650,523 | \$ 559,116 | \$ 503,189 | \$ 530,081 | \$ 613,070 | \$ 354,731 | \$ 396,427 | \$ 518,823 | \$ - | \$ - |
| City contributions in relation to the actuarially determined contribution | (395,103) | (400,000) | (425,000) | (467,280) | (247,273) | (231,096) | (215,978) | (201,850) | - | - |
| State contributions in relation to the actuarially determined contribution | (242,302) | (227,874) | (218,214) | (213,909) | (207,993) | (200,118) | (347,845) | (206,660) | - | - |
| Contribution deficiency (excess) | <u>\$ 13,118</u> | <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> |
| Government's covered-employee payroll | \$ 1,178,596 | \$ 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 | 33.52% | 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 | 54.08% | 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, 2020**

Employer Defined Benefit Plans

Policemen's and Firemen's Pension and Relief Fund

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------------------------------------|-------|-------|-------|--------|---------|-------|--------|------|------|------|
| Policemen's Pension and Relief Fund | 6.50% | 7.10% | 7.10% | 10.80% | (1.20)% | 4.10% | 15.80% | - | - | - |
| Firemen's Pension and Relief Fund | 6.60% | 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, 2020

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 *

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|
| Government's proportion of the net pension liability (asset) (percentage) | 0.3126% | 0.3164% | 0.3208% | 0.2954% | 0.3116% | 0.3100% | 0.2903% | - | - | - |
| Government's proportionate share of the net pension liability (asset) | \$ 672,021 | \$ 816,465 | \$ 1,384,557 | \$ 2,715,379 | \$ 1,740,061 | \$ 1,144,273 | \$ 2,646,569 | \$ - | \$ - | \$ - |
| 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 | \$ - | \$ - | \$ - |
| Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 14.67% | 19.13% | 32.23% | 66.47% | 40.60% | 27.56% | 68.11% | - | - | - |
| Plan fiduciary net position as a percentage of the total pension liability | 96.99% | 96.33% | 93.67% | 86.11% | 91.29% | 98.98% | 79.70% | - | - | - |

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution. | \$ 520,057 | \$ 457,959 | \$ 469,548 | \$ 515,515 | \$ 551,514 | \$ 599,952 | \$ 602,018 | \$ 543,987 | \$ 576,628 | \$ 478,704 |
| Contributions in relation to the contractually required contribution | <u>(520,057)</u> | <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> |
| 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 | \$ 5,200,570 | \$ 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 |
| Contributions as a percentage of covered-employee payroll | 10.00% | 10.00% | 11.00% | 12.00% | 13.50% | 14.00% | 14.50% | 14.00% | 14.50% | 12.50% |

* - The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CITY OF WEIRTON, WEST VIRGINIA
 COST SHARING MULTI - EMPLOYER PLANS - PENSIONS
 REQUIRED SUPPLEMENTARY INFORMATION
 For the Fiscal Year Ended June 30, 2020**

**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 *

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-------------|-------------|-------------|---------|---------|---------|---------|---------|---------|---------|
| Government's proportion of the net pension liability (asset) (percentage) | (0.535593%) | (0.315723%) | (0.018256%) | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Government's proportionate share of the net pension liability (asset) | \$ (24,557) | \$ (11,675) | \$ (513) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Government's covered-employee payroll | \$ 90,118 | \$ 39,729 | \$ 2,482 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | (27.25%) | (29.39%) | (20.67%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | (168.31%) | (184.45%) | (203.46%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------|-----------|-----------|----------|-------|-------|-------|-------|-------|-------|
| Contractually required contribution. | \$ 38,449 | \$ 7,660 | \$ 3,377 | \$ 211 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | (38,449) | (7,660) | (3,377) | (211) | - | - | - | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Government's covered-employee payroll | \$ 452,341 | \$ 90,118 | \$ 39,729 | \$ 2,482 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered-employee payroll | 8.50% | 8.50% | 8.50% | 8.50% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

* - 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 PLAN - OPEB
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020

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>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability (asset) (percentage) | 0.126178% | 0.107460% | 0.117770% | 0.147370% |
| City's proportionate share of the net OPEB liability (asset) | \$ 2,093,481 | \$ 2,642,486 | \$ 2,895,979 | \$ 3,659,668 |
| City's covered-employee payroll | \$ N/A** | \$ 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** | N/A** |
| Plan fiduciary net position as a percentage of the total OPEB liability | 39.69% | 30.98% | 25.10% | 21.64% |

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 256,303 | \$ 259,965 | \$ 251,690 | \$ 241,900 |
| Contributions in relation to the contractually required contribution | <u>(256,303)</u> | <u>(259,965)</u> | <u>(251,690)</u> | <u>(241,900)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ N/A** | \$ N/A** | \$ N/A** | \$ N/A** |
| Contributions as a percentage of covered-employee payroll | N/A** | 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, 2020

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Budget to GAAP Differences | Actual Amounts GAAP Basis | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-----------------|-----------------------------------|-------------------------------|---------------------------------|--|
| Revenues | | | | | | |
| Taxes: | | | | | | |
| Property taxes | \$ 2,848,881 | \$ 2,923,881 | \$ 2,875,943 | \$ 6,923 | \$ 2,882,866 | \$ 47,938 |
| B&O | 4,000,000 | 4,000,000 | 4,037,243 | (160,184) | 3,877,059 | (37,243) |
| Sales taxes | 2,800,000 | 3,150,000 | 2,894,224 | (378) | 2,893,846 | 255,776 |
| Excise tax on utilities | 1,200,000 | 1,200,000 | 1,046,398 | (6,102) | 1,040,296 | 153,602 |
| Other taxes | 610,500 | 675,500 | 638,251 | 5,765 | 644,016 | 37,249 |
| Total taxes | 11,459,381 | 11,949,381 | 11,492,059 | (153,976) | 11,338,083 | 457,322 |
| Fines and forfeitures | 124,000 | 124,000 | 102,629 | (6,236) | 96,393 | 21,371 |
| Licenses, permits, and fees | 255,000 | 215,000 | 211,692 | - | 211,692 | 3,308 |
| Intergovernmental | 1,074,600 | 590,300 | 483,007 | 3,064,940 | 3,547,947 | 107,293 |
| Charges for services | 4,855,674 | 4,955,674 | 4,893,601 | (161,519) | 4,732,082 | 62,073 |
| Video lottery and table gaming proceeds | 435,000 | 410,000 | 374,192 | (1,396) | 372,796 | 35,808 |
| Charges to other funds | 74,500 | 74,500 | 91,754 | (91,754) | - | (17,254) |
| Investment income | 12,000 | 12,000 | 8,963 | 46,427 | 55,390 | 3,037 |
| Reimbursements | 50,000 | 50,000 | 51,447 | (51,447) | - | (1,447) |
| Other | 22,000 | 22,000 | 81,913 | - | 81,913 | (59,913) |
| Total revenues before prior year fund balance | 18,362,155 | 18,402,855 | 17,791,257 | 2,645,039 | 20,436,296 | 611,598 |
| Prior year fund balance (1) | 3,357,386 | 2,408,498 | - | - | - | 2,408,498 |
| Transfers | - | 250,000 | - | - | - | 250,000 |
| Total revenues and prior year fund balance | 21,719,541 | 21,061,353 | 17,791,257 | 2,645,039 | 20,436,296 | 3,270,096 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 4,801,390 | 4,577,619 | 4,364,423 | (976,138) | 3,388,285 | 213,196 |
| Public safety | 9,554,170 | 9,194,658 | 8,823,759 | 680,369 | 9,504,128 | 370,899 |
| Highway and streets | 4,499,754 | 4,404,214 | 3,938,874 | 431,519 | 4,370,393 | 465,340 |
| Health and sanitation | 1,611,632 | 1,609,767 | 1,309,681 | 166,071 | 1,475,752 | 300,086 |
| Culture and recreation | 1,237,595 | 1,260,095 | 254,349 | (76,234) | 178,115 | 1,005,746 |
| Social services | 15,000 | 15,000 | 6,338 | - | 6,338 | 8,662 |
| Debt Service: | | | | | | |
| Principal | - | - | - | 202,355 | 202,355 | - |
| Interest and other charges | - | - | - | 10,848 | 10,848 | - |
| Total expenditures | 21,719,541 | 21,061,353 | 18,697,424 | 438,790 | 19,136,214 | 2,363,929 |
| Excess (deficiency) of revenues over expenditures | - | - | (906,167) | 2,206,249 | 1,300,082 | 906,167 |
| Other Financing Sources (Uses) | | | | | | |
| Proceeds from capital leases | - | - | - | 577,316 | 577,316 | - |
| Transfers out | - | - | - | (1,001,345) | (1,001,345) | - |
| Net other financing sources (uses) | - | - | - | (424,029) | (424,029) | - |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | - | (906,167) | 1,782,220 | 876,053 | - |
| Fund balances - beginning | 3,357,386 | 2,408,498 | 5,343,493 | - | 5,343,493 | - |
| Less prior year fund balance budgeted | (3,357,386) | (2,408,498) | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ 4,437,326 | \$ 1,782,220 | \$ 6,219,546 | - |

(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, 2020

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Budget to GAAP Differences | Actual Amounts GAAP Basis | Variance Actual Cash Basis with Final Budget - Positive (Negative) |
|---|--------------------|-----------------|-----------------------------------|-------------------------------|---------------------------------|---|
| Revenues | | | | | | |
| Other taxes | \$ 52,500 | \$ 61,500 | \$ 61,652 | \$ (11,396) | \$ 50,256 | \$ (152) |
| Investment income | 70 | 370 | 406 | - | 406 | (36) |
| Total revenues before prior year fund balance | <u>52,570</u> | <u>61,870</u> | <u>62,058</u> | <u>(11,396)</u> | <u>50,662</u> | <u>(188)</u> |
| Prior year fund balance (1) | <u>25,000</u> | <u>27,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>27,000</u> |
| Total revenues and prior year fund balance | <u>77,570</u> | <u>88,870</u> | <u>62,058</u> | <u>(11,396)</u> | <u>50,662</u> | <u>26,812</u> |
| Expenditures | | | | | | |
| General government | 52,570 | 20,250 | - | - | - | 20,250 |
| Culture and recreation | 10,000 | - | - | - | - | - |
| Public safety | - | 38,500 | 38,500 | - | 38,500 | - |
| Health and sanitation | - | 30,120 | 28,981 | - | 28,981 | 1,139 |
| Social services | 15,000 | - | - | - | - | - |
| Total expenditures | <u>77,570</u> | <u>88,870</u> | <u>67,481</u> | <u>-</u> | <u>67,481</u> | <u>21,389</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>(5,423)</u> | <u>(11,396)</u> | <u>(16,819)</u> | <u>5,423</u> |
| Fund balance, beginning | <u>25,000</u> | <u>27,000</u> | <u>27,099</u> | <u>-</u> | <u>27,099</u> | |
| Less prior year fund balance budgeted | <u>(25,000)</u> | <u>(27,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,676</u> | <u>\$ (11,396)</u> | <u>\$ 10,280</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 budgetary purposes. Beginning budgetary fund balance has been reduced for carryover to reflect the budgetary ending fund balance projected.

Supplementary Information

**CITY OF WEIRTON, WEST VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

| | Youth Job Program | Public Safety | Library | CDBG | Total |
|--------------------------------------|----------------------|------------------|-------------------|------------------|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 308 | \$ 72,438 | \$ 433,403 | \$ 2,018 | \$ 508,167 |
| Receivables, net | | | | | |
| Intergovernmental | - | - | - | 31,674 | 31,674 |
| Due from other funds | - | - | 68,099 | - | 68,099 |
| Prepaid expenses | - | - | 1,823 | - | 1,823 |
| Restricted cash and cash equivalents | - | 40 | - | - | 40 |
| | <u>308</u> | <u>72,478</u> | <u>503,325</u> | <u>33,692</u> | <u>609,803</u> |
| Total assets | <u>\$ 308</u> | <u>\$ 72,478</u> | <u>\$ 503,325</u> | <u>\$ 33,692</u> | <u>\$ 609,803</u> |
| Liabilities and Fund Balances | | | | | |
| Accounts payable | \$ - | \$ - | \$ 1,509 | \$ 17,400 | \$ 18,909 |
| Wages and benefits payable | - | - | 13,851 | - | 13,851 |
| Compensated absences | - | - | 6,846 | - | 6,846 |
| Due to other funds | - | - | 15,442 | 15,024 | 30,466 |
| Security deposit | - | 25,000 | - | - | 25,000 |
| Unearned revenue | - | 121,387 | 68,538 | - | 189,925 |
| Notes payable | - | - | 64,563 | - | 64,563 |
| Grant advances | - | - | - | 1,268 | 1,268 |
| | <u>-</u> | <u>146,387</u> | <u>170,749</u> | <u>33,692</u> | <u>350,828</u> |
| Total liabilities | <u>-</u> | <u>146,387</u> | <u>170,749</u> | <u>33,692</u> | <u>350,828</u> |
| Fund Balances | | | | | |
| Non-spendable for: | | | | | |
| Prepaid expenses | - | - | 1,823 | - | 1,823 |
| Assigned for: | | | | | |
| General expenditures | 308 | (73,909) | 330,753 | - | 257,152 |
| | <u>308</u> | <u>(73,909)</u> | <u>332,576</u> | <u>-</u> | <u>258,975</u> |
| Total fund balances | <u>308</u> | <u>(73,909)</u> | <u>332,576</u> | <u>-</u> | <u>258,975</u> |
| | <u>\$ 308</u> | <u>\$ 72,478</u> | <u>\$ 503,325</u> | <u>\$ 33,692</u> | <u>\$ 609,803</u> |
| Total liabilities and fund balances | <u>\$ 308</u> | <u>\$ 72,478</u> | <u>\$ 503,325</u> | <u>\$ 33,692</u> | <u>\$ 609,803</u> |

**CITY OF WEIRTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

| | Youth Job Program | Public Safety | Library | CDBG | Total |
|---|----------------------|--------------------|-------------------|----------------|-------------------|
| Revenues | | | | | |
| Property taxes | \$ - | \$ - | \$ 205,889 | \$ - | \$ 205,889 |
| Fees and fines | - | - | 7,011 | - | 7,011 |
| Intergovernmental | - | - | - | 307,803 | 307,803 |
| Investment income | 1 | 406 | 1,893 | - | 2,300 |
| Contributions | - | 1,570 | 247,815 | - | 249,385 |
| Other | - | - | 6,959 | - | 6,959 |
| Total revenues | <u>1</u> | <u>1,976</u> | <u>469,567</u> | <u>307,803</u> | <u>779,347</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | 863 | - | 34,457 | 35,320 |
| Public safety | - | 22,164 | - | 25,250 | 47,414 |
| Highway and streets | - | - | - | 213,680 | 213,680 |
| Culture and recreation | - | - | 835,380 | - | 835,380 |
| Social services | - | - | - | 34,416 | 34,416 |
| Total expenditures | <u>-</u> | <u>23,027</u> | <u>835,380</u> | <u>307,803</u> | <u>1,166,210</u> |
| Excess (deficiency) of revenues over expenditures | <u>1</u> | <u>(21,051)</u> | <u>(365,813)</u> | <u>-</u> | <u>(386,863)</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers from other funds | <u>-</u> | <u>-</u> | <u>408,595</u> | <u>-</u> | <u>408,595</u> |
| Net other financing sources (uses) | <u>-</u> | <u>-</u> | <u>408,595</u> | <u>-</u> | <u>408,595</u> |
| Net changes in fund balances | 1 | (21,051) | 42,782 | - | 21,732 |
| Fund balances - beginning | <u>307</u> | <u>(52,858)</u> | <u>289,794</u> | <u>-</u> | <u>237,243</u> |
| Fund balances - ending | <u>\$ 308</u> | <u>\$ (73,909)</u> | <u>\$ 332,576</u> | <u>\$ -</u> | <u>\$ 258,975</u> |

CITY OF WEIRTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

| | Pension Trust Funds | | Total Pension Trust Funds |
|--|----------------------|----------------------|------------------------------|
| | Policemen's Funds | Firemen's Pension | |
| Assets | | | |
| Cash and cash equivalents | \$ 1,078,043 | \$ 95,097 | \$ 1,173,140 |
| Insurance premium tax allocation receivable | 62,210 | 41,821 | 104,031 |
| Due from other funds | 42,757 | - | 42,757 |
| Investments, at fair value: | | | |
| Money markets | 415,975 | 153,491 | 569,466 |
| Corporate obligations | 372,425 | 319,213 | 691,638 |
| Mutual funds | 2,408,526 | 4,304,445 | 6,712,971 |
| Equities | 4,665,899 | 7,657,646 | 12,323,545 |
| Total investments | <u>7,862,825</u> | <u>12,434,795</u> | <u>20,297,620</u> |
| Total assets | <u>9,045,835</u> | <u>12,571,713</u> | <u>21,617,548</u> |
| Liabilities | | | |
| Accounts payable | - | 109 | 109 |
| Payroll withholdings | 2,274 | 3,723 | 5,997 |
| Due to other funds | - | 62,911 | 62,911 |
| Total liabilities | <u>2,274</u> | <u>66,743</u> | <u>69,017</u> |
| Net Position | | | |
| Net position held in trust for pension benefits | <u>\$ 9,043,561</u> | <u>\$ 12,504,970</u> | <u>\$ 21,548,531</u> |

CITY OF WEIRTON, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2020

| | Policemen's Pension | Firemen's Pension | Total Pension Trust |
|---|------------------------|----------------------|------------------------|
| Additions | | | |
| Contributions: | | | |
| Employer | \$ 2,345,497 | \$ 395,103 | \$ 2,740,600 |
| Plan members | 199,231 | 105,687 | 304,918 |
| Insurance premium tax allocation | 408,735 | 242,302 | 651,037 |
| Total contributions | 2,953,463 | 743,092 | 3,696,555 |
| Investment income: | | | |
| Interest and dividends | 160,674 | 264,733 | 425,407 |
| Net realized and unrealized gains (losses) | 370,652 | 542,021 | 912,673 |
| Less: investment expense | (25,085) | (36,815) | (61,900) |
| Net investment income | 506,241 | 769,939 | 1,276,180 |
| Total additions | 3,459,704 | 1,513,031 | 4,972,735 |
| Deductions | | | |
| Benefits | 1,563,689 | 747,498 | 2,311,187 |
| Administrative | 5,276 | 3,001 | 8,277 |
| Total deductions | 1,568,965 | 750,499 | 2,319,464 |
| Change in net position | 1,890,739 | 762,532 | 2,653,271 |
| Net position held in trust for pension benefits | | | |
| Beginning of year | 7,152,822 | 11,742,438 | 18,895,260 |
| End of year | <u>\$ 9,043,561</u> | <u>\$ 12,504,970</u> | <u>\$ 21,548,531</u> |

CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2020

| <u>State Grantor/Program Title</u> | <u>Identification Number</u> | <u>State Expenditures</u> |
|--|----------------------------------|-------------------------------|
| West Virginia Development Office | | |
| Fairs & Festivals | FF20-798 | \$ 11,881 |
| Total West Virginia Development Office | | 11,881 |
| West Virginia Water Development Authority | | |
| Loan Funding | 2019S-1797/IL24 | 147,613 |
| Loan Funding | 2019W-1795/IL25 | 117,726 |
| Total West Virginia Water Development Authority | | 265,339 |
| Total Expenditures of State Awards | | \$ 277,220 |

CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed through to Subrecipients | Total Federal Expenditures |
|--|---------------------------|--|---------------------------------------|----------------------------------|
| Department of Housing and Urban Development | | | | |
| CDBG-Entitlement Grants Cluster: | | | | |
| Community Development Block Grant | 14.218 | N/A | \$ - | \$ 338,122 |
| Total Department of Housing and Urban Development | | | - | 338,122 |
| Department of Justice | | | | |
| <u>West Virginia Division of Justice and Community Services</u> | | | | |
| Byrne Formula Grant | 16.579 | 20-JAG | - | 22,500 |
| Total Department of Justice | | | - | 22,500 |
| Department of Transportation | | | | |
| Federal Transit Cluster: | | | | |
| Federal Transit Formula Grant | 20.507 | N/A | 416,684 | 416,684 |
| Highway Safety Cluster: | | | | |
| Highway Planning and Construction | 20.205 | 19-04 | - | 257 |
| State and Community Highway Safety | 20.600 | 19-04 | - | 543 |
| National Property Safety Programs | 20.616 | 19-04 | - | 4,448 |
| National Property Safety Programs | 20.616 | 20-04 | - | 144 |
| | | | - | 5,392 |
| Total Department of Transportation | | | 416,684 | 422,076 |
| Department of Treasury | | | | |
| <u>West Virginia Governor's Office</u> | | | | |
| Coronavirus Relief Fund | 21.019 | N/A | - | 2,382,379 |
| Total Department of Treasury | | | - | 2,382,379 |
| Environmental Protection Agency | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | N/A | - | 44,511 |
| Total Environmental Protection Agency | | | - | 44,511 |
| Executive Office of the President | | | | |
| <u>Laurel County Fiscal Court</u> | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | N/A | - | 13,564 |
| Total Executive Office of the President | | | - | 13,564 |
| Total Expenditures of Federal Awards | | | \$ 416,684 | \$ 3,223,152 |

CITY OF WEIRTON, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020

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, 2020. 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12, 2021.

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 12, 2021**

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, 2020. 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, 2020.

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 12, 2021**

**CITY OF WEIRTON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020**

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> |
|--------------------|---|
| 21.019 | Coronavirus Relief Fund |

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

Auditee qualified as low-risk auditee? Yes

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.